

September 26 2022

Not everyone may take advantage of Tyrol's marketing power

GRAF ISOLA Rechtsanwälte GmbH | Intellectual Property - Austria

- › Facts
- › Lower courts
- › Supreme Court
- › Comment



CLAUDIA
CSÁKY



MAG. SARAH
KASSLATTER

The Supreme Court⁽¹⁾ recently ruled that the continued use of a trademark after the expiration of a licence agreement is misleading and thus violates – independently of trademark law – unfair competition law. The cease-and-desist claim can also be raised by a competitor who is not the owner of the trademark. Moreover, it does not matter whether the trademark is actually suitable to serve as an indication of origin.

Facts

The defendant distributes stone pine products from Tyrol – in particular, via its online shop on the platform Amazon. The products are designated with the "Tyrol logo" (Figure 1).



Figure 1: Tyrol logo

The defendant had legitimately used the logo for years on the basis of a licence agreement concluded with the trademark owner, a company from the Austrian province of Tyrol. However, the licence agreement expired in 2019. The defendant nonetheless continued to use the logo for a number of its products, and the trademark owner did not oppose such use.

The plaintiff is a competitor of the defendant. The plaintiff applied for a preliminary injunction, requesting the defendant to cease and desist designating its products with the Tyrol logo. The plaintiff claimed that advertising with the Tyrol logo was misleading within the meaning of item 2 of the annex to the Austrian Unfair Competition Act, as well as sections 1, 2 and 2a thereof, because the defendant was using a quality mark without having a corresponding licence right.

Lower courts

The court of first instance dismissed the application on the grounds that the plaintiff could not rely on copyright or trademark rights and, as the products actually came from Tyrol, the use of the logo was not misleading. The Court of Appeal overturned the judgment and granted the motion for the injunction.

Supreme Court

The defendant raised an extraordinary appeal to the Supreme Court, which the latter accepted but did not uphold.

The Supreme Court confirmed the Court of Appeal's view that the Tyrol logo was not a quality mark pursuant to item 2 of the annex to the Unfair Competition Act but found the use of the logo misleading pursuant to section 2(3)(1) of the Unfair Competition Act. According to case law relating to this provision, the marketing of a product is misleading if it creates a likelihood of confusion – that is, the relevant public is aware of the imitated design and understands it as an indication of origin from another undertaking. The Supreme Court pointed out that the Tyrol logo was perceived by the target public due to its long-standing use as an "official", state-related logo and evoked a (positive) identification with the federal province of Tyrol. By affixing the Tyrol logo to the defendant's products, the end consumer was given the wrong impression that the defendant was entitled to use the logo, which misled consumers into preferring the defendant's products over the products of its competitors. In this context, it did not matter whether the logo was suitable to serve as an indication of origin; it was the perception of the public that counted.

A complaint for the misleading use of a trademark under section 2 of the Austrian Unfair Competition Act can be lodged – as the Supreme Court made clear – by competitors who do not own the trademark or hold licence rights. The fact that the plaintiff was not the trademark owner of the Tyrol logo was therefore not decisive.

Comment

This case demonstrates that even third parties who are not the owners of the relevant trademarks can take action against misleading uses of a trademark on the basis of the Unfair Competition Act. This possibility can be of great importance if the trademark owner, for whatever reason, does not take action against trademark infringement and the unauthorised user of the trademark takes advantage of this for their own benefit and thus harms their competitors. The Act on Unfair Competition can provide a remedy here.

For further information on this topic please contact *Claudia Csáky* or *Sarah Kasslatter* at GRAF ISOLA Rechtsanwälte GmbH by telephone (+43 1 401 17 0) or email (c.csaky@grafisola.at or s.kasslatter@grafisola.at). The GRAF ISOLA Rechtsanwälte GmbH website can be accessed at www.grafisola.at.

Endnotes

(1) 4 Ob 156/21a.