

Insights

CASTELBAJAC SAGA: CAN THE MISLEADING USE OF A PATRONYMIC TRADEMARK BY ITS ASSIGNEE BE SANCTIONED BY ITS REVOCATION FOR DECEPTIVE USE?

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A new development in the Castelbajac case, which pits the designer with the eponymous name against the company PMJC, concerning the application for revocation of the trademarks assigned to the latter by the designer. In a ruling dated 28 February 2024 (Cass. com., 28 févr. 2024, n° 22-23.833), the Commercial Chamber of the French Cour de Cassation adopted a position that appears to be contrary to that of the European courts, without however definitively settling the dispute, since it is inviting the European courts to rule on the question of revocation for deceptive use of a patronymic trademark.

As a reminder, as part of the receivership of Jean-Charles de Castelbajac and its takeover by PMJC, the word marks 'JC de Castelbajac' and 'Jean-Charles de Castelbajac' were transferred to the assignee company in 2012.

At the same time PMJC entered into a collaboration agreement with Mr de Castelbajac, under which Mr de Castelbajac was appointed global artistic director of the company's activities and products until 31 December 2015. He also continued his artistic activities through his own company, Castelbajac Creative.

At the end of their collaboration, PMJC took legal action against Mr de Castelbajac before the Paris Court, claiming that he was infringing trademarks and engaging in unfair and parasitic competition. In response, Mr de Castelbajac filed a counterclaim for revocation of the trademarks, which was dismissed on 21 June 2018. This first instance decision was overturned by the Paris Court of Appeal on 12 October 2022, which recognised that the use of the trademarks was deceptive, resulting in the revocation of PMJC's rights in the disputed trademarks.

PMJC appealed this decision to the Cour de cassation, which decided to submit a question to the Court of Justice of the European Union (CJEU) for a preliminary ruling on the deceptive nature of the patronymic trademarks.

- **Admissibility of a trademark revocation action for deceptiveness where the assignee is at fault**

The French Cour de cassation first examined the first plea alleging that the application for revocation of a trademark was inadmissible on the basis of Article 1630 of the Civil Code, which states that 'a person who owes a guarantee cannot evict'. While it was settled case law that the assignor's trademark revocation action against the assignee should be declared inadmissible, the Court of Appeal had adopted an opposite solution to the case, stating that 'the breach of the warranty of eviction does not constitute inadmissibility of the plaintiff to bring the action, but a possible separate fault'.

In this respect, the Cour de cassation confirms this analysis, pointing out that although 'the assignor of rights in a trademark (being bound by a warranty of eviction) [...] is not entitled to bring an action for revocation of those rights on the grounds of acquired deceptiveness of that trademark, which seeks to evict the assignee (Com, 31 January 2006, Appeal no. 05-10.116, Bull. 2006, IV, no. 27)", "the guarantee in favour of the assignee ceases when the eviction is due to its fault". In other words, PMJC was not entitled to argue that the trademark revocation action was inadmissible even if its conduct had been faulty.

On the assessment of such misconduct, the Cour de cassation recalled that in order to be maintained 'a trademark must not be used in such a way as to deceive the public or to create a serious risk of deception (ECJ, 4 March 1999, *Consorzio per la tutela del formaggio Gorgonzola*, C-87/97, paragraph 41)'. In the present case, the action for revocation for deceptiveness was in fact based on the wrongful use of the assigned trademarks in such a way as to lead the public to believe that Mr de Castelbajac was the author of the designs to which the trademarks were affixed.

Accordingly, since PMJC's fault had been established, it could not validly rely on Mr de Castelbajac's breach of the warranty of eviction to have its action for trademark revocation declared inadmissible.

By ruling that the assignor's trademark revocation action was inadmissible, the Cour de cassation appears to be paving the way for a new exception to the rule that "a person who owes a warranty cannot evict" where the trademark revocation action is based on wrongful conduct of the assignee that occurred after the assignment.

• Preliminary ruling on the question of revocation for deceptive use of a patronymic trademark

PMJC's appeal challenged the Court of Appeal's recognition of the deceptive use of the two trademarks. In this regard, it relied on the position of previous European case law (see the *Elizabeth Emanuel* judgment - ECJ 30 March 2006, Case C-259/04), according to which the validity of a trademark cannot be affected on the sole ground that a company uses a trademark in such a way as to lead consumers to believe that the designer is still involved in creating the products, even if this behaviour constitutes a deceptive manoeuvre. Accordingly, this position of the European judges would preclude an action for revocation of the trademark for deceptive use.

On the other hand, the Court of Appeal justified its decision by arguing that PMJC's use of the patronymic trademarks was such as to lead consumers to believe that the products were still

designed under the artistic direction of Mr de Castelbajac. While the Court of Justice had ruled that 'the owner of a trademark corresponding to the name of the designer and first manufacturer of the goods bearing that trademark may not, by reason of that particularity alone, be deprived of his rights on the grounds that the said trademark would mislead the public', the Court of Appeal considered that this did not preclude the possibility of declaring a revocation of the patronymic trademark, the use of which was accompanied by fraudulent manoeuvres as qualified in the present case. Consequently, this misleading use should be sanctioned by revocation of the trademarks.

On this point, the French Cour de cassation referred the following question to the Court of Justice of the European Union: 'The question thus arises whether Article 12(2)(b) of Directive 2008/95/EC and Article 20(b) of Directive (EU) 2015/2436 must be interpreted as precluding the revocation of a trademark relating to the last name of a designer by reason of its use subsequent to the assignment in such a way as to lead the public effectively to believe that the designer, whose last name constitutes the trademark, is still involved in creating the products covered by that trademark, when that is no longer the case'.

In other words, the Court is considering whether the use of a family name trademark in such a way as to lead consumers to believe that its creator is still involved in the creation of the trademark's products can be sanctioned by revocation.

The expected clarification by the CJEU on this point will be an opportunity for the CJEU to review its own case law. Above all, it will provide an answer to the uncertainty and precariousness weighing on the assignee of a patronymic trademark. The use of such a trademark by a company conveys a certain notoriety that cannot be dissociated from the bearer of the name, which makes up its economic value and which the transferee intends to benefit from when acquiring it. However, the dividing line between the normal and deceptive use of a trademark can be very blurred, as consumers may legitimately believe that the products sold under this trademark were created by the eponymous creator. If the Court were to rule in favour of revocation for deceptive use of a trademark by its assignee, this would reinforce the precariousness weighing on assignees of such trademarks and could pave the way for almost systematic recognition of the deceptiveness of assigned patronymic trademarks, sanctioned by their revocation. Recognition of explicitly fraudulent or misleading use of the trademark would in any event be a matter of proof.

MEET THE TEAM



Pierre-Emmanuel Froge

Paris

pierreemmanuel.froge@bclplaw.com
+33 (0) 1 44 17 76 21

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