

Supreme Court recognises need for legal certainty in assignment of IP rights

Slovenia - [ITEM doo](#)

- The case concerned which documents may be an appropriate basis for recording an assignment in the trademark register
- The Administrative Court had held that any consent/assignment declaration is automatically invalidated when the leadership of a company changes
- This decision, if upheld, would have set a dangerous precedent

Background

In 2012 Slovenian company Šampionka doo concluded an agreement for the transfer of IP rights by buying several trademarks from Serbian company Beohemija doo. In 2013 Beohemija issued an assignment declaration naming Šampionka as the assignee of the trademarks under the agreement. Šampionka started using the trademarks on the market, but the change in ownership was not recorded in the respective trademark registries.

In 2016 Beohemija went bankrupt and in 2017 the bankruptcy liquidator sent a letter to Šampionka informing it that Beohemija would not comply with the 2012 agreement. Consequently, the trademarks in question were now part of the debtor's assets to be sold in the bankruptcy procedure.

Believing that the unilateral statement of the bankruptcy liquidator could not have any effect on the trademarks, in 2019 Šampionka filed before the Slovenian Intellectual Property Office (SIPO) a request for the recordal of the change in ownership of all the Slovenian trademarks sold to Šampionka in 2013. Along with this request, Šampionka submitted an original copy of the 2013 assignment declaration signed by both Beohemija and Šampionka.

SIPO decision

SIPO refused Šampionka's request for recordal of the change in ownership of the relevant trademarks. It explained that, taking into account the principle of legality, SIPO must base its decision on the actual state of the matter at the time of issuing the decision. With this in mind, SIPO concluded that, based on the 2017 letter of the bankruptcy liquidator, the 2012 agreement between Beohemija and Šampionka was not valid, and that the relevant trademarks were included in the bankruptcy estate of Beohemija.

Administrative Court decision

Šampionka contested SIPO's decision by filing an administrative lawsuit before the Administrative Court. It argued, among other things, that a trademark is considered as transferred at the time of concluding the contract (ie, 2012 in the present case, or at least at the time of signing the assignment declaration, which was in 2013), while the recordal of a change in ownership in the trademark register is of a declaratory nature and does not in any way affect the contractual transfer of a trademark.

Further, Šampionka argued that SIPO was not the appropriate authority to assess the validity of the 2012 agreement and corresponding assignment declaration - especially in the present circumstances whereby neither the agreement nor the assignment declaration had ever been invalidated by a court of law.

Finally, Šampionka pleaded that the 2012 agreement was valid because it had been fulfilled by both contractual parties in 2012 (or at least in 2013 when the assignment declaration was signed) and, according to the bankruptcy law, the bankruptcy liquidator could not retract from such contract. Consequently, SIPO's decision about the invalidity of the agreement was also incorrect - that is, the relevant trademarks could not suddenly become part of Beohemija's bankruptcy estate.

The Administrative Court followed Šampionka's argumentation about the declaratory nature of the procedure concerning the recordal of a change in the trademark register, and that it was not appropriate for SIPO to determine the validity of the contract, which was a basis for the request for recordal. However, the Administrative Court held that any consent/assignment declaration for recordal of a change in the trademark register must be given by the assignor's legal representative **at the time of filing the request for assignment**. This means that any consent/assignment declaration signed in the past is automatically invalidated when the leadership of a company changes.

In light of the above, the Administrative Court held that the assignment declaration should be signed by a bankruptcy liquidator of Beohemija as its current legal representative, and not by a person who was Beohemija's managing director in 2013. Consequently, the Administrative Court refused Šampionka's lawsuit.

Supreme Court decision

Šampionka filed an extraordinary legal remedy (petition for revision) with the Supreme Court, which reasoned that the Administrative Court's position was wrong and had no support in Slovenian law.

In particular, should the Administrative Court's judgment stand, it would set a dangerous precedent. For example, if a new trademark owner obtained a consent/assignment declaration from a previous owner, and the previous owner subsequently ceased to exist, it would be impossible for the new owner to obtain a new consent since there would be no legal representative of the previous owner. Consequently, a significant number of new owners who delayed the recordal of the change in ownership would face sometimes insurmountable hardship to be recognised as the formal owners of their acquired trademarks.

The Supreme Court accepted to review the Administrative Court's decision as this issue was an important legal question for the development of Slovenian practice. Following the revision procedure, the Supreme Court set aside the Administrative Court's decision and held that the 2013 assignment declaration could be considered as sufficient in order for SIPO to grant the request for recordal of the change in ownership, assuming that the assignment declaration had not been withdrawn by any subsequent legal representative of the previous trademark holder.

Comment

This decision is a crucial step towards legal certainty, as it clarifies that an assignment declaration or consent for transfer of an IP right is valid if it was signed by a statutory representative at the time of the consent/assignment declaration. Such consent/assignment declaration can therefore be a sufficient basis for SIPO to grant a request for recordal of a change in the relevant register. Nevertheless, given that the Supreme Court indicated that it is possible to withdraw consent for recordal, it is crucial that new trademark holders arrange the recordal of an assignment without delay.

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