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General Court: Board of Appeal failed to sufficiently examine ownership of goodwill in The Commodores name

European Union - [Hoogenraad & Haak, Advertising + IP Advocaten](#)

- Commodore Entertainment opposed registration of THE COMMODORES by Fifth Avenue Entertainment based on unregistered earlier sign COMMODORES
- Board of Appeal rejected registration of mark under Article 8(4) of Regulation 207/2009
- Court found that board had failed to examine to requisite legal standard whether fourth condition set out in Article 8(4) was satisfied

In [Fifth Avenue Entertainment LLC v European Union Intellectual Property Office](#) (EUIPO) (Case T-459/17), the General Court has annulled the decision of the Fifth Board of Appeal of the EUIPO. In this decision, the General Court reviewed how the criteria set forth in Article 8(4) of [Regulation 207/2009](#) (now Article 8(4) of [Regulation 2017/1001](#)) are examined in relation to an opposition claim based on an unregistered earlier sign under the laws of the United Kingdom.

Background

In 2014 Fifth Avenue Entertainment LLC - owned by Thomas McClary, who is one of the founding members of music group The Commodores - filed an application for the word mark THE COMMODORES in Classes 9 and 41. This application was opposed by Commodore Entertainment Corp, a company run by two other founding members of the same music group (hereafter, 'the intervener'), on the basis of its claim to the unregistered earlier sign COMMODORES. After the Opposition Division rejected the opposition because the intervener had failed to provide information on the content of the applicable national law and relevant conditions to support a claim under Article 8(4), the intervener filed a notice of appeal.

Before the Board of Appeal, the intervener specified that its claim was based on Section 5(4)(a) of the [Trademarks Act 1994](#) of the United Kingdom. The intervener stated that it owned goodwill in the sign, which is protectable under the aforementioned law. This led the board to annul the decision of the Opposition Division and reject the registration of the mark on the basis of Article 8(4).

General Court decision

That decision was later annulled by the General Court, because the Board of Appeal had failed to correctly examine all four of the cumulative conditions under Article 8(4). The court emphasised that the

first two conditions (ie, (1) the sign must be used in the course of trade, and (2) it must be of more than merely local significance) must be interpreted in the light of EU law. However, the last two conditions (ie, (3) the right to that sign must have been acquired in accordance with EU law or the law of the member state in which the sign was used prior to the date of application for registration of the EU trademark, and (4) the sign must confer on its proprietor the right to prohibit the use of a subsequent trademark) have to be assessed in the light of the criteria set by the national law on which the unregistered earlier sign relies.

It follows from Section 5(4) of the Trademarks Act 1994 and the rules governing actions for passing off as laid down in the laws of the United Kingdom that the invoking party needs to establish that the following three conditions are satisfied:

- the goodwill acquired by the sign at issue;
- the misrepresentation by the proprietor to the subsequent mark; and
- the damage caused to that goodwill.

The crux of the dispute between the parties in this case lay with the ownership of the goodwill (ie, the first condition of Section 5(4)). The court faulted the decision of the board that the common-law ownership of the name The Commodores resided with the intervener. The board had omitted to examine the validity of the agreement in which the founding members of the music group had assigned their rights to the intervener, and omitted to examine the effect of co-ownership of goodwill in the name. Simultaneous ownership in the goodwill of a name, by definition, prevents a party from prohibiting the use of the sign by another party that also owns goodwill in the name. This would mean that the fourth condition of Article 8(4) was not satisfied. Given these omissions, the court concluded that the board could not, without erring in its assessment, come to the conclusion that the intervener (alone) holds the right to the unregistered earlier sign.

The court thus annulled the decision of the board on the ground that the fourth condition (whether the national law relied on confers on its proprietor the right to prohibit the use of a subsequent trademark) under Article 8(4) of Regulation 207/2009 had not been sufficiently examined.

Moira Truijens

Hoogenraad & Haak

Lisanne Steenbergen

Hoogenraad & Haak

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