



# SMELLING OF ROSES

## HUNGARY CONFIRMS POSITION ON TRADEMARK RIGHTS IN PERFUME CASE

A recent final court decision of the Metropolitan Court has touched on the questions of jurisdiction of community trademark law, exhaustion of rights, the distribution of testers and selective distribution system for luxury perfume brands. Judit Lantos explains.

The case concerns some Issey Miyake and Narciso Rodriguez 3 dimensional perfume glasses and perfume packages in Hungary, and the infringement was committed by a Czech Internet distributor company operating in several middle-Eastern European countries.

The plaintiff is a subsidiary of a group producing luxury perfume products, and holds trademarks for a box and bottle for 'Issey Miyake Paris L'eau D'issey', and the Narciso Rodriguez perfume bottle.

The plaintiff became aware that a Czech company was offering Narciso Rodriguez and Issey Miyake products and testers on the website 'iparfumeria.hu'. It also operated similar websites in the Czech Republic, Slovakia and Poland. A test-purchase demonstrated that the original products were imported to Hungary from Saudi Arabia and Puerto Rico.

A trademark infringement lawsuit was initiated at the Metropolitan Court relying on Articles 9, 13, and 14 of the Community Trademark Regulation.

The court established that the defendant infringed the trademarks by importing, offering for sale, marketing and advertising the testers and perfume bottles in the territory of Hungary. The court prohibited the defendant from further infringement, obliged it to publish the ordering part of the judgement on its website and to provide business information.

The case has touched on several interesting aspects, such as the question of the extent of jurisdiction of community trademark law, and the status of testers, while it also confirms several European Court of Justice (ECJ) decisions about the exhaustion of rights.

### Competence of foreign courts

The defendant is domiciled in the Czech Republic, but the lawsuit was initiated in Hungary where the infringement occurred. The judgment ruled that if the foreign websites can be reached from Hungary and products could be ordered from them, the Metropolitan Court has competence regarding Hungary.

If an infringement action is initiated on the basis of Article 97 (1) to (4) in a country where the defendant is domiciled—then according to Article 98 (1) national courts have jurisdiction in respect of acts of infringement committed within the territory of any of the member states.

According to Article 97 (5), proceedings may also be brought in the courts of the member state in which the infringement has been committed. According to Article 98 (2), a Community trademark court whose jurisdiction is based on



Article 97 (5) has jurisdiction only in respect of acts committed within the territory of the particular member state.

As the defendant was a Czech company, and the infringement was committed in Hungary, the judgment relates only to actions carried out concerning Hungary, and so the court did not oblige the defendant to supply data about its foreign warehouses.

The court stated that even if the products are available under domains ending with .cz and .pl, one cannot draw the conclusion that no offering for sale or marketing is performed in the territory of Hungary, and therefore the competence of the court could be established, as it is common for Hungarian consumers to buy things from foreign websites. However, it was for the plaintiff to prove that the defendant actually fulfilled orders to Hungary from foreign websites. As the plaintiff did not prove this, the court finally could not take into consideration websites in foreign countries.

### Exhaustion of trademark rights within the EEA

The court has referred to the ECJ decision No. C-244/00 (*Van Doren*, so-called *Stüssy*), and in view of which the plaintiff had proved by a test purchase that products had first been marketed outside of the territory of the European Economic Area (EEA), and so it would be for the defendant to prove that plaintiff had consented to further marketing the product in the EEA. Of course the defendant could not prove consent, so this ground of exhaustion was not raised. The defendant referred to implied consent. According to decisions C-414/99, C-415/99 and C-416/99 (*Davidoff v Levi Strauss*), consent to marketing within the EEA must be so expressed that an intention to renounce those rights is unequivocally demonstrated. This can be done primarily in the form of an express declaration; it cannot, however, be excluded that there are certain circumstances in which this can implicitly be inferred. These factors must unequivocally demonstrate that the trademark owner has renounced any intention to enforce his exclusive right. It is for the trader alleging consent to prove it and not for the

trademark owner to demonstrate its absence. The Metropolitan Court stated that in the present case, the defendant had failed to prove even the existence of the circumstances defined in the ECJ decision, and therefore there is no exhaustion of the trademark.

### Testers and selective distribution system

The plaintiff maintains a selective distribution network, meaning that members of the network must fulfil strict quality requirements. It proved that the defendant distributes testers in plain boxes without a cup. The court confirmed that these bottles without a cup are confusingly similar to the 'Issey Miyake' trademark, therefore their distribution qualified as trademark infringement.

The defendant alleged the exhaustion of testers. The plaintiff argued that it gave the testers to members of its distribution system for the purpose of presenting the scent in a brick-and-mortar shop, and therefore they are not 'goods' intended for distribution. The court confirmed this, stating that exhaustion may not emerge as testers are not intended for selling purposes, and so the place of origin of the testers was irrelevant in the absence of putting them on the market. ■

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