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Battle of the bottles: EU Trademark Court of Appeal finds infringement of well-known Malibu bottle

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ABOGADOS

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Intellectual Property, European Union

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On 3 December 2018 Section 8 of the Alicante Court of Appeal, acting as the EU Trademark Court of Appeal, declared that the Ibiza Beach drink marketed by Productos Ibicencos, SL and Aromáticas de Ibiza, SL – whose bottle was highly similar to the well-known Malibu bottle – infringed The Absolut Company AB's (TAC's) 3D and graphic trademarks on the shape of such bottle.

Facts

On 24 November 2017 TAC and Pernod Ricard España SA filed a lawsuit against Productos Ibicencos, SL and Aromáticas de Ibiza, SL before the EU trademark courts for infringement of two 3D EU trademarks and one Spanish graphic trademark which protect the shape and appearance of the well-known Malibu bottle (both labelled and unlabelled). Secondly, the plaintiffs invoked unfair competition, as although the defendants' alcoholic drink had been named Ibiza Beach, it had been marketed in a bottle with a white body and a black lid, which was very similar to the Malibu bottle.

The defendants denied the infringement and alleged, among other things, a lack of use of TAC's trademarks.

Decisions

The EU Trademark Court Number 2 did not evaluate the trademark action because it upheld the defendants' non-use exception. However, the court upheld the subsidiary action for unfair competition on the grounds that the defendants' product had caused confusion among consumers and taken unfair advantage of the reputation of the plaintiffs' product.

Although this judgment was favourable, TAC filed an appeal before the EU Trademark Court of Appeal, insisting that the main trademark infringement action be upheld. The appeal was upheld in its entirety by the appeals court, which ruled as follows.

Non-use exception

The EU Trademark Court of Appeal rejected the non-use exception raised by the defendants on the grounds that the first-instance court had erred in its assessment of the evidence of use, which had been sufficiently proved by TAC's submission of numerous sales invoices in different EU states. Further, on applying European Court of Justice case law, the court found that the trademarks on the unlabelled Malibu bottle were being used, even when the product was marketed with a label.

Distinctiveness

To determine the distinctiveness of TAC's trademarks, the EU Trademark Court of Appeal considered a survey submitted by the plaintiffs, which showed that 79.1% of the respondents, and 86.3% of respondents under the age of 30, associated the trademarks on the unlabelled Malibu bottle with the product.

Well-known character

In determining whether TAC's trademarks were well known, the court considered, among other things:

- the above survey which the plaintiffs had provided;
- Malibu's high sales figures;
- TAC's investment in advertising;
- a Spanish Patent and Trademark Office decision which recognised the well-known status of the 3D EU trademark consisting of the shape of the MALIBU bottle (labelled); and
- the Association for the Defence of Trademarks certification.

In light of the above considerations, the EU Trademark Court of Appeal fully upheld the infringement action on the following grounds.

Likelihood of confusion

In accordance with Article 9(1)(b) of the EU Trademark Regulation, the court found that there was a likelihood of confusion between TAC's trademarks and the defendant's Ibiza Beach product due to:

- the high level of similarity between the latter and the signs protected by the trademarks; and
- the identical appearance of the goods.

Notably, the court held that the different word elements (ie, 'Ibiza Beach' and 'Malibu') were insufficient to avoid the risk of confusion.

Unfair advantage

In accordance with Article (9)(1)(c) of the EU Trademark Regulation, the court held that the defendants had taken unfair advantage of TAC's trademarks, as their product was very similar in appearance. According to the court, this act was parasitic, as it had sought to take advantage of the reputation of TAC's marks .

The EU Trademark Court of Appeal also upheld the action for damages brought by TAC. The amount of compensation will be determined in the enforcement proceedings.

This judgment has not been appealed by the defendant and has therefore become final.

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