

AMS Neve: An Unfortunate Extension of the ‘Targeting’ Criterion to Jurisdiction for EU Trademarks

written by Tobias Lutzi

Last week’s decision by the CJEU in Case C-172/18 *AMS Neve* has rightly received a lot of attention from IP lawyers (see the comments by Eleonora Rosati on IPKat; Terence Cassar et al. on Lexology; James Nurton on ipwatchdog.com; see also Geert van Calster on gavclaw.com). As it adds another piece to the puzzle of international jurisdiction for online infringements of IP rights, it also seems suitable for discussion on this blog.

The EU Framework of International Jurisdiction for Online Infringements of IP rights

The rules on international jurisdiction established by EU instruments differ depending on the specific type of IP right in question.

Jurisdiction for infringements of IP rights that are protected through national law (even where it has been harmonised by EU Directives) is governed by the general rule in Art 7(2) of the Brussels Ia Regulation. Accordingly, both the courts of the place of the causal event – understood as the place where the relevant technical process has been activated (Case C-523/10 *Wintersteiger*, [34]–[35], [37]) – and the courts of the place of the damage – understood as the place of registration (for trademarks: *Wintersteiger*, [28]) or access (for copyright: Case C-441/13 *Hejduk*, [34]), limited to the damage caused within the forum (*Hejduk*, [36]) – can be seised.

The wide range of courts that this approach makes available to potential claimants in internet cases has however been somewhat balanced out through an additional *substantive* requirement. Starting with Case C-324/09 *L’Oréal*, [64], the Court of Justice has repeatedly found an IP right in a given member state to be infringed only where the online activity in question had been directed or

‘targeted’ at consumers in that member state. The Court has also made clear, though, that this requirement is to be distinguished from the requirements for jurisdiction under Art 7(2) Brussels Ia, which could still be based on the mere accessibility of a website, regardless of where it was targeted (see Case C-170/12 *Pinckney*, [41]-[44]).

Turning to the second group of IP rights, those that are protected under ‘uniform’ EU instruments, the rules of the Brussels Ia Regulation are displaced by the more specific rules contained in the relevant instrument. Under Art 97(1) of the EU Trademark Regulation 207/2009 (now Art 125(1) of Regulation 2017/1001) for instance, jurisdiction is vested in the courts of the member state in which the defendant is domiciled; in addition, certain actions, including actions over infringements, can also be brought in the courts of the member state in which ‘the act of infringement’ has been committed or threatened pursuant to Art 97(5) (now Art 125(5)). While this latter criterion may have appeared to simply refer to the place of the causal event of Art 7(2) Brussels Ia in light of the Court of Justice’s decision in Case C-360/12 *Coty Germany*, [34] (an interpretation recently adopted by the German Federal Court (BGH 9 Nov 2017 – I ZR 164/16)), the Court of Justice had never specified its interpretation in cases of online infringements.

The Decision in AMS Neve

This changed with the reference in *AMS Neve*. The CJEU was asked to interpret Art 97(5) of Regulation 207/2009 in the context of a dispute between the UK-based holders of an EU trademark and a Spanish company that had allegedly offered imitations of the protected products to consumers in the UK (and elsewhere) over the internet. While the Intellectual Property and Enterprise Court (which is part of the High Court) had held that it had no jurisdiction because the ‘place of infringement’ referred to in Art 97(5) was the place in which the relevant technical process had been activated, i.e. Spain, ([2016] EWHC 2563 (IPEC)), the Court of Appeal (Kitchen LJ and Lewison LJ) was not persuaded that this conclusion necessarily followed from the CJEU’s case law and submitted the question to the CJEU for a preliminary ruling ([2018] EWCA Civ 86).

The Court of Justice has indeed confirmed these doubts and, held that the ‘place of infringement’ in Art 97(5) must be understood as ‘the Member State within which the consumers or traders to whom that advertising and those offers for sale

are directed are located' (*AMS Neve*, [65]). To arrive at this conclusion the Court had to drastically limit the scope of the relevant section in *Coty* (see *AMS Neve*, [44]) and to extend the substantive criterion of 'targeting' established in *L'Oréal* (which the Court has since relied on in numerous contexts, typically involving internet activities: see Case C-191/15 *VKI*, [43], [75]-[77]) to the question of international jurisdiction, at least as far as the Trademark Regulation is concerned.

In addition to improving the protection of trademark owners (see *AMS Neve*, [59] and [63]), the decision seems to rely on two considerations.

First, unlike a general instrument on jurisdiction such as the Brussels Ia Regulation, Regulation 207/2009 defines itself the relevant infringements (in Art 9), which include acts of advertising and offers for sale (see *AMS Neve*, [54]). Therefore, even though the wording of Art 97(5) does not make any reference to a requirement of targeting (as Eleonora Rosati rightly notes), there may at least be some indirect reference to the concept.

Second, and more importantly, Art 97 is followed by Art 98, which specifies the territorial scope of jurisdiction based on Art 97; it distinguishes between full jurisdiction (of the courts of the member state of the defendant's domicile, Art 98(1)) and territorially limited jurisdiction (of the courts of the place of infringement, Art 98(2)). This distinction, which is reminiscent of the Court's decision in Case C-68/93 *Shevill* and the following case law, indeed seems to provide a strong argument not to limit Art 97(5) to the place of the causal act, where a territorial limitation would make rather little sense.

Still, it seems questionable if the Court's decision in *AMS Neve* does not run counter to the idea of vesting jurisdiction in clearly identifiable courts so as to reduce the risk of irreconcilable decisions. As the Court acknowledges (see *AMS Neve*, [42]), its interpretation of Art 97(5) allows the holder of an EU Trademark to bring multiple actions against an alleged online infringer, which would not fall under constitute *lis pendens* as they would concern different subject matters (i.e. infringements in different member states).

The Court of Justice appears to have attached more significance to these concerns when interpreting Art 8(2) Rome II in Joined Cases C-24/16 and C-25/16 *Nintendo*, which similarly refers to the country 'in which the act of infringement

was committed.’ In this regard, the court had explained that

the correct approach for identifying the event giving rise to the damage is not to refer to each alleged act of infringement, but to make an overall assessment of that defendant’s conduct in order to determine the place where the initial act of infringement at the origin of that conduct was committed or threatened. (Nintendo, [103])

It is unfortunate that this reasoning has not been extended to Art 97(5) of the Trademark Regulation.