

Michaël De Vroey & Arnaud Detry | September 2023

In its judgment of September 7, 2023 (*Beverage City Polska, C-832/21*), the Court of Justice of the European Union (CJEU) held that multiple defendants domiciled in different EU Member States, who are each accused of having committed the same infringement of an EU trade mark and are connected by an exclusive distribution agreement, may be sued in the jurisdiction of the domicile of one of them.

This is interesting because, in such a case, the power of the court seised to grant injunctive relief is not limited to the territory of the EU Member State in which that court is located, but extends throughout the entire EU territory, also in respect of the defendant who is not domiciled in that Member State (judgment of 27 September 2017, *Nintendo, C-24/16* and *C-25/16*).

THE FACTS

Advance Magazine Publishers (AMP) is the owner of several EU trade marks containing the verbal element “Vogue”. Beverage City Polska (BCP) produces, promotes, and distributes an energy drink under the name “Diamant Vogue”. The company BCP and its manager (FE) are both domiciled in Poland. BCP has entered into an exclusive distribution agreement for Germany with Beverage City & Lifestyle (BCL), a company established in Germany, whose manager (MJ) is also domiciled in Germany. The two companies do not belong to the same group, but they are connected by an exclusive distribution agreement.

Taking the view that the use of the name “Diamant Vogue” infringes its EU trademarks, AMP brought an action before the Regional Court of Düsseldorf (*Landgericht Düsseldorf*) for trade mark infringement seeking pan-EU injunctive relief against both companies and their respective managers. BCP and FE challenged the international jurisdiction of the German court, arguing that they conducted their activities and delivered goods exclusively in Poland, and that the different companies are not part of the same group but are merely connected by an exclusive distribution agreement. The Regional Court of Düsseldorf upheld the action brought by AMP, basing its jurisdiction on Article 8(1) EU Regulation 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Brussels I Recast). On appeal, the Higher Regional Court of Düsseldorf (*Oberlandesgericht Düsseldorf*) decided to stay the proceedings and referred a question to the CJEU for a preliminary ruling.

PAN-EU
INJUNCTIVE
RELIEF AGAINST
MULTIPLE
INFRINGEMENTS
DOMICILED IN
DIFFERENT EU
MEMBER STATES



THE JUDGEMENT

Article 8(1) Brussels I Recast provides that a person domiciled in a Member State may also be sued, where he is one of several defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together. This rule of jurisdiction aims to avoid the risk of irreconcilable judgments resulting from separate proceedings and to facilitate the sound administration of justice.

Judgments can be regarded as irreconcilable when there is a divergence in the outcome of the disputes, but that divergence must also arise in the context of the same situation of fact and law.

- i. Same situation of law – In line with its previous *Nintendo* ruling in relation to Community designs, the CJEU held that this condition appears to be satisfied in that the infringement action filed aims to protect exclusive rights held by AMP over EU trade marks, which are unitary rights with the same effect throughout the EU territory.
- ii. Same situation of fact – According to the CJUE, the existence of a connection between the relevant claims relates primarily to the relationship between all the acts of infringement, rather than to the organisational or capital connections between the companies concerned. In addition, particular attention must be paid to the nature of the contractual relationship existing between the customer and the supplier to establish the presence of the same situation of fact. In the present case, due to the close cooperation between the two companies BCP and BCL, which was demonstrated by (i) their exclusive contractual relationship, and (ii) the fact that both companies sold the goods through two websites, referencing each other, the domains of which belonged to only one of the co-defendants, the CJUE found that the alleged acts of infringement appear to arise from the same situation of fact, justifying the jurisdiction of a single court to rule on the claims directed against all parties involved in these acts.

The CJEU therefore concludes that, in the context of an infringement action related to materially identical infringements of the same EU trademark, multiple defendants domiciled in different EU Member States can be sued before the jurisdiction of the domicile of one of them if these defendants are bound by an exclusive distribution agreement.

COMMENTS

This judgment follows the precedent set by the CJEU in its previous judgments in *Painer* (C-145/10) in relation to copyright, *Solvay* (C-616/10) in relation to patents, and *Nintendo* in relation to Community designs. In the latter case, the CJEU held that a number of defendants domiciled in different EU Member States can be sued before the jurisdiction of one of them in the context of an infringement action related to a breach of a Community design when one defendant manufactures and supplies the products marketed by the other defendant.



The CJEU's decision in *Beverage City Polska* also raises the question of whether a regular (non-exclusive) distribution agreement can be sufficient to establish the existence of the same situation of fact. Indeed, irrespective of the exclusive or non-exclusive nature of the distribution agreement, both companies are selling the same allegedly infringing product. Except for the exclusivity, the facts are materially identical in both cases and this raises the legitimate question whether a non-exclusive distribution agreement or a simple sales contract between two companies could or should also be considered sufficient to establish the existence of the same factual situation.

**For any questions or assistance, please reach out to our
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