

Case File No I ACa 16/10



J U D G M E N T
IN THE NAME OF THE REPUBLIC OF POLAND

14 July 2010

Sąd Apelacyjny w Warszawie I Wydział Cywilny (the Court of Appeal of Warsaw, 1st Civil Division) composed of:

Presiding judge - Judge of the Court of Appeal, Barbara Trębska
Judge of the Court of Appeal, Anna Kozłowska

(Rapporteur)

Judge of the Court of Appeal, Hanna Muras
Clerk to the Court, Court Secretary Ewelina Piechocińska

having examined on 30 June 2010, in Warsaw
at a hearing

the case filed by MARIN'S INTERNATIONAL Societé par actions simplifiée with its registered office in Pantin (France) and MARIN's Central Europe spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw
against Display Flash Poland Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw

for the protection of registered rights of Community trade marks and prohibition of acts of unfair competition

following the respondent's appeal

against the judgment of Sąd Okręgowy w Warszawie Sądu Wspólnotowych Znaków Towarowych i Wzorów Przemysłowych (the Regional Court of Warsaw, the Community Trademark and Design Court)

of 25 September 2009, Case File No XXII GWzt 8/09

I. dismisses the appeal,

II. awards the amount of PLN 315 (three hundred and fifteen zloty) against Display Flash Poland sp. z o.o. with its registered office in Warsaw in favour of

MARIN's INTERNATIONAL Société par actions simplifiée with its registered office in Pantin (France) and MARIN's Central Europe sp. z o.o. with its registered office in Warsaw respectively as reimbursement for lawyers' fees in the appeal proceedings.

STATEMENT OF REASONS

In the statement of claim of 10 July 2009 filed against Display Flash Poland spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, the claimants, namely MARIN's INTERNATIONAL Société par actions simplifiée, a company incorporated under French law with its registered office in Pantin and MARIN'S Central Europe Spółka z ograniczoną odpowiedzialnością in Warsaw, requested that:

1. Display Flash Poland Spółka z ograniczoną odpowiedzialnością in Warsaw be ordered to cease infringements of the registered rights of Community word marks: MARIN's CTM No 001337955 and LAMA CTM No 006960314 and acts of unfair competition by way of: prohibiting the use of marks identical or similar to Community trade marks in commercial trading, in particular the words 'lama', 'marins', 'marin's' and 'marines' in respect of goods and services identical or similar to the goods and services subject to exclusive rights, in particular by way of prohibiting posting of the aforesaid or similar marks at any place on the website or in the HTML code of the www.displayflash.pl website, in particular as keywords (HTML meta tags);
2. specific information pertaining to the judicial decision be disclosed to the public on the www.displayflash.pl website on the homepage visible immediately after opening, in the contents of the website, in a size visible on the website, in a frame at least 17 cm in height and 12 cm in width, in 14-point Arial font, for a period of 3 months commencing within 2 weeks following the date of the judicial decision becoming final and legally binding;
3. the respondent be ordered to make a written statement on company letterhead to MARIN's Central Europe with the following wording: 'Display Flash Poland Sp. z o.o. with its registered office in Warsaw declares that by using keywords such as 'lama', 'marines', 'marins' and 'patented lama system' in meta tags of the www.displayflash.pl website it committed an act of unfair competition in respect of MARIN's Central Europe Sp. z o.o. with its registered office in Warsaw. Display Flash Poland Sp. z o.o. with its registered office in Warsaw ceases the said practices and undertakes to refrain from using keywords such as 'lama', 'marines', 'marins' and 'patented lama system' in the meta tags on the www.displayflash.pl website and

to observe the principles of fair competition. Display Flash Poland Sp. z o.o. with its registered office in Warsaw expresses its apologies to MARIN'S Central Europe Sp. z o.o. with its registered office in Warsaw and its Clients for any acts constituting an infringement of the provisions of law and principles of fair competition', and send it within two weeks following the date of the judgment becoming final and legally binding.

The respondent filed a request for the claim to be dismissed, and alleged that on 28 November 2008, the date of receiving a call for cessation of infringements of the right under registration of Community trade marks, it had immediately removed the disputed meta tags: 'lama', 'marins', along with the phrase 'patented lama system'. Furthermore, the words had not been used either as meta tags nor in any other form in business operations at any point in time thereafter. The respondent also alleged that the word 'Lama' had not enjoyed the status of a Community trade mark at the moment of its being used as a meta tag. The signs 'marines' and 'marins' do not infringe the registered rights of the MARIN's trade mark as they only resemble it. The phrase 'patented lama system' does not in itself constitute a trade mark, and thus it does not enjoy protection. Moreover, there is no likelihood of misrepresentation concerning the origin of the goods since the goods of the respondent Company are offered solely to professional recipients, and the risk of confusion would not take place due to higher care and diligence standards.

By judgment of 25 September 2009, Sąd Okręgowy w Warszawie Sąd Wspólnotowych Znaków Towarowych i Wzorów Przemysłowych (the Regional Court of Warsaw – the Community Trademark and Design Court) decided as follows:

1. Display Flash Poland Spółka z ograniczoną odpowiedzialnością in Warsaw is forbidden to continue infringements of the rights to 'MARIN's' and 'LAMA' Community word marks, registered with the Office for Harmonization in the Internal Market in Alicante in favour of the claimant MARIN's International S.A.S. with its registered office in Pantin, under numbers 001337955 and 006960314 respectively, and to commit acts of unfair competition in the future consisting in the use in commercial trading of marks identical or similar to Community trade marks, in particular the words 'lama', 'marins', 'marin's' and 'marines' to denote goods and services identical or similar to those in respect of which the Community trade marks Nos 001337955 and 006960314 had been registered, in particular to place such

marks anywhere on the website or in the HTML code of the www.displayflash.pl website, also as keywords (HTML meta tags);

2. the respondent Company shall make a written statement on company letterhead to the claimant, MARIN's Central Europe spółka z ograniczoną odpowiedzialnością in Warsaw, with the following wording: 'Display Flash Poland spółka z ograniczoną odpowiedzialnością in Warsaw declares that by using keywords such as 'lama', 'marines', 'marins' and 'patented lama system' in meta tags of the www.displayfish.pl website it committed an act of unfair competition in respect of MARIN's Central Europe spółka z ograniczoną odpowiedzialnością in Warsaw. Display Flash Poland has ceased the said practices and undertakes to refrain from using keywords such as 'lama', 'marines', 'marins' and 'patented lama system' in meta tags of the www.displayflash.pl website and to observe the principles of fair competition. Display Flash Poland expresses apologies to MARIN's Central Europe and its Clients for any acts constituting an infringement of the principles of fair competition', and send it within two weeks following the date of the judgment becoming final and legally binding to the address of the claimant MARIN's Central Europe spółka z ograniczoną odpowiedzialnością in Warsaw.

3. the remainder of the claim was dismissed,

4. the final fee is set at PLN 1 000 and the amount of PLN 600 deemed collected from the claimant,

5. the amount of PLN 400 be collected from the respondent for the benefit of Skarb Państwa – Sąd Okręgowy w Warszawie (State Treasury – the Regional Court of Warsaw) – towards the remaining part of the final fee payable.

6. the amount of PLN 2 870.32 is awarded jointly in favour of the claimants against the respondents as reimbursement of the costs of the court proceedings.

In the reasons for the decision, the Regional Court found that MARIN's International Société par actions simplifiée (S.A.S.) with its registered office in Pantin, a commercial company incorporated under French law, is a producer and distributor of point-of-sale materials. Since the mid-1990s, its offer has included, inter alia, a product under the name of 'Lama', an advertising stand that automatically opens into position and is foldable (to the size of a larger envelope or document case). The product was invented by Francois L'Hôtel, a shareholder of MARIN's International. The company is a world leader in automatically foldable point-of-sale materials. Owing to a network of licences, it is present in over 90 countries, and in about 25 of

them the company has established production facilities. In 2008, over 12 million Lama-system stands and displays were sold. The innovative Lama advertising stand is protected under European patent No EP 1395 971, as well as numerous national patents. In Poland, the patent for the invention entitled 'stojak nośnika informacji z przynajmniej jedną stroną odczytową (information carrier stand with at least one readable side)' was granted on 29 December 2008. The company is a sole licensee of the patent and other related rights. MARIN's Central Europe Sp. z o.o. with its registered office in Warsaw is a sublicensee of MARIN's International within the scope of rights to patent for the Lama system in Poland under the licence agreement of 30 December 2006. The agreement binding on the claimants also authorises MARIN's Central Europe to use 'MARIN's' and 'LAMA' trade marks in Poland. MARIN's Central Europe Sp. z o.o. in Warsaw and MARIN's Central Europe Spółka z ograniczoną odpowiedzialnością spółka komandytowa in Warsaw are exclusively authorised to produce and market in Poland goods comprising the range of the Lama system bearing the 'MARIN's' and 'LAMA' trade marks.

MARIN's Central Europe designates advertising stands marketed in Poland since March 2004 by indicating their name – 'LAMA' and the fact that the Lama system is patented.

MARIN's International is the holder of exclusive registered rights with the Office for Harmonization in the Internal Market in Alicante of the Community word marks:

- MARIN's CTM No 001337955 filed on 1 November 1999, registered on 23 January 2001 for goods and services in classes 16, 20 and 42 of the Nice Classification, inter alia: paper, cardboard, cardboard articles, advertisement boards of paper and cardboard, signboards of paper or cardboard, posters, placards of paper or cardboard, stands;
- LAMA CTM No 006960314 filed on 5 June 2008, registered on 18 May 2009 for goods in classes 16 and 20 of the Nice Classification, inter alia: paper, cardboard, printed matter, plastic materials for packing in the form of bags, pouches, envelopes, signboards of paper or cardboard, display stands for advertising or promotional material of paper or cardboard, display stands of plastic or metallised paper, signboards of cardboard or plastic, display boards and also services in class 35 – dissemination of advertising matter on visual communication supports of cardboard, paper or plastic, direct mail advertising, sales promotion for others. Furthermore,

MARIN's International is authorised to use the MARIN's word mark (IR No 0868362) filed on 12 August 2005, registered under the Madrid Agreement and approved in Poland since 20 February 2007 for goods and services in classes 16 and 20.

On 15 October 2008, with regard to the HTML source code of the website of Display Poland Spółka z o.o. in Warsaw, www.displayflash.pl, the following words were used in the nonscript tag (not displayed on the website, so-called meta tags): 'marines', 'marins' and 'patented lama system'. The keywords in the nonscript tag enabled search engines to find the website of Display Flash Poland when these words were entered in the search engine. Placing meta tags: 'lama', 'marines', 'marins' and 'patented lama system' in the code of the website led to the situation in which entering of these words by any person resulted in triggering the display of the www.displayflash.pl website among the search results, where the website contained information about the goods offered by the respondent, namely competitive Flash Pop Up advertising stands. The disputed meta tags were permanently removed by the respondent on 28 November 2008 at the request of MARIN's Central Europe.

By using such keywords as 'lama', 'marines' and 'patented lama system', Display Flash Poland infringed the registered rights of the MARIN's Community trade mark, held by MARIN's International, by using an identical mark – marins – or a very similar one – marines – to inform prospective buyers about identical goods (advertising stands).

By making a reference to the then-unregistered Community trade mark, the LAMA product mark in use since the 1990s, for the purpose of informing prospective buyers about identical goods (advertising stands), an identical 'LAMA' mark or a very similar one – 'patented lama system' – Display Flash Poland committed an act of unfair competition.

These unauthorised actions on the part of Display Flash Poland resulted in a likelihood of misleading buyers as to the origin of the goods presented on the www.displayflash.pl website. Buyers of the Lama system stands or other persons interested in advertising services using the said stands could become convinced that the display of the respondent's website in the results of a keyword search (for the Marin's or Lama trade marks) indicated commercial ties between the companies of the parties, authorising Display Flash Poland to use the trade marks of MARIN's International. The respondent committed an act of unfair competition by trying to attract the attention of prospective buyers to its offer of advertising stands by unlawful

use of the international and Community trade marks of MARIN's International and product marks. As a result, the respondent could create confusion in terms of assigning the origin of the goods to a particular company. The buyer could assume that apart from MARIN's Central Europe there is another entity with established commercial ties with MARIN's International, promoting its own goods using the trademarks of MARIN's International.

The manner of action on the part of Display Flash Poland consisting not in the overt use of the marks of MARIN's International to designate goods or services offered by the respondent, visible to an Internet user visiting the www.displayflash.pl website, but rather in the use of keywords such as 'lama', 'marines', 'marins' and 'patented lama system' as meta tags in the HTML source code and visible only to IT specialists, proved irrelevant for the purpose of confirming the alleged infringement of the exclusive right in trademarks and committing of an act of unfair competition. The key element is the effect obtained owing to the principles governing the functioning of Internet search engines which directed a user seeking a product or service of MARIN's International to a website presenting the competitive offer of Display Flash Poland by entering the company's trade marks as keywords. The linkage between trade marks used as keywords and the search result in the form of triggering the display of the www.displayflash.pl website could create a risk of confusion as to the origin of the goods assigned to a particular company, the conviction of the recipient that Display Flash Poland offers goods – advertising stands – which belong to the Lama system, or that there exist commercial ties between the company and the claimants. By using the keywords 'lama', 'marines', 'marins' and 'patented lama system', the respondent was aware of the fact that the said keywords denote the goods of MARIN'S to which MARIN's holds an exclusive right. At the time, the market of advertising stands was monopolised by the claimant, and the founding partners along with the current members of the management board of the respondent Company, Tomasz Tylak and Edward Małachowski, had been selling Lama system goods representing MARIN's Central Europe until 2008.

On 26 November 2008, MARIN's Central Europe turned to Display Flash Poland with a request for information and immediate removal of meta tags directly referring to the trade marks of MARIN's International from the HTML source code of the www.displayflash.pl website, as well as undertaking to refrain from infringement of the rights in future and publishing of an apology. On 28 November 2008, the

respondent removed the disputed words from the meta tags in the HTML code of its website; however, it refused to make an appropriate statement.

In the opinion of the Court, such a factual state justified granting the requested protection. The respondent used marks identical or very similar to the Community trade marks of MARIN's International in an unauthorised manner, infringing the exclusive right of MARIN's International to use the MARIN's and LAMA marks. Thus, the request for prohibition was substantiated since despite the removal of the disputed meta tags, the state of conflict between the parties justified the assumption that further infringement of the claimants' rights could take place. The infringement already committed, on the other hand, justified the demand to express apologies in the form requested in the statement of claim, subject to minor corrections. As legal grounds for the decision, the Regional Court invoked the provisions of Article 9(1) and (2) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ L 78, 24.3.2009, p. 1) in conjunction with Article 287(2) in conjunction with Article 296 paragraph 1a of *Prawo Własności Przemysłowej* (the Act on Industrial Property Rights) (consolidated text of *Dz.U.* (Journal of Laws) No 114/2003, item 1117, as amended), and also under Article 3 in conjunction with Article 18 paragraph 1(1) of *ustawa o zwalczaniu nieuczciwej konkurencji* (the Act on combating unfair competition) (consolidated text of *Dz.U.* (Journal of Laws) No 153/2003, item 1503 as amended).

The judgment was appealed by the respondent, who requested that the judgment be amended and the claim dismissed, or alternatively that the judgment be revoked and the case referred back to the Regional Court for re-examination. The appellant claimed:

I. infringement of procedural law, namely:

1. Article 321(1) of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure) by exceeding the claims raised in the statement of claim.
2. Article 233(1) of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure) consisting in giving judgment without thorough examination of the body of evidence gathered.
3. contradiction between material findings of the Court and the body of evidence gathered, consisting in the statement that:

a) there exists a risk of repetition with respect to the use of the MARIN's and LAMA trademarks as meta tags in the HTML source code of the www.displayflash.pl website irrespective of the establishment that:

- on 28 November 2008, the appellant permanently ceased the use of MARIN's and LAMA trade marks as meta tags in the HTML source code of the www.displayflash.pl website;

- if the respondent was currently involved in such infringement of the registered rights held by MARIN's International, there would be no difficulty in establishing this fact;

b) the use of the MARIN's and LAMA trademarks as meta tags on the www.displayflash.pl website was misleading to average Internet users and there existed a likelihood of confusion as to the companies of the claimant and the respondent, irrespective of the fact that the target public consists of average consumers who are deemed to be reasonably well informed and reasonably observant and circumspect, given that the target public's level of attention is likely to vary according to the category of goods or services in question.

4. transgressing the limits of free appraisal of evidence by stating that:

a) there exists a risk of repetition with respect to the use of the MARIN's and LAMA trademarks as meta tags of the www.displayflash.pl website by assuming the existence of a conflict between the parties;

b) buyers of the Lama system stands or other persons interested in advertising services using the said stands could become convinced that display of the respondent's website in the results of a keyword search (for MARIN's or LAMA trademarks) indicates the existence of commercial ties between the companies of the parties, authorising Display Flash Poland to use the trade marks of MARIN's International;

c) the use of MARIN's and LAMA trade marks as meta tags in the HTML source code of the www.displayflash.pl website could lead to confusion as to the origin of the goods assigned to a particular company;

d) the linkage between trade marks used as keywords and the search result in the form of triggering the display of the www.displayflash.pl website could create a risk of confusion as to the origin of the goods assigned to a particular company, the conviction of the recipient that Display Flash Poland offers goods – advertising stands – which belong to the LAMA system, or that there exist commercial ties between the company and the claimants;

e) the use of 'marins', 'marines', 'lama' and 'patented lama system' as meta tags in the HTML source code of the www.displayflash.pl website by the respondent had the result that an Internet user seeking information on the goods offered by the claimants (LAMA) or their companies (MARIN's) obtained a direct indication that the said information may be found on the respondent's website. High positioning of the website in the search results could undoubtedly lead to a conviction on the part of a user interested in purchasing the goods or services offered by the claimants as to the existence of commercial ties between them and Display Flash Poland;

f) the act consisting in the use of a trade mark owned by another entity as a meta tag in the HTML source code of the website shall constitute infringement of the right under registration since the unauthorised competitor uses the said mark for the purpose of attracting the attention of the public to its goods and services, even though the mark should refer to the goods and services offered by the entity holding the exclusive right.

II. infringement of substantive law:

1. Article 9(1) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trademark, by way of its incorrect application consisting in the assumption that the use of such keywords as 'marins', 'marines' as meta tags in the HTML source code of the www.displayflash.pl website constituted infringement of the registered rights of the MARIN's Community trademark.

2. Article 3 of *ustawa o zwalczaniu nieuczciwej konkurencji* (the Act on combating unfair competition), by way of its incorrect application consisting in the assumption that the use of such a keyword as 'lama' or the phrase 'patented lama system' as meta tags in the HTML source code of the www.displayflash.pl website as a word identical to the currently registered LAMA Community trade mark constituted an act of unfair competition.

The Court of Appeal held that:

The appeal is unfounded.

The argument as to the permanent cessation of the use of trade marks owned by the claimants as meta tags was effectively challenged at the appeal hearing on 30 June 2010 by lodging a copy of the decision issued by the Regional Court on 21 April 2010, case file No XXII Gwo 6/10 with the statement of reasons indicating that following the judgment concerning the said case, the trade marks owned by the claimant were used again for the same purposes in March 2010. Such an event was

also confirmed by the appellant in the plea constituting a 'reply to the decision of the court' issued in respect of the case in question (file cards 547-557). The said factual state justified the conclusion as to the existence of a tangible risk of further infringements of the claimant's rights. It should be noted at this point that the appellant is mistaken in asserting that, by its decision, in the first paragraph of the judgment prohibiting further infringements of the claimant's rights in the future, the Court exceeded the claim, thus violating the provisions of Article 321 of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure). By deciding on the prohibition of further infringements of the claimant's rights in future, the Court took account of the fact that the appellant had refrained from infringements since 28 November 2008; nevertheless, the relations between the parties could lead to the assumption that the risk of further infringements did exist. The phrase 'in future' in the wording of the judgment does not constitute a decision on something that the claimant did not request since the request was aimed at obtaining prohibition 'for the future'; it was obvious that, on the date of lodging the statement of claim, namely on 10 July 2009, the appellant was not involved in committing the invoked infringements. If the claimant requested prohibition 'for the future', so the form of the claim applied in the statement of claim was also appropriate due to the fact that a request for protection could also be lodged in such a form (see judgment of the Supreme Court of 22 October 2002 III CKN 271/01, OSNC book 2/2004, item 26). In a persistent state of risk, namely the risk of infringement, both under Article 9(1) of Council Regulation (EC) No 207/2009 as well as under Article 18 paragraph 1(1) of *ustawa o zwalczaniu nieuczciwej konkurencji* (the Act on combating unfair competition), the request for cessation of infringement is a properly formulated request and the indication of the Court that the prohibition pertains to the future constitutes only a more precise specification of the term of the prohibition, and such a specification does not in itself constitute any violation of the provisions of Article 321 of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure).

The remainder of the appeal is also unfounded. The allegations as to the facts are deemed a pure polemic with the correct findings of the court, and the facts constituting grounds for the legal assessment were not disputed by the parties. Furthermore, the Regional Court rightly subsumed the facts both under the provisions of the invoked Regulation and state law, in all cases rightly noting infringement of the rights and states protected by law on the part of the appellant.

Infringement of Community law is clearly indicated also in the judgment of the Court of Justice of the European Union in Luxembourg of 23 March 2010 in Joined Cases C-236/08 to C-238/08, the wording of which settles the doubt raised by the appellant by rejecting the concept proposed by the appellant. In principle, the invoked judgment clearly indicates that using as a keyword a word replicating or imitating registered trade marks on the Internet does constitute infringement of protective rights provided that the said act was committed without the consent of the authorised entity and, in addition to the foregoing, the average Internet user experiences difficulty in determining whether the goods or services designated or found on the basis of a keyword are in fact assigned to the trade mark proprietor or a company commercially affiliated to it. Taking account of a similar situation which occurred in the present case and the lack of effective grounds undermining the findings of the Regional Court, the interpretation of the provisions of law provided in the invoked judgment should be applicable to the present case.

Thus, given no grounds for acknowledging the appeal, pursuant to the provisions of Article 385 of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure), the Court of Appeal decided as set forth in the conclusion hereof.

Award of the costs of appeal proceedings was decided pursuant to Article 98 of *Kodeks Postępowania Cywilnego* (the Code of Civil Procedure) by awarding reimbursements for the lawyers' fees in favour of the claimants against the respondent pursuant to the provisions of paragraph 8(18) in conjunction with paragraph 12(1)(2) of the Regulation of the Minister of Justice of 28 September 2002 regulating the issue of fees for legal counsels' activities and the assimilation by the State Treasury of the costs of unpaid *pro bono* legal aid (Dz.U. (Journal of Laws) No 163, item 1349 as amended).