Applying the limitation in consequence of acquiescence against actions for trademark infringement

(by Tomás Andrade)

According to the ruling issued by the Court of Justice of the European Union (CJEU) (ECJ) on February 21, 2013 (Case C-561/11), the owner of a prior Community trademark can bring an act of infringement against the owner of a later Community trademark, without requiring an invalidity declaration to be previously filed against the later trademark.

This case law may have multiple, far-reaching consequences; for instance, we might consider the possibility of the defendant, the owner of the later trademark, filing the “limitation in consequence of acquiescence” exception or not, when only the act of infringement has been exercised, without it being accompanied by an invalidity act against the later trademark.

Prior to the aforementioned ruling issued by the CJEU, in order to bring an act of trademark infringement, it was necessary for the previously registered trademark to have been made invalid (pursuant to a ruling issued by the Spanish Supreme Court of Justice in a judgment issued on May 23, 1994, which was accepted by the Spanish Community Trademark Court in a judgment issued on March 18, 2010). Capitalizing on this invalidity, this exception was made via the limitation in consequence of acquiescence based on Article 52.2 of the Spanish Trademark Act.

The question arises again, after the aforementioned ruling of the CJEU, since both the Council of the European Union in its Regulation (EC) No. 207/2009 of February 26, 2009, on the Community Trademark (Article 54), and the Spanish Trademark Act of 2001 (Article 52.2) recognize the legal effects of acquiescence within the regulations for the relative invalidity of the trademark.

This positioning may lead to the conclusion that, when faced with the exercise of an act of infringement (without a request for invalidity of the previous trademark), the limitation in consequence of acquiescence exception might not be imposed, because this may only be enforced against an act of invalidity of the later trademark, but it does not come into play in the event of infringement of the trademark without an act for invalidity.

The interpretative conclusions of the new judgment have profound economic consequences:

If the limitation in consequence of acquiescence is not applied as it constitutes an exception only applicable to cases of invalidity acts, then the owner of the later trademark shall be found guilty of trademark infringement with or without acquiescence on the part of the acting party and furthermore he/she will be obliged to provide compensation for the damages caused in the five years prior to instituting the proceedings.

If the limitation in consequence of acquiescence is applied in those cases where only one act of infringement is exercised, then the effects are radically different, since, in these cases, the acting party who tolerates, is left without infringement act, the period
during which prosecution may be brought has elapsed and the party may not claim anything, be it the existence of infringement or compensation for damages.

This is no trivial matter, since the act of infringement will elapse, pursuant to Art. 45 of the Spanish Trademark Act – in five years as of the date it could be put into practice - with no mention being made of the limitation in consequence of acquiescence, which is only regulated within the act for invalidity (Article 52.2 of the Trademark Act).

In my opinion, the answer to the question raised is that the limitation in consequence of acquiescence exception may be enforced by the defendant both if an invalidity act has been brought against the trade mark and if the act is for infringement of a trademark without it being accompanied by an act for invalidity.

In favor of the solution proposed, we consider Paragraph 35 of the ruling issued by the Court of Justice of the European Union (CJEU) in case C-561/11 to be very important, as it expressly states the following:

"It is possible to deduce from the text of this Article (Article 54 of the Regulation) that, before limitation in consequence of acquiescence has elapsed, the proprietor of a Community trademark is entitled to ……. in order to oppose its use through an act of trademark infringement before a Community trademark court”.

By logical inference, this means the following:

The owner of a trade mark is entitled to oppose the use of a later trademark by means of an act of infringement but if the limitation in consequence of acquiescence has elapsed, said action elapses.

Two important consequences can be drawn from this:

Article 54 of the Council Regulation on the Community Trademark and Art. 52.2 of the Trademark Act relative to limitation in consequence of acquiescence, are not restricted to the act of invalidity, no matter how much they are embedded in the act of invalidity (Title VI: Invalidity and Revocation of the Trademark, Chapter I of the Spanish Trademark Act and Section 3: Grounds for Invalidity Title VI Surrender, Revocation and Invalidity, of the Trademark Regulation).

Both Articles expressly mention the fact that the proprietor shall no longer be entitled to "apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark", therefore both cases are clearly separated by a disjunctive connector “or”: if the principle of acquiescence is operating, the owner of a prior trademark may not attack the later trademark under the grounds of invalidity, nor oppose to its use. That is to say, the act(s) which prescribe due to acquiescence are not specified (apart from invalidity); it refers to any act undertaken so as to oppose the use by a third party, therefore we consider that this may refer to an act of infringement, a claim, or any other act aiming prevent use of the sign by a third party.

The aforementioned Articles are based on and drafted as in Article 9 of EC Directive 2008/95/EC of The European Parliament and The European Council on October 22,
which does not consider limitation in consequence of acquiescence in any of its sections as exclusively referred to the action for invalidity.

Ultimately, I consider that the correct interpretation of the question posed is that it is not relevant where the limitation in consequence of acquiescence has been filed within the Community Regulation and in the Spanish legislation, because the Directive orders it to be regulated as provided for in that legal body, which clearly expresses that the limitation in consequence of acquiescence may be alleged before an act of invalidity and an act to oppose the use of the trademark, which undoubtedly is the case of an act of infringement, as quite rightly pointed out by the CJEU.