

CJEU finds lack of clarity in Deluxe ruling European Union - Locke Lord LLP

Examination/opposition Registration

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In *EUIPO v Deluxe Laboratories* (Case C-437/15 P), the Court of Justice of the European Union (CJEU) allowed an appeal against a General Court decision in which the EU Intellectual Property Office (EUIPO) was held to have erred in law in its assessment of the term 'deluxe', together with a figurative element, as being non-distinctive.

Facts

In October 2012 Deluxe Laboratories, Inc, which subsequently became Deluxe Entertainment Services Group, Inc, filed a Community trademark for DELUXE with a figurative element in Classes 9, 35, 37, 39 to 42 and 45. The examiner refused the application on the grounds that the mark lacked distinctive character and informed consumers about the quality of the goods and services applied for contrary to Articles 7(1)(b) and (c) of the EU Community Trademark Regulation (207/2009). In July 2013 Deluxe appealed the decision.

On June 4 2015 the Second Board of Appeal dismissed Deluxe's appeal and upheld the examiner's decision. It determined that the contested mark would be understood in the English speaking part of the European Union as a "claim of superior quality". It concluded that the term 'deluxe' should be exempt from trademark monopoly and that the accompanying graphic element contained in the mark was not sufficiently distinctive, nor had the mark acquired distinctive character through use.

Deluxe appealed to the General Court. The General Court held that the EUIPO's Board of Appeal had failed to conduct the prescribed examination by failing to consider the distinctive character of the contested mark against the characteristics of the goods and services applied for, or at least in relation to categories which those goods and services might constitute.

The EUIPO appealed to the CJEU alleging infringement of Articles 7(1)(b) and 7(2) and Article 75 of the EU Community Trademark Regulation. The EUIPO argued that the General Court had erred in law in its decision when stating that it was unacceptable to perform a general reasoning in examination of the goods and services applied for under the application. The EUIPO argued that it should be sufficient to state that the goods and services in question have a common characteristic for a general reasoning approach to be permitted during the course of an application for registration examination. In this case, the EUIPO alleged that the term 'deluxe' conveyed the same meaning of a laudatory and promotional message and was incapable of allowing the public to identify the origin of those goods and services for all of the goods and services applied for.

Decision

On May 17 2017 the CJEU allowed the EUIPO's appeal. The court found that the General Court had failed to:

- conduct the specific assessment required by Article 7(1)(b) of the EU Community Trademark Regulation; and
- give sufficient reasons to the requisite standard in the context of a factual assessment on examination.

The court determined that the General Court must first check whether the mark applied for – which in the present case was composed of a word and a figurative element – is capable of being perceived, directly and immediately, as a claim of superior quality or a laudatory message by the relevant public, rather than as an indication of the commercial origin of the goods and services it designates.

Second, the court determined that with regard to the analysis, the General Court should have checked whether the term 'deluxe' conveys the concept of 'superior quality', as the term makes a direct reference to the concept of 'luxury'. If the term 'deluxe' means superior quality, then the General Court would, in light of this meaning, need to examine whether the goods and services applied for constitute a homogenous group, thereby justifying a general reasoning approach during the course of the application for registration examination.

Accordingly, the court ruled that the General Court had failed to consider the possibility that all of the goods and services applied for could have a common characteristic, despite their differences, which would have been relevant to the analysis that the Board of Appeal had conducted.

For the above reasons, the court was unable to reach a final decision and the matter has been referred back to the General Court for judgment.

Comment

This decision will be welcomed by practitioners and applicants that have struggled in the past with receiving refusals from the EUIPO which lack clarity and a full explanation as to why an application has been rejected on absolute grounds.

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