

Different panels, different opinions – different decisions

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Facts

Decision

Comment

The Supreme Court recently confirmed its view that the issuance of contradicting decisions in, on the one hand, infringement proceedings and, on the other hand, opposition proceedings by different panels of the same appellate court regarding the same trademark and identical factual circumstances is no reason to admit an extraordinary appeal to the Supreme Court.

Facts

The plaintiff was the proprietor of the earlier EU figurative mark ITIKAT and the earlier EU wordmark ITIKAT. In Turkish, *itikat* means "belief, conviction or opinion". The defendant applied for registration of the younger figurative wordmark ÖZ ITIMAT, which translates from Turkish to "real [öz] trust [itimat]". The trademarks covered, among other things, goods falling in Classes 29 and 30 and were used for *halal* foods. All of the trademarks were primarily addressed to Turkish customers.

The proprietor of the earlier marks lodged – essentially at the same time – provisional proceedings for trademark infringement with the Vienna Commercial Court and opposition proceedings with the Patent Office. Both first-instance decisions were appealed. Due to procedural rules, the Vienna Appellate Court is competent to hear appeals against judgments both in civil court matters (infringement proceedings) and Patent Office decisions. However, the respective appeals were handled by different panels of the Vienna Appellate Court.

The core issue in both proceedings was whether the younger mark was confusingly similar to the earlier ones. In the infringement proceedings, the Vienna Appellate Court took the view that there was a likelihood of confusion and consequently ruled in favour of the plaintiff. Since an ordinary appeal was not allowed by the appellate court, the defendant raised an extraordinary appeal which was rejected by the Supreme Court for lack of a legal issue of general importance. Thus, the appellate court's decision regarding the likelihood of confusion prevailed in the infringement proceedings.

In the opposition proceedings, the Patent Office also decided in favour of the proprietor of the earlier marks; however, on appeal, the Vienna Appellate Court overturned the Patent Office's decision and dismissed the opposition. The proprietor of the earlier marks filed an extraordinary appeal with the Supreme Court, arguing as follows:

- The two judgments rendered by the two panels of the Vienna Appellate Court were diametrically in opposition to each other.
- The Supreme Court had already confirmed the correctness of the first appellate court's view as to the existence of a likelihood of confusion between the conflicting trademarks by rejecting the appeal to the Supreme Court in the course of the infringement proceedings. Therefore, the Supreme Court had an obvious obligation to allow the extraordinary appeal to satisfy the requirement for legal certainty and uniformity of jurisprudence.

Decision

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The Supreme Court again denied the extraordinary appeal for lack of a legal issue of general importance. The court held that the arguments raised by the applicant (ie, the proprietor of the earlier trademarks) did not qualify as a legal issue of general importance. The Supreme Court highlighted that the courts have a margin of discretion when considering whether trademarks are confusingly similar to each other. This margin is a result of the admission system that applies to Supreme Court appeals. Therefore, in principle, a decision passed in an individual case cannot be the subject of an appeal to the Supreme Court. Since the appellate court did not overstep its margin of discretion when assessing the likelihood of confusion issue, its evaluation could not justify an appeal to the Supreme Court. Such an appeal would be allowed only where the appellate court had grossly misjudged the issue at hand. The Supreme Court further held that whether the appellate court abided by its own line of jurisdiction or that of different appellate courts was irrelevant in respect of the Supreme Court's main function. The only relevant factor is how a particular decision relates to the adjudication of the Supreme Court. The fact that an identical set of facts was decided differently by different appellate courts therefore did not – regardless of the fact that just one decision can be correct – raise any important legal issues.

As to the argument that the Supreme Court had already confirmed that there was a likelihood of confusion between the conflicting marks by rejecting the extraordinary appeal in the infringement proceedings, the court stressed that dismissal of an extraordinary appeal merely means that the appellate court's decision was within the bounds of its discretion and not that the Supreme Court corroborates the latter's decision.

Moreover, the Supreme Court pointed out that, in both proceedings, the issue of likelihood of confusion was only a preliminary question which, in any event, did not qualify as a legal issue of general importance. The same applied to the goal of creating consistency between the decisions rendered in the different proceedings on identical facts. As the Supreme Court correctly pointed out, creating consistency between the two results would be a matter of mere chance, since the outcome would depend on which decision was rendered first and thus binding due to the dismissal of the extraordinary appeal.

Comment

The Supreme Court's decision stresses that, in principle, it is up to the appellate courts to consider the issue of likelihood of confusion between conflicting trademarks, and that it will step in only if the appealing party can demonstrate gross misjudgment.

If the holder of an earlier trademark not only opposes the registration of a younger trademark, but also concurrently starts infringement proceedings, it should be borne in mind that different decisions may be rendered. Therefore, parties should carefully consider whether conducting parallel proceedings is actually advantageous, based on their ultimate goal and how clear cut the issue of likelihood of confusion is.

The differing opinions ultimately reached by the two panels regarding the issue of likelihood of confusion may have been avoided had there been a chance to present the appellate court's infringement decision in the opposition proceedings. There is a good chance – although no certainty – that in this instance the appellate court would have considered the decision in the infringement proceedings, which would have benefited the holder of the earlier trademarks.

The unfortunate consequence of the two opposing judgments – at least from the point of view of the applicant of the younger trademark – is that while the younger trademark can be registered, it must not be used for goods subject to the infringement proceedings in the countries covered by the decision. Where the applicant of the younger – now registerable – trademark used the trademark for those goods, the proprietor of the earlier trademark could start enforcement proceedings on the basis of the judgment rendered in the infringement proceedings. However, whether this is the actual outcome of the dispute depends on whether the infringement proceedings (and subsequently the potential proceedings on the merits) were finally terminated once the appellate court's decision in the provisional proceedings became final and binding.

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