

*Official Round Seal of the Supreme Court of Appeal, College of Traders  
Signed*

036767-27.12.04

## **RESOLUTION**

**No. 1071**

**City of Sofia, 3 December 2004**

**IN THE NAME OF THE PEOPLE**

The Supreme Court of Appeal of the Republic of Bulgaria, College of Traders, Second Department at the sitting of the Court, held on the third of November in the year of two thousand and four, having the following membership:

**CHAIRMAN:** KRASTYO YANACHKOV

**MEMBERS:** MARIO BOBATINOV

ROSITSA KOVACHEVA

And the Secretary Gergana Zaharieva  
and in the presence of the prosecutor  
has heard the reported by the Judge Rositsa Kovacheva Civil Case No.  
158/2004

The procedure is under art. 218a Para. 1b "b" Civil Proceedings Code (CPC), as per an appeal to the Court of cassation by "Guinness United Distillers and Vintners Amsterdam BV" – Amsterdam, Holland and "Justerini and Brooks Limited"- London, England against a Resolution dated 03.12.2003, Civil Case No.335/2003 of the Court of Appeal in Sofia.

The claimants lodge a claim that the resolution is ungrounded because of material violations of the legal proceedings and unreasonable judgement – the court has reached an ungrounded conclusion that the claimants have not established the acquisition of exclusive rights on the trademarks, and that the defendant's substantive identification has not been proved. The claimants state that the defendant does not question their rights on the trademarks, which have been proved by the certificates presented and the court has incorrectly indicated that there is no evidence that companies of the "Diageo" Group have authorized "UDV Central Europe and Asia Limited – branch in Bulgaria" to import and distribute in Bulgaria products that denote these trademarks, since it is irrelevant to the dispute. The claimants consider a third person, wishing to use in their trade activity a trademark, their ownership, is due to receive their explicit

consent in a licence agreement, as per art. 13, para. 1, it. 1 Law on trademarks and Geographical Names the right of trademark includes the right of its owner to enjoin a third person without his consent to use in their trade activity a sign identical to his own trademark for denote the same type of commodity, for which the trademark has been registered, and according to art.13, para. 2 and 3, the use of a trademark is apparent when commodities are put on the market, marked with the trademark or in case such commodities are imported into the country. The claimants lodge a claim that the Court has incorrectly accepted that the defendant's passive identification is not proved, since no evidence has been provided to identify the goods detained at the customs with a sign, identical or similar to the images of the processed trademarks, and there is no doubt that the commodities detained bear the claimant's registered trademarks and the conclusion that there are no subsequent breaches of the defendant that the law requires, is incorrect. The claimants come to the conclusion that the court has stated that in the claimant's plaint there are no stated circumstances, on the grounds of which the Law on Trademarks and Geographical Names Provisions apply, in respect to the claimants – foreign legal entities within the meaning of art. 2 of the Law on Trademarks and Geographical Names, as the claimants consider that this provision is relevant to the actions of the registration of the trademarks, but not to the protection of rights, originating from trademarks registered within the country and they demand countermanding the court decision and a new hearing trial or a ruling by virtue of which their claims to be taken into consideration. The defendant of the cassation claim “Galas Trading” Single Member Limited – city of Sofia litigates the claim stating its irrelevance based on reasons and considerations in a written form and notes.

The Supreme Court of Appeal, having considered the arguments of both sides with respect to the cassation grounds and having examined the provided information for the case, finds the claim UNGROUNDED.

By decision dated 03.12.2003, Civil Case No. 335/2003 of the Court of Appeal in Sofia by a decision with effect from 21.11.2002, Company Case No.75/2002 of the Court of Appeal in Sofia, by virtue of which the claims lodged by “Guinness United Distillers and Vintners Amsterdam BV” – Amsterdam, Holland and “Justerini and Brooks Limited” – London, England against “Gallas Trading” Limited Liability Company – city of Sofia for ascertaining the fact that there has been a breach through the import of “Johnny Walker” and “J&B” whisky on the grounds of art. 76, Para. 1, it. 1 of the Law on Trademarks and Geographical Names for giving a sentence to the defendant to suspend the breach based on art. 76, para. 2, it. 2 of the Law on Trademarks and Geographical Names and for imposing the duty of processing the commodities, subject to the breach

based on art. 76, para. 2, it. 1 of the Law of trademarks and Geographical Names, have been cancelled.

Arguments have been brought forward that the claimants have not presented proofs of acquiring exclusive rights over the trademarks in question, proofs for the defendant signifying the goods detained at the customs with a sign identical or similar to the images of the three trademarks in question, registered by the claimants with the Patent Office, while the experts' report has shown that there is no significant difference between the imported goods and the goods manufactured by the claimants, and that no proofs have been presented that the defendant has committed a violation under art.13 para.2 it.3 of the Law on Trademarks and Geographical Names after importing the detained goods. A conclusion has been drawn that the claimants do not prove an offence committed by the defendant by importation of goods, denoted with a sign identical or similar to the trademarks – the prerequisites which will entitle them to protection under the Law on Trademarks and Geographical Names (LTGN), and since there is no evidence that the defendant has denoted the imported goods with any of the three trademarks in question, there is also no passive legitimization of the defendant.

The decree so issued is a correct one. The conclusion essentially made by the authority that the claim under art.76 para.1 it.1 of LTGN is ungrounded, respectively the claims resulting from art.76 para.1, it.2 and para.2 it.1 of LTGN, complies with the law. Essential for the case is the fact that the defendant has imported goods in the country in relation to which the experts have unequivocally determined and which are no longer subjects of dispute for the parties, that they have been manufactured by the claimants and that they bear the trademarks registered by them. The issue for the case subsequently becomes: by importing goods in the country bearing the trademark of the claimants without their permission, has the defendant infringed on their trademark rights.

According to art.13 of LTGN, the trademark right includes the right of the owner to use it, to decide in relation to it, and to forbid third parties to use, without his knowledge, a sign identical to his trademark for designation of the same type of goods for which the trademark is registered. According to art.13 para.2 of LTGN, use for commercial activity in the sense of para.1 represents: placing the trademark on the goods or their packaging, or offering the goods with this trademark for sale, or their release on the market; and in accordance with art.13 para.2 it.2 and it.3 of LTGN, using a trademark is evident when goods bearing the trademark are offered on the market, or when such are imported into the country. These provisions have been created to protect the trademark against imitation and cannot be applied in case of the defendant

importing goods of the claimants having their trademarks. The protection provided by law could be applied if the trademarks registered by the claimants and subject to protection, are used by a third party, which means goods identical or similar to those of the claimants, which can lead to confusion for the consumers, if they decide that these identical or similar goods have been manufactured by the trademark owner – in case of imitating the trademarks of the claimants. The goods detained at the customs, imported by the defendant, bear the registered trademark of the claimants; the defendant imports goods manufactured by the claimants, which bear the trademark registered by them, whereby he does not perform actions constituting trademark “use” in the sense of art.13 para.1 and 2 of LTGN, protection against which is provided by law. The importation of goods manufactured by the claimants and bearing their trademarks which the defendant carries out does not represent a violation of art.76 para.1 it.1 in relation to art.13 of LTGN, which requires a sanction in accordance with art.76 para.2 it.1 – processing or destruction of the object of the violation, since the goods are authentic. Application can be made of art.15 para.1 of LTGN according to which the trademark owner cannot prohibit its use in goods released by him on the national market having that trademark; and in accordance with art.15 para.2 of LTGN, the regulation is not applied when there are justifiable reasons for the owner to oppose future sales, such as altered or degraded condition of the goods.

In this respect, the argument of the claimants is unconvincing that since the goods are authentic, manufactured by the claimants and bearing their registered trademarks, the court has incorrectly rejected the claim due to fact that there is no violation committed by the defendant and that it declined to accept the claimants’ arguments that the import of goods in Bulgaria carried out by the defendant without the consent of the claimants, represents a violation of LTGN.

In view of the exposition made in fair response to the decree appealed against, a decision is taken that the claimants have not presented evidence that the defendant has signified the goods imported by him, for which the claimants have registered trademarks in Bulgaria, by affixing the trademark of his own goods which he intends to distribute as goods manufactured by and bearing the trademark of the claimants. There is justice in the conclusion stated in the decree that there are no conditions present for the claimants to avail themselves of the protection of LTGN in relation to the reported violation committed by the defendant, and the claimants’ argument is unconvincing that the import of the defendant’s goods in Bulgaria carried out by the defendant without the permission of the claimants constitutes a violation of LTGN. The arguments of the claimants are therefore untenable that the court has incorrectly pointed out that there are no circumstances presented in the

claim which represent grounds for the application of the provisions of LTGN with respect to the claimants – foreign legal persons in the sense of art.2 of LTGN.

The court has mistakenly assumed as unsubstantiated the claimants' rights over the trademarks in question, in relation to which Patent Office certificates were duly handed in (p.45 –p.50) for verbal and graphic trademarks described in detail with a specified term of protection registered by the claimants, which rights of the claimants have not been disputed by the defendant; this omission has not prejudiced the final conclusion on the lack of grounds for the claims, which were correctly rejected.

For the reasons presented, the appeal to the court of cassation is deemed ungrounded and shall not be granted. The claimant shall pay to the defendant 3000 BGN – expenses incurred for the cassation case. In view of the above, the Supreme Court of Appeal

**HAS RULED:**

REAFFIRMS THE EFFECT of decree dated 3 December 2003 in relation to civil case No.335/2003 of the Sofia Court of appeals.

SENTENCES Guinness United Distillers and Vintners Amsterdam B.V. – Amsterdam, the Netherlands, and Justerini and Brooks Limited – London, England, with court registration in the city of Sofia, Borislav Boyanov, attorney-at-law, 24 Evtimii Blvd., to pay to Galas Trading Ltd. – city of Sofia, 3000 BGN – expenses incurred for the cassation case.

**CHAIRMAN:**

**MEMBERS:**

*Official rectangular seal of the Supreme Court of Appeal, True to the original, city of Sofia, 27 Dec. 2004, Secretary (signed)*

*Official round seal of the Supreme Court of Appeal – Commercial Department*