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## Intellectual Property - Austria

### How *Céline* stung the *Skorpion*: court refuses cancellation of company name

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#### Summary

Following the European Court of Justice (ECJ) decision in *Céline*,<sup>(1)</sup> the Austrian Supreme Court recently changed its jurisprudence on the right of the proprietor of an earlier trademark to demand the modification or cancellation of a company name that is identical or similar to its trademark.

In *Skorpion/Scorpio*,<sup>(2)</sup> the Supreme Court held that it is not the purpose of a company name to distinguish goods and/or services. Thus, regardless of whether a company name is similar or identical to a third party's trademark, as long as it is used merely as a company name, the trademark proprietor cannot demand its modification or cancellation.

#### Facts

The plaintiff offered security and detective services and had owned the trademark SKORPION MOBILE EINSATZTRUPPE since 1990. The defendant was founded in 1992 under the name Scorpio Security Bewachung GmbH and worked in the same field as the plaintiff.

Relying on its earlier trademark, the plaintiff requested that the defendant:

- refrain from offering security and detective services under the designation 'Scorpio' or any other designation that was confusingly similar to its trademark; and
- change the company name by removing the designation 'Scorpio'.

#### Lower court decisions

The court of first instance ruled in favour of the plaintiff, ordering the defendant to change its company name, among other things.

The appeal court overturned this judgment, stating that the defendant was not obliged to change its company name. In reference to *Céline*, the court argued that Sections 10(1) and 10a of the Trademark Act (transposing the EU Trademark Directive (2008/95/EC)) allow a trademark proprietor to prohibit only the unauthorised use of the trademark by a third party for the designation of identical or similar goods or services. Using a designation that is identical or similar to the trademark merely in a company name does not constitute trademark use.

#### Supreme Court decision

The Supreme Court confirmed the view of the appeal court and consequently dismissed the plaintiff's claim ordering the defendant to change its company name. It expressly stated that in light of the ECJ ruling in *Céline*, it could no longer uphold its former legal view that a trademark proprietor can also prohibit the unauthorised use of a trademark in the name of a company offering identical or similar goods and/or services.

Referring to *Céline*, the Supreme Court pointed out that trademarks and company names have different functions and purposes. Therefore, the use of a company name solely for the purpose of identifying a company does not as such infringe trademark rights, since such use is not intended to distinguish the

goods or services of the undertaking from those of other undertakings. However, in cases where a third party affixes the company name to the products that it markets or uses the company name in such way that a link is created between the company name and the marketed products (ie, where the company name is basically used as a trademark), the function of the trademark – in particular, the function of origin – is or can be impaired.

### Comment

The Supreme Court's decision has been criticised, as was *Céline* before it. Some argue that the court's reasoning is too abstract and should not be applied to cases such as *Skorpion/Scorpio*, where the company name already refers to specific services that are identical to those protected by the trademark. Irrespective of how the company name is used, it arguably indicates in any event a reference to the specific (identical) services offered by the company and thus is bound to cause confusion with the services offered by the trademark proprietor.

Following such criticisms, it remains to be seen whether the Supreme Court will stick to its new line of jurisprudence or develop it further, in particular in relation to service marks. Moreover, the ECJ has since construed the terms 'commercial use' and 'for goods and services' rather extensively. The ECJ no longer demands that a third party's trademark be used directly to distinguish goods or services, but only that the foreign trademark be directly or indirectly used in connection with the marketing of the goods and services.<sup>(3)</sup> It is likely that the decisions of the ECJ after *Céline* will influence the jurisdiction of the Supreme Court, and that decisions such as *Skorpion/Scorpio* might be decided differently in future.

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### Endnotes

<sup>(1)</sup> C-17/06.

<sup>(2)</sup> OGH 19.3.2013, 4 Ob 223/12s.

<sup>(3)</sup> See, for example, *L'Oreal* (C-487/07) or *Interflora* (C-323/09).

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