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INTELLECTUAL PROPERTY - AUSTRIA

Refill products infringe trademark

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The Supreme Court recently held that selling refill products for a dispenser that is manufactured by another party without indicating that the refill product is not produced by the dispenser's manufacturer constitutes trademark infringement (*4 Ob 138/20b*, OGH 22 December 2020).

Facts

The plaintiff produced and sold dispensers to facilitate the removal of paper towels and toilet paper in locations such as restaurants, hotels and hospitals in approximately 70 countries using the word mark HAGLEITNER. The plaintiff had developed its own refill system for the dispensers and sold suitable refills for them. The plaintiff's products were well known among the relevant public (ie, purchasers and users).

The defendant sold sanitary products (eg, paper towels and toilet paper rolls) as refills for dispensers. Its products displayed none of its own signs but were offered as suitable for and compatible with Hagleitner products. However, unlike when the plaintiff's refills were used, cleaning staff could not smoothly insert the defendant's products and users could not easily remove them. Therefore, the dispensers' key functions were disabled, causing damage to them.

Claim

The plaintiff asserted a claim for injunctive relief and requested that the defendant cease and desist from various activities, including:

- claiming in the course of trade that its hygiene products were compatible with the plaintiff's dispensers;
- inducing third parties to use its products as refill products for dispensers bearing the plaintiff's trademark; and
- using the plaintiff's trademark in other ways.

The plaintiff based its claims on both unfair competition and trademark law.

Vienna Commercial Court decision

The Vienna Commercial Court substantially issued the injunction for which the plaintiff had applied. It stated that the defendant's conduct was misleading regarding the products' alleged compatibility and therefore capable of inducing the relevant public to make a commercial decision which it would not otherwise have taken.

Vienna Appeals Court decision

The Vienna Appeals Court partly upheld the defendant's appeal by dismissing the plaintiff's second and third claims on the grounds that they were too imprecise.

Supreme Court decision

On further appeal by the plaintiff, the Supreme Court partly restored the interim injunction regarding the second claim and rejected the third claim on the grounds that it was too broad.

Referring to a recent German Federal Court of Justice decision (*I ZR 136/17*, BGH 8 September 2020), the

Supreme Court held that where it is unclear that products used to refill a dispenser which bears its manufacturer's trademark are produced by a different manufacturer from that of the dispenser, this constitutes infringement. This is because the relevant public would interpret the trademark on the dispenser as an indication of not only the origin of the dispenser, but also the origin of its contents. To dispel such confusion, the refill product producer must label its product accordingly, unless it is clear due to other circumstances that the refill product is not an original product.

Further, the Supreme Court denied the applicability of Section 10(3)(3) of the Trademark Act (which implements Article 14(1)(c) of the EU Trademark Directive (2015/2436/EU)). The Supreme Court highlighted that parties may use third-party trademarks to indicate a product's intended purposes under these provisions only if such use aligns with honest practices in industrial and commercial matters. Since the lower courts had already established that the defendant had infringed the Act on Unfair Competition, it could no longer rely on these provisions. Moreover, the defendant would have to explain why it did not provide its refill packs with a meaningful label that would have reduced the origin-indicating function of the trademark on the plaintiff's dispensers.

Comment

The Supreme Court's decision clarifies that claims based on a single set of facts can be assessed under both the Act on Unfair Competition and the Trademark Act. It further establishes that a single set of facts which violates the Act on Unfair Competition cannot justify the use of a third-party trademark under the exceptional provision of Section 10(3)(3) of the Trademark Act (which implements Article 14(1)(c) of the EU Trademark Directive (2015/2436/EU)).

Moreover, the decision provides useful advice to producers of refill products which are placed into dispensers and are no longer visible after the refill process. It clarifies that parties must label refill products to prevent the relevant public (ie, the users of the refill product) thinking that the manufacturer of the refill product is also the manufacturer of the dispenser.

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