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Intellectual Property - Austria

Intersection between trademark rights and naming rights

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In a recent case a high-profile trademark consisting of a famous family name was infringed through use in the course of trade by someone with the same family name. The Court of Appeal marked out the limits of trademark protection when competing with naming rights and defined the requirements that trademark owners must meet to shield their trademarks from exploitation under the cover of exercising legitimate naming rights.

Facts

The plaintiffs were two private foundations linked to the well-known European noble family Esterházy. They were active in the cultural sector, offering services such as concerts and art exhibitions under the name and trademark ESTERHÁZY. The defendant was a woman whose married name has been Esterházy since July 1994 and who also did business in the cultural sector, offering services in the field of music. In the past, the defendant had used her married name in the course of trade, but usually in combination with her first name. However, prior to the court case she had registered a company and domain name using her married name (stand alone) as a business name and started offering services under that title.

The plaintiffs filed an action for injunction against the defendant. They based their action on a Community trademark and their naming rights. They argued that their business activities overlapped with those of the defendant, and that by using the name Esterházy without adding a distinctive element to it (eg, the defendant's first name), the defendant intended to cause confusion with the plaintiffs and their services.

Decision

The court of first instance dismissed the plaintiffs' action, stating that the defendant had earlier rights to the name Esterházy as she had been using it – in combination with other parts of her name – in business dealings since 1994 and allegedly before the plaintiffs had been doing so.

The Court of Appeal overturned this judgment. Based on trademark law, it ordered the defendant to cease and desist from labelling her services in the cultural sector with the name Esterházy – in particular, from using it as part of a company or domain name without adding a distinctive element such as her first name. Based on naming rights, the court also ordered the defendant to delete her registered domain name, unless a distinctive element was added to it.

The Court of Appeal stated that the assessment of which party has the right to a specific name or designation is a question of priority (ie, of determining which party first started using the name or designation in question). It followed the plaintiffs' argument that only the use of this name or designation as such – without any other distinctive elements – can create priority. In this case, only the first stand-alone use of the name or designation Esterházy was relevant for the priority assessment. The defendant had used her last name Esterházy in business dealings since 1994, but only in combination with other parts of her name (eg, her first name). The defendant had not used Esterházy as a stand alone designation prior to registration of her company in October 2008. Thus, both the first plaintiff (Community trademark) and the second plaintiff (naming rights) had the better right to the designation Esterházy.

As regards the defendant's argument that – pursuant to Article 12(a) of the EU Community Trademark Regulation (207/2009) and its Austrian equivalent – she could not be prohibited from using her last name in the course of trade, the Court of Appeal stated that the right to use one's own name in business

dealings is limited by the principle of usage in compliance with honest commercial practices, meaning use that avoids confusion with the name or designation of another person as far as possible. Therefore, someone using his or her name in the course of trade must take all reasonable precautions to avoid confusion. Consequently, a person is prohibited from using his or her name in a way that suggests a non-existent connection to a trademark owner or that takes unfair advantage of a trademark's distinctive character and reputation.

The Court of Appeal found that the defendant did not meet this high standard. It stated that the defendant's past behaviour left no doubt as to her intention to exploit the high profile and good economic reputation of the first plaintiff's Community trademark, which was an infringement of trademark rights. Pursuant to established Supreme Court jurisprudence, the defendant could not be completely prohibited from using her name as part of her company name. Instead, the Court of Appeal restricted its cease and desist order to use of the name without adding a distinctive element to it.

Regarding the defendant's domain name, the Court of Appeal repeated established Supreme Court jurisprudence by stating that, as a trademark owner, the first plaintiff had no abstract claim for cancellation of a domain name that consisted of its trademark, but that the claim for cancellation could be derived from the second plaintiff's naming rights. However, as the defendant also had rights to the name Esterházy, further assessment was required. The Court of Appeal stated that in the case of a mutual name, the person seeking cancellation of the domain name must be more worthy of protection than the owner of the domain name. In case of doubt, the more protection-worthy of the two is the party with earlier rights to the name. It is not possible to completely prohibit someone from using (parts of) his or her own name in the course of trade. Only use that causes confusion with others that also have rights to the name is prohibited (ie, the concept of mutual courtesy).

Applying these principles, the Court of Appeal decided that the defendant – who had the more recent rights to the stand alone name Esterházy – had to either add a distinctive and clarifying element to the domain name (which, according to the Court of Appeal, was a reasonable measure to expect from her to avoid confusion with the second plaintiff) or cancel her domain name.

The Supreme Court fully confirmed the Court of Appeal's decision. However, the Supreme Court added an *obiter dictum* (ie, a comment in passing) that it considered the concept of mutual courtesy rather than priority to be decisive in resolving the mutual name problem.

Comment

This case is an example of the interaction between two protection regimes – trademark protection and naming rights protection. It highlights the legal mechanisms for resolving problems that arise when one regime (naming rights protection) is used to bypass the other (trademark protection). By combining principles such as priority, use in compliance with honest commercial practices and the principle of mutual courtesy, an adequate solution was achieved. However, the case shows that trademarks and other designations consisting of family names are prone to exploitation under the cover of exercising legitimate naming rights.

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