



## 17 Sep 2020 Higher Court allows prior use defence in EUTM infringement proceedings

Slovenia - [ITEM doo](#)

- Adol was not able to prohibit the use of certain signs in Slovenia because they had been used in good faith before the application/priority date of Adol's EUTMs
- The decision establishes that the prior use defence under the Intellectual Property Act can also be used against EUTMs
- All participants in the commercial chain of the product may benefit from this defence

In *Adol shpk v Alb doo* (Ref No V Cpg 3/2020), the Higher Court has confirmed the lower court's decision that the prior use of a trade name and trade signs in Slovenia may be a valid defence in EU trademark (EUTM) infringement proceedings. The court further held that the beneficiaries of this defence may be all participants in the commercial chain of the product in question.

### Background

Alb doo ('the distributor') is a Slovenian distributor of an Albanian brandy named after a famous Albanian war hero and leader from the 16th century, George Castriot Skanderbeg (ie, the Skanderbeg/Skenderbeu brandy). The brandy is produced by Albanian company Kantina e Pijeve "Gjergj Kastrioti Skenderbeu" sh a ('Kantina'), and has been imported into and sold in Slovenia for many years.

Adol shpk ('Adol') is an Albanian wine and spirits producer that also produces the Skanderbeg/Skenderbeu brandy. Adol recently registered several trademarks (mostly EUTMs) protecting several variations of the name Skenderbeu for brandy and other alcoholic drinks. After the successful registration of the marks, Adol took action against several Slovenian distributors and retailers of Skenderbeu brandy produced by Kantina.

To continue exporting brandy to Slovenia, Kantina tried changing the name of its brandy from Skenderbeu to Durres. However, Adol also prevented the entry of the Durres brandy into the Slovenian market by using customs measures, claiming that the products still infringed its EUTMs, as the bottles displayed several markings containing the word 'Skenderbeu' - for example, Kantina's trade name Kantina e Pjeve Gjergj Kastrioti Skenderbeu (which is registered in the Albanian company registry) and other signs, such as Skenderbeu's historical coat of arms.

The distributor opposed the destruction of the goods under the customs procedure, which led Adol to file an infringement action against the distributor. Kantina joined the infringement proceedings on the distributor's side.

### Defence

The distributor and Kantina ('the defendants') based their defence on, among other things:

- the right to use one's name or trade name (under the Companies Act, Intellectual Property Act and Paris Convention); and
- prior use of trade signs.

The latter defence was based on the Intellectual Property Act, which provides in Article 48(1)(d) that the holder of a trademark cannot enforce its trademark rights against a person who had been using an identical or similar sign in good faith before the application or priority date of the trademark in question. The defendants argued that rights obtained through prior use cannot be derogated by a later EUTM, as per the first sentence of Article 9 of [Regulation 2017/1001](#) ("Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the EU trademark..."). Further, the defendants argued that the notion of 'person' mentioned in Article 48(1)(d) of the Intellectual Property Act should include distributors of Kantina's brandy and the entire chain of Kantina's wholesalers and retailers, and not just those which traded in the products in question before the application/priority dates of Adol's trademarks.

Adol argued that the markings on the products could not be considered as honest use of a company name, as the markings were intended to function as trademarks. On the other hand, the prior use of such markings/signs was irrelevant, because the infringement action was not based on Slovenian trademarks, but on EUTMs, and Regulation 2017/1001 does not have any provision analogous to Article 48(1)(d) of the Slovenian act. The provisions of the act, according to Adol, applied only to Slovenian trademarks.

### Decisions

The first-instance court rejected Adol's action, holding that the most prominent sign on the products in question (ie, Durres) was not similar to Adol's trademarks. Other markings on the products were not sufficiently prominent or amounted to a legitimate use of Kantina's trade name. The court also mentioned in passing that Kantina had used the disputed signs in good faith before the application date of Adol's trademarks, but did not explicitly explain the legal consequences that such good-faith use might have.

Adol appealed.

The Higher Court rejected Adol's appeal and confirmed the first-instance decision, explicitly adding that the prior good-faith use of these signs constituted a right belonging primarily to Kantina, which could not be derogated by a subsequently filed and registered EUTM. Therefore, Adol, based on its EUTMs, was not able to prohibit the use of the disputed signs in Slovenia because the signs had been used in good faith on the Slovenian market before the application/priority date of these EUTMs. The Higher Court went even further and held that subsequent distributors of Kantina's products could invoke this right without the need to prove their own prior use.

### Comment

This decision is important as it establishes that the prior use defence under the Intellectual Property Act can be used against EUTMs, not just national trademarks. Further, the court extended this defence to all participants in the usual commercial chain of the relevant products. This provides fair users of certain signs with another effective defence against later EUTMs.

**Igor Šetinc**

ITEM doo

### TAGS

[Enforcement and Litigation](#), [Portfolio Management](#), [Food and Beverage](#), [Europe](#), [Slovenia](#)