

## Intellectual Property - Austria

Supreme Court clarifies trademark regulation for comparative advertising

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[Facts](#)  
[Decision](#)  
[Comment](#)

In its order of March 23 2011 (17 Ob 2/11k) the Supreme Court clarified the applicability of Article 12(c) of the Community Trademark Regulation (40/94) in the context of comparative advertising.

### Facts

The plaintiffs in this case were part of a worldwide operating enterprise that, among other things, was active in the field of producing and selling a certain type of window. The first plaintiff, a proprietor of various European and Austrian word and figurative marks, 'XXXX', was granted the right to use the trademark for sale activities to the second plaintiff. The defendants were part of a competing group of companies. The defendants used the XXXX trademark - albeit not written in capital letters (ie, Xxxx) - in the context of comparative advertising, alleging superiority of their own products and stating that their products were particularly suited to replace older XXXX type windows.

The plaintiffs' claim, based on wrongful comparative advertising, was successful in the lower courts; however, the lower courts did not follow the plaintiffs' trademark law-based argument that the defendants' use of the XXXX trademark was not protected by Article 12(c) of the Community Trademark Regulation. Article 12(c) of the regulation permits the use of a third-party trademark "where it is necessary to indicate the intended purpose of a product" and provided that such usage is in accordance with "honest practice in industrial and commercial matters".

### Decision

The Supreme Court followed the plaintiffs' argument and ruled that the exception detailed in Article 12(c) was not applicable.

The Supreme Court carefully reviewed the case, employing a thorough legal test. It dismissed the defendants' objections on various grounds.

#### **Unfair competition**

Although no longer in dispute, the court re-emphasised the violation of the rules of comparative advertising and confirmed the plaintiffs' claim based on the defendants' violation of the rules of fair competition.

#### **Trademark law**

First, the court clarified that differences in the graphic design of the wording of a trademark do not change the identity of the wording, because the word mark is protected in every common diction or font. Thus, the defendants made use of the trademark even though they changed its graphic design.

Second, the court confirmed that the defendants' use of the XXXX trademark to indicate a competitors' product in a comparative advertisement fell under the regime of the Community Trademark Regulation (ie, there was no need to show that there was danger of confusion as to whose products were identified by the trademark). Thus, the usage could be permitted only if one of the exceptions of the unlimited ownership right applies. The court found Article 12(c) unapplicable as the use of the competitor's trademark was not the only means to identify the intended purpose of the defendants' products. The defendants could have stated that their product might replace other windows without specifying the name of the individual competitor (especially the products of the market leader), thus Article 12(c) was not applicable and the usage did not comply with honest practice in industrial or commercial matters.

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## Comment

The Supreme Court reasoned that Article 12 of the Community Trademark Regulation is to be interpreted narrowly (by reference to case law of the European Court of Justice) and must be employed only in cases where such usage is the only possibility for providing the public with comprehensive information on the marketed goods. This appears to be the first time that a national supreme court has addressed the issue of applicability of the exception under Article 12(c) to a 'replacement product' rather than to a 'spare part' (ie, a product that must operate in combination with another product).

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