World Trademark Review

27 Mar 2020

Success for Cypriot halloumi producers as CJEU sends BBQLOUMI case back to General Court

European Union - Dr Helen G Papaconstantinou and Partners Law Firm

- **In opposition proceedings involving the mark BBQLOUMI and the earlier collective mark HALLOUMI, the CJEU has referred the case back to the General Court**
- **The CJEU considered the legal principles applying to the assessment of the likelihood of confusion where an earlier collective mark is involved**
- **The General Court had failed correctly to apply the criteria for the assessment of the likelihood of confusion under Article 8(1)(b)**

In *Foundation for the Protection of the Traditional Cheese of Cyprus named Halloumi v European Union Intellectual Property Office* (EUIPO) (Case C-766/18 P, 5 March 2020), the Foundation for the Protection of the Traditional Cheese of Cyprus named Halloumi ('the Cypriot Foundation'), following a series of unsuccessful actions, has succeeded in having an unfavourable decision of the General Court set aside. In setting aside the decision of the General Court and referring the case back to it, the Fifth Chamber of the Court of Justice of the European Union (CJEU) considered the legal principles applying to the assessment of the likelihood of confusion in the case of an earlier collective mark.

Background

In 2014 Bulgarian company M. J. Dairies EOOD applied to the EUIPO for the registration of the figurative sign BBQLOUMI, depicted below, to cover "dairy products and dairy substitutes, cheese, … prepared dishes consisting wholly or substantially wholly of meat and dairy products" in Class 29, as well as other goods and services in classes 30 and 43.

The Cypriot Foundation opposed the application based on the earlier EU collective mark HALLOUMI, registered in 2000 for "cheese" in Class 29. The opposition was rejected by the Opposition Division of the EUIPO.

The Fourth Board of Appeal of the EUIPO dismissed the Cypriot Foundation's appeal, ruling that:

- in opposition proceedings, earlier collective marks should be treated in the same way as earlier individual marks;
- in this case, the earlier mark was weak because the term 'halloumi' simply designated a type of cheese and was used as a generic name for a product type;
- there was no proof that the public in Cyprus and Greece perceives HALLOUMI other than as a description of a certain cheese type; and
- there was no likelihood of confusion between HALLOUMI and BBQLOUMI because, despite the identity or similarity of the goods in Class 29, the visual similarity between the marks was low.

General Court decision

In 2017 the Cypriot Foundation brought the case before the General Court, requesting the annulment of the Board of Appeal's decision. In support of its action, the Cypriot Foundation argued that the decision was in breach of Article 8(1)(b) of the Trademark Regulation, relying on a single plea divided into the following four parts:

- the Board of Appeal had wrongly characterised the scope and effects of collective marks;

- the board had failed to take into account that collective marks cannot serve to indicate a single commercial origin but, rather, can serve to indicate a geographical origin;
- the board had wrongly considered that the earlier mark was generic and failed to recognise its distinctive character; and
- the board had wrongly considered that the differences between the marks served to avoid any likelihood of confusion.

The General Court dismissed the action but rectified the board's decision. According to the rectified version, despite the similarities of the goods covered by the marks, no likelihood of confusion could be established since the existence of a low degree of visual, phonetic and conceptual similarity does not suffice to establish a likelihood of confusion where the earlier mark has a weak distinctive character.

CJEU decision

In support of its appeal to the CJEU, the Cypriot Foundation first alleged that the decision of the General Court was in breach of Article 66 of the Trademark Regulation because the essential function of collective marks is to distinguish the goods or services of one or more members of an association from those of other undertakings, and that it is possible that collective marks also designate the geographical origin of the goods and services concerned. Therefore, in its opinion, collective marks could not be assessed in the same way as individual marks.

Second, it alleged that the General Court had not taken into account in its assessment of the likelihood of confusion the characteristics of the collective mark within the meaning of Article 66 of the regulation, and, third, that the General Court had misinterpreted the case law of the CJEU as regards Article 8(1)(b).

The CJEU disagreed with the Cypriot Foundation's first argument. It stressed that, although in the case of an opposition based on a collective mark, the essential function of such a mark as set out in Article 66(1) of the regulation has to be taken into account, in order to apply Article 8(1)(b) concerning the likelihood of confusion, the same criteria apply both to individual and collective marks, the characteristics of which do not justify any derogation. The CJEU therefore underlined that the distinctiveness of the earlier mark should not be assessed differently in the case of an EU collective mark and that such marks should in any case be distinctive, either intrinsically or through use.

According to the court, although Article 66(2) allows a derogation from Article 7(1)(c) permitting collective marks to serve to designate the geographical origin of goods and services, it does not change the fact that such marks should be distinctive. The court thus concluded that, even supposing that HALLOUMI implicitly refers to the geographical origin of the covered goods, it should nevertheless possess distinctiveness - which was, according to established case law, a relevant factor for the assessment of the likelihood of confusion between that mark and the contested BBQLOUMI mark. Consequently, the CJEU found that the General Court had not erred in this respect.

The CJEU further found that the General Court had not "deprecated" the distinctiveness of the mark HALLOUMI, nor had it relied on a premise of weak distinctive character. On the contrary, it had objectively found that 'halloumi' referred to a particular type of cheese produced on the basis of a special recipe and that its distinctiveness was weak. By this latter finding, the General Court had acknowledged, according to the CJEU, a certain degree of distinctiveness.

However, the CJEU upheld the appellant's third ground of appeal, finding that the General Court had failed to perform a global assessment of the likelihood of confusion taking into account all the relevant factors and the interdependence between them, especially between the similarity of the goods and services, since the low degree of similarity between goods and services may be offset by a high degree of similarity between the marks and vice versa.

The CJEU found that the General Court had made such omission despite the fact that the latter had stated that it would carry out a global assessment of the likelihood of confusion. The CJEU stressed that the General Court had made only a vague statement that there could be no likelihood of confusion among the relevant public since the existence of a low degree of visual, phonetic and conceptual similarity was not sufficient to establish the existence of a likelihood of confusion where the earlier mark has a weak distinctive character. The CJEU concluded that the General Court should have examined whether the low degree of similarity was offset by the higher degree of similarity or identity of the goods of the marks; therefore, it had failed correctly to apply the criteria for assessment of the likelihood of confusion and had thus erred in law.

Consequently, the CJEU set aside the General Court's decision and referred the case to it to carry out a global assessment in accordance with established case law.

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TAGS

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