Intellectual Property newsletter

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Edition 3 | 2025

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Introduction

Welcome to the new edition of the KPMG Intellectual Property newsletter on developments in the world of copyright, patents, trademarks, designs, domains and other Intellectual Property rights.

We have compiled a number of interesting articles from around the world that provide insights into new developments in the area of intellectual property. KPMG firms are proud of their global network of IP lawyers, business advisors and other IP specialists enabling KPMG professionals to offer an international service to clients in this area.

In this edition, we begin with an overview of Horizon Europe, the EU's largest research and innovation funding program, highlighting essential legal considerations under Belgian law. Following this, we explore the complexities of European trademark law through a fascinating case involving an attempt to register a trademark which solely consists of its shape and color, thereby offering insights into the challenges faced by abstract marks.

Shifting the focus to more national contexts, we analyze the implications of selective distribution practices in the Italian luxury watch and jewelry sector, and the complexities of Italian competition law with regard to e-commerce.

Finally, we turn to Germany, where we review recent court decisions shaping the legal framework for environmental marketing claims.

We hope you enjoy reading.

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2 Navigating Horizon Europe Agreements: Key legal points under Belgian law

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With a budget of €95.5 billion, Horizon Europe is the EU's most ambitious research and innovation program to date. While it offers unparalleled funding and collaboration opportunities, it also brings with it a complex legal and contractual landscape. For participants (e.g. universities, research institutions, and private companies) understanding the applicable legal framework and ensuring that the contractual arrangements are properly shaped is critical to a successful project.

A typical Horizon Europe project involves the conclusion of two main agreements. First, the Grant Agreement – which sets out the terms of the grant and the modalities of the project – is entered into between the European Commission (or one of its executive agencies) and the beneficiaries (usually organized in a consortium). Second, the beneficiaries enter into a Consortium Agreement, which governs the internal relationship between them.

As the European Commission generally requires the Grant Agreement to be governed by Belgian law, most Consortium Agreements are also made subject to Belgian law for consistency. This makes it essential for participants to understand how Belgian contract law may affect their rights and obligations. Importantly, Belgian contract law has undergone significant reforms in recent years, with direct implications for project contracting under Horizon Europe.

In this contribution, we highlight a number of key legal attention points that Horizon Europe participants should consider – with a particular focus on contractual and intellectual property (IP) aspects.

1. Understanding the role of the contracts

While the Grant Agreement is largely dictated by the European Commission (on the basis of a model agreement), participants have considerably more flexibility when it comes to shaping the Consortium Agreement. The Consortium Agreement sets out the roles and responsibilities of each participant, the internal governance and decision-making structure, and – crucially – the management of IP rights and project results.

Although standard templates exist – such as the widely known DESCA model – participants are free to adapt the Consortium Agreement to reflect their specific needs and arrangements, provided it remains compatible with the overarching obligations in the Grant Agreement.

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In terms of IP, the Consortium Agreement typically defines how Background IP is made available, how project results are generated, owned and disseminated, and how access rights are granted for both implementation and exploitation purposes. Given the multi-jurisdictional and multi-party nature of Horizon Europe projects, Consortium Agreements must be carefully and precisely drafted to avoid legal uncertainty, internal disputes, and unforeseen complications over ownership or use of results.

2. Understanding the implications of the IP arrangements

Nearly all Horizon Europe projects are IP-intensive, making it essential for participants to understand how their IP is protected, and what rights they (and other participants) have in relation to each other's IP.

Background IP – Define it or risk losing it

Participants are required to define their Background IP – that is, pre-existing IP and know-how relevant to the project. If this is not done clearly, there is a risk of unintentionally granting rights to valuable proprietary technologies or confidential know-how.

Participants should therefore carefully list (and, where appropriate, expressly exclude) their Background IP in writing – typically in an annex to the Consortium Agreement. This ensures that access rights are granted only to the extent necessary for project implementation or exploitation and prevents misunderstandings later on.

Results – Know the Belgian rules

Results generated during the project may be owned individually or jointly, depending on the level of contribution of the participants involved. The joint creation and subsequent exploitation of such results is one of the more complex areas in Horizon Europe collaborations and can easily lead to disputes – sometimes years after the project has ended (for example, during a long patent application process).

Under Belgian law, the threshold for joint ownership is relatively low. For example, a person or organization may be deemed a co-owner of a patent simply by having made a creative or intellectual contribution to the invention – even if that contribution does not meet the legal criteria for patentability (e.g. inventive step or novelty). As a result, participants must proceed with caution before filing patent applications or claiming exclusive rights over project results. Failing to properly involve potential co-owners may result in disputes, loss of rights, or even non-compliance with EU funding rules.

Furthermore, under Belgian law, for results protected by copyright or software rights, mutual consent is generally required for joint exploitation, whereas for patents, each co-owner may exploit the invention independently, but licensing to third parties requires consent from the other co-owners.

However, applicable EU rules override some of these default positions, promoting early collaboration and shared exploitation strategies. The Model Grant Agreement requires in this respect that participants do not act unilaterally and engage early in discussions on commercialization. Participants should therefore include in the Consortium Agreement terms for the exploitation of joint results or, where considered relevant, enter into specific joint ownership agreements.

Access rights – broader than you may think

Horizon Europe mandates access rights to Background IP and results for project implementation (royalty-free) and for exploitation purposes (royalty-free or on fair and reasonable conditions).

Participants should in this respect ensure that any third-party obligations – for example, those arising from licensors, subcontractors, or joint ventures – do not conflict with the access rights they are required to grant under the project. It is also important to align internal IP policies and existing contracts with these obligations to avoid accidental non-compliance or legal conflicts.

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3. Understanding the impact of Belgian contract law

Considering the applicability of Belgian law in most cases, it is critical for all participants to have a proper understanding of how Belgian contract law applies to these contracts and which implied legal provisions affect their legal position (for example in respect of performance standards, implied warranties, liability, etc.).

Furthermore, it must be emphasized that the most recent reforms of Belgian contract law bring changes that affect the drafting and interpretation of Consortium Agreements governed by Belgian law. Although most new rules apply only by default (suppletive law), they will apply unless expressly derogated from in the contract – making it crucial to anticipate their effects. In this contribution, we only highlight the two following changes:

Termination of multi-party agreements

The new Belgian Civil Code introduces clearer rules on the termination of multi- party agreements (such as a Grant Agreement or Consortium Agreement). In a Horizon Europe context, this raises questions such as:

i. can one party withdraw or be forced to exit without affecting the validity of the entire Consortium Agreement?,

ii. should the agreement always include modular structures or partial termination clauses?, and

iii. Is there a shared economic interest, and if so, can the contributions of each party be separated?

To avoid legal uncertainty, exit strategies should be clearly defined in the contract, including procedures for replacing a participant or reallocating tasks.

Liability of agents and subcontractors

The new Belgian Civil Code has also abolished the long-standing prohibition of cumulation, which prevented the combination of contractual and extra-contractual claims for the same breach in most instances, and removed the quasi-immunity of agents, employees, and subcontractors. Under the new rules, participants can, under conditions, direct claims against the agents, employees, and subcontractors of the other participants/contract parties. However, certain defenses remain available and certain exceptions exist as well.

This broadens the risk exposure of participants and warrants a review of liability clauses, as well as of flow-down provisions in subcontractor agreements.

4. Conclusion

As Belgian law is the backdrop for Horizon Europe Grant Agreements and Consortium Agreements, understanding its nuances is essential. Belgian contract law influences core aspects such as liability, termination, and the enforceability of multi-party agreements and can therefore not be overlooked. At the same time, intellectual property remains central to the success of Horizon Europe collaborations. Therefore, clearly defining Background IP, anticipating joint ownership scenarios, and aligning exploitation strategies are all critical to avoiding disputes and protecting long-term value.

In short, participants should approach these projects not only as research opportunities but also as complex contractual and IP undertakings that require careful legal planning.

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A trademark is more than a shape

CZ

In a case that reveals the complexities of European trademark law, a leading distributor and producer of bananas (Company) found itself in a situation where the General Court of the European Union fully dismissed its action. The dispute did not concern the name of this prominent Company or its word mark, but rather a simple blue and yellow oval label without any text or logo. While the shape may be instantly recognizable to loyal consumers, the court ultimately held that this design lacks the necessary distinctiveness to function as a trademark across the EU.

The question of shape and color

The Company attempted to register its minimalist label consisting of an inner blue “ovaloid” framed by thin yellow and blue lines as an EU trademark for “fresh fruit” in class 31 with the European Union Intellectual Property Office (EUIPO). The EUIPO’s Board of Appeal and subsequently the court found that neither the shape nor the color combination met the threshold for inherent distinctiveness. The court emphasized that geometric shapes, even when slightly stylized, are often too simple for consumers to remember or to function as indicators of commercial origin. The court noted that such primary colors are routinely used in marketing and labelling, especially for bananas.

The limits of acquired distinctiveness

The Company argued that the mark had acquired distinctiveness throughout its use. The Company submitted various pieces of evidence, including a 2020 market survey and screenshots of its websites, to show that consumers associate the mark with its brand. However, the court held that most of this evidence came from only five member states (Belgium, Germany, Italy, Sweden and United Kingdom) and did not demonstrate recognition across the whole EU. Furthermore, the court questioned the methodology of the survey, particularly the

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leading nature of its main question and the limited sample size. The Company's broader marketing materials largely displayed the well-known word mark, rather than the oval symbol alone. The court thus concluded that there was insufficient evidence to prove that the shape by itself had acquired distinctiveness in the eyes of the relevant public.

Other similar cases

This case joins a series of other decisions illustrating how minimalist or abstract marks often struggle to gain protection unless there is compelling evidence of acquired distinctiveness.

A significant international retail store sought cancellation of its competitor's figurative marks that featured only the color circle from its logo, arguing that such elements had never been used on their own. However, EUIPO ruled that use of the entire logo (including the name of the competitor) can qualify as genuine use of the figurative element if the visual part retains independent distinctive character. Although the competitor lost protection for some services due to lack of evidence, it retained rights in key areas of retail.

The EUIPO Board of Appeal also considered another international retail store's "spark" logo. The spark element was almost never shown in isolation, appearing almost exclusively alongside its name in a manner that diminished its independent character. Where the logo did appear on its own (e.g., on their website), the evidence was either undated, from outside the EU, or did not demonstrate use in relation to specific goods or services.

Another example is the case of European car producer brand, where the Board of Appeal upheld an appeal and allowed the registration of a figurative mark depicting a stylized radiator grille. The application was originally rejected as a common representation of radiator grill in the automotive sector. The Board found that the combination of elements in the design including the unique star-patterned mesh (known as the "diamond grille"), a central circular element and a tapering band created an overall impression sufficiently distinctive. This combination was considered capable of indicating the commercial origin of goods which satisfied the requirement of distinctiveness.

A trademark is more than a shape

The Company's loss serves as a critical reminder to brand owners about EU trademark law. They should bear in mind that visual familiarity does not automatically equal legal distinctiveness. Especially for non-verbal marks, companies must be prepared to demonstrate that their design alone without accompanying text or logo functions as an indicator of origin in the eyes of the average consumer across the EU. As the Company has now learned, even a label seen on bananas daily by millions must meet these stringent evidentiary standards if it is to gain or retain protection under EU trademark law.

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4 The Italian Competition Authority investigates the selective distribution

IT

An opportunity to explore the Italian case-law framework related to restrictions on online sales.

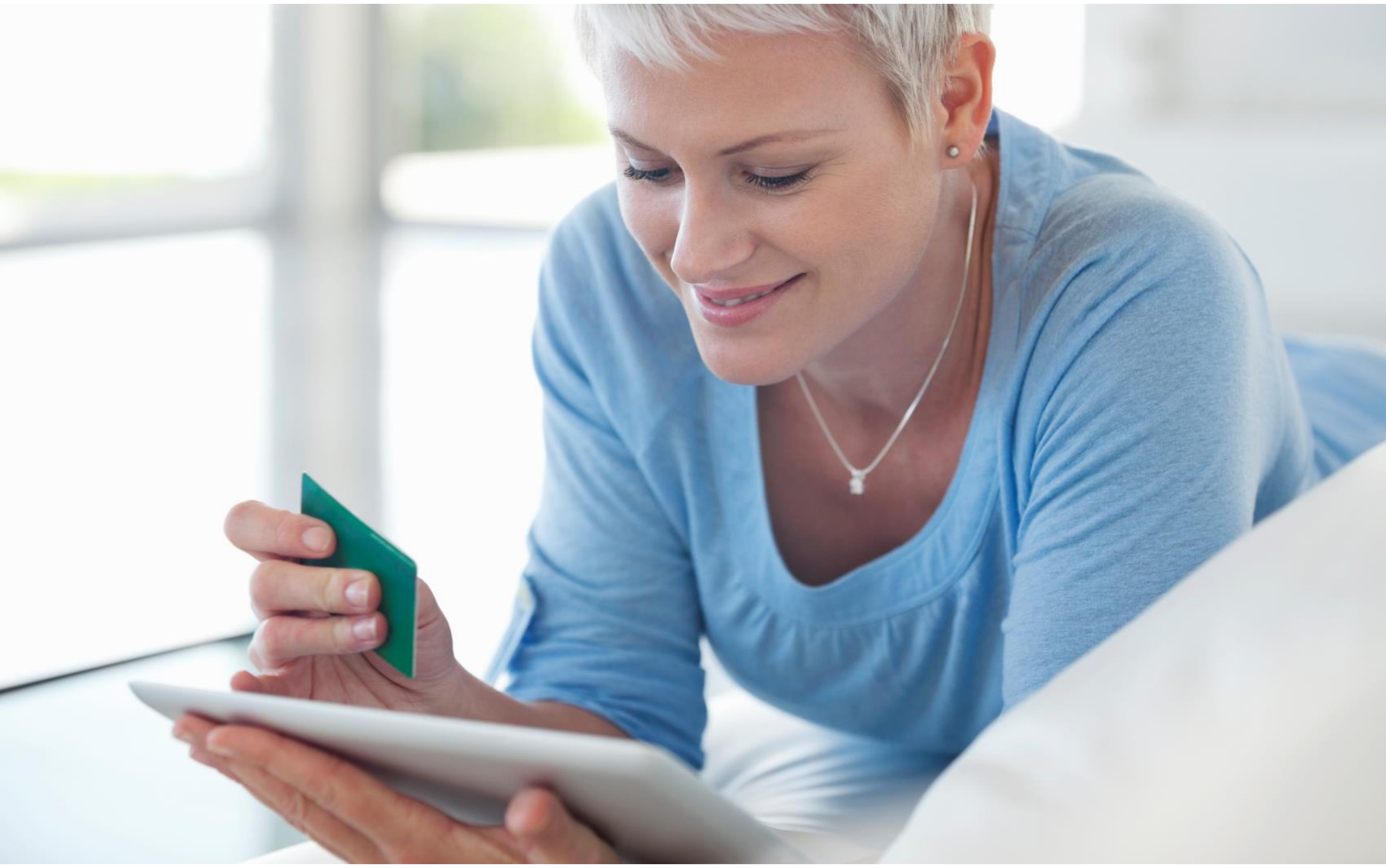
Pursuant to Regulation (EU) 2022/720, which replaced Regulation (EU) 330/2010, concerning the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices, it is allowed to prohibit online sales via marketplaces when the aim is to protect the prestige of a certain product, to combat the sale of counterfeit goods, or to ensure adequate pre- and post-sale assistance.

However, such a prohibition is subject to the **principle of proportionality**, meaning that a company cannot favor some marketplaces over others or restrict marketplace use by its distributors while simultaneously using them directly, as this would breach the fundamental principle of **non-discrimination** that governs selective distribution mechanisms.

In this context, the Italian Competition Authority ("**AGCM**" i.e. *Autorità Garante della Concorrenza e del Mercato*) opened a preliminary investigation concerning a well-known Italian company in the watch and jewelry sector (the "**Company**"), owner and exclusive licensee of several reputed trademarks, for a possible violation of **Article 101 TFEU**. With measure no. 31494, published on March 31, 2025, the AGCM, following multiple reports received through the whistleblowing platform, launched an investigation to determine whether the Company had engaged in anticompetitive conduct.

Specifically, the Company allegedly imposed a **blanket ban on its distributors from selling its branded products on online marketplaces**, while **reserving the right to do so itself**, thus creating unequal treatment within its own selective distribution network.

The AGCM considers this conduct a potential **vertical restriction of competition**, as it limits distributors' commercial freedom and may harm competition in the



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online market. The investigation aims to determine whether the restriction imposed by the Company is justified by **objective reasons**, such as brand image protection or service quality, or whether it constitutes a **competition-infringing practice**.

The inquiry focuses on two main aspects:

i. the legitimacy of the restriction imposed on distributors; and

ii. the consistency of this restriction with the Company's own commercial conduct.

The selective distribution agreement must be applied in a fair and non-discriminatory manner, without unduly favoring the brand owner to the detriment of other operators.

The AGCM seeks to verify whether the limitations are proportionate and necessary to achieve legitimate objectives or whether they represent abuse of a dominant position or a violation of antitrust rules.

Although selective distribution falls under the scope of antitrust law, case law often examines selective distribution from an industrial property law perspective, considering it as a ground for opposing the application of the EU exhaustion principle under Article 5 of the Italian Industrial Property Code and Article 15 of Regulation (EU) 1001/2017.

Restrictions on online sales are highly relevant and have been addressed multiple times by EU and national case law.

It is worth recalling first and foremost the judgment of the ECJ in Case C-230/2016, which clarified, *inter alia*, that Article 4 of the former Regulation (EU) No 330/2010, concerning the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices, must be interpreted as meaning that the prohibition imposed on members of a selective distribution system for luxury goods from using, in a discernible manner, third-party undertakings for internet sales does not constitute a restriction on customer groups nor a restriction on passive sales to end users.

The legitimacy of such limitations is subject to the following conditions:

i. that resellers are selected on the basis of objective qualitative criteria, uniformly defined for all potential resellers and applied in a non-discriminatory manner;

ii. that the characteristics of the product require such a distribution network in order to preserve its quality and ensure proper use;

iii. that the defined criteria do not go beyond what is necessary.

Italian case law has also confirmed that selective distribution systems that limit or regulate online sales, also through marketplaces, can be lawful, provided that they do not amount to a total ban on online sales (i.e., hard-core restrictions), which are always prohibited as they would compel distributors to sell only through physical channels.

Below is a brief overview of some recent decisions on the matter.

- In its decision of **12 January 2016**, the **Court of Milan** held in favor of a well-known fashion house, a market leader in various luxury product sectors, affirming the legitimacy of a selective distribution system which, among other things, included restrictions on online sales. In the case at hand, the resistant had offered the claimant's products for sale on a website that did not comply with the qualitative standards set by the claimant.

  Specifically, the online offering included:

  i. the association of the claimant's products with advertising materials for other brands, including lower-end products;

  ii. the presence of links directing users to unrelated third-party product websites; and

  iii. the association of the defendant's website, via search engines, with the concept of an "outlet."

  As a result, the Milan Court found that such sales practices harmed the luxury image of the claimant's brand and consequently **prohibited the defendant from selling the claimant's products on the contested websites**.

- In a decision issued on **3 July 2019** by the **Court of Milan** in an interlocutory appeal against an interim decision, the Court overturned the first-instance precautionary decision and upheld the legitimacy of the claimant's selective distribution system – namely a French luxury cosmetics company – following the amendment of a contractual clause in its distributor agreements.

  The system was deemed to comply with Regulation (EU) No. 330/2010 and to meet the additional conditions necessary for selective distribution to constitute a legitimate ground for excluding the application of the exhaustion principle (*i.e.*

  i. the products in question were a luxury and prestigious items;

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ii. the marketing of such goods by third parties outside the selective distribution network caused actual harm to the brand's luxury image).

In the case at hand, the claimant challenged the marketing and advertising of its products on a well-known e-commerce platform.

While the Court reaffirmed the well-established principle that an absolute ban on online sales constitutes a serious restriction of competition, it also reiterated that it is lawful for the supplier to impose certain qualitative standards on distributors' online sales channels.

To sum up, the Court found that:

i. the association of the claimant's products with low-end, low-value goods;

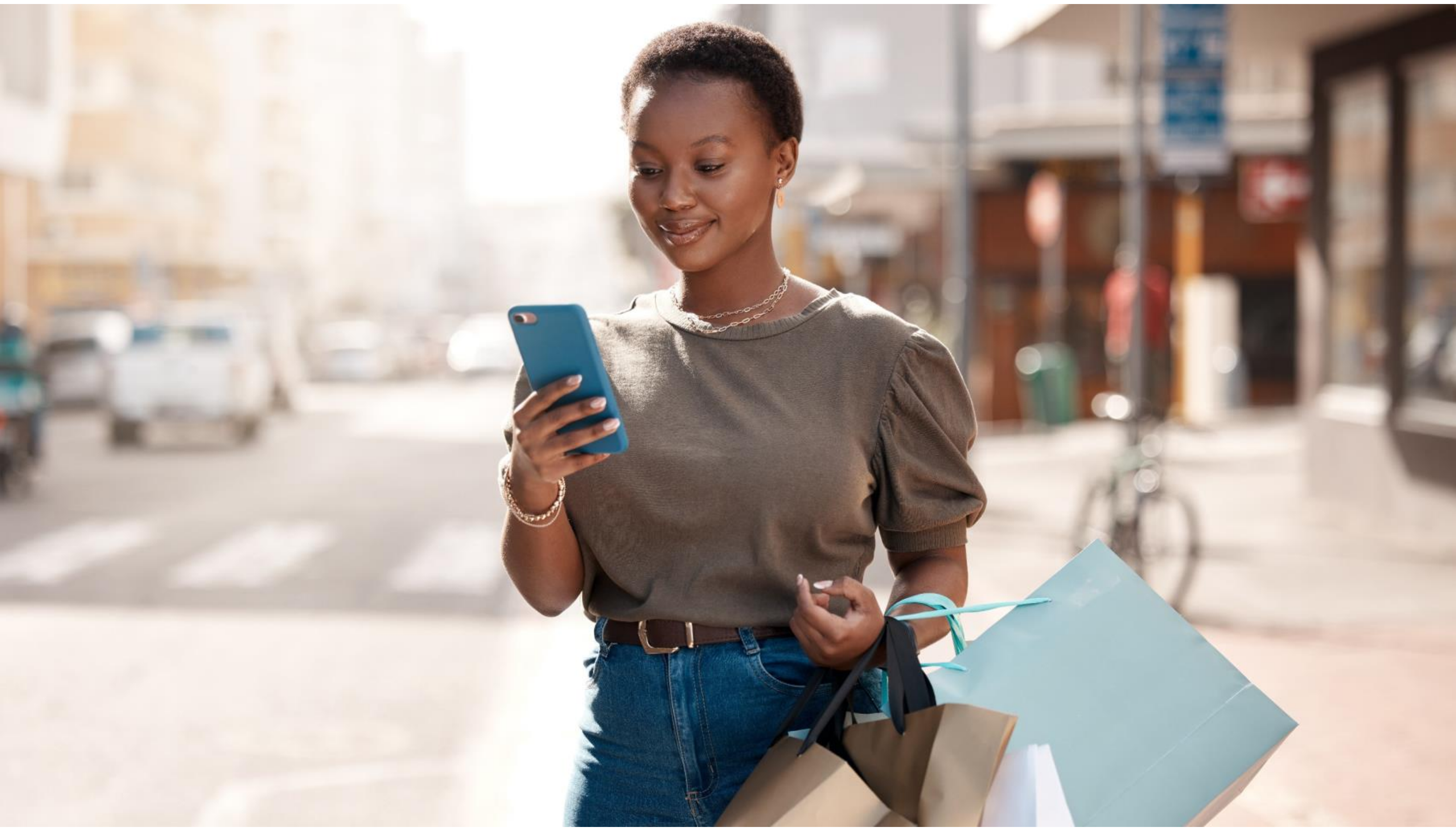
ii. the inclusion of links redirecting to unrelated product websites; and

iii. the absence of adequate customer service – which would normally be provided in physical shops – undermined the *aura* of exclusivity that characterizes the brand's luxury image.

- The decision of **19 October 2020 of the Court of Milan** concerns a case in which a well-known cosmetics company, acting as exclusive licensee of prestigious trademarks for the manufacture and marketing of perfumery and cosmetic products, challenged the unauthorized advertising and offering for sale of goods bearing its licensed trademarks on the defendant's well-known e-commerce platform.

  Once again, the Court reaffirmed that an absolute ban on online sales constitutes a serious restriction of competition but also noted that it is lawful to require distributors to comply with certain qualitative standards for their websites.

  As a matter of fact, the Court found that the claimant's selective distribution system was suitable for creating and maintaining a luxury and prestigious brand image in the eyes of consumers. The contracts signed with authorized distributors contained provisions exclusively aimed at safeguarding this prestige and



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were in line with the relevant regulatory and case law principles. Such provisions concerned, *inter alia*:

i. brand positioning,

ii. sales and customer services,

iii. the characteristics of physical points of sale,

iv. methods of sale,

v. use of advertising materials, and

vi. qualification of personnel involved in customer care and sales.

Based on this, the Court held that:

i. the absence of physical stores and adequate customer support;

ii. the association of the claimant's perfumes with unrelated products, some of low quality; and

iii. the presence of advertisements for other brands – often lower-tier – in the same web pages where the claimant's perfumes were featured,

resulted in sufficient grounds to justify an injunction against the defendant.

- In its decision of **11 December 2023**, the **Court of Milan** issued an injunction prohibiting an unauthorized distributor from advertising, offering, and selling the claimant's products – professional hair cosmetics bearing the claimant's trademarks – on any of its websites.

  Likewise, the Court upheld the lawfulness of the claimant's selective distribution system, based on pre-defined quality standards aimed at protecting the luxury and prestige image of the products, which was also reflected in their pricing.

  At the same time, the Court found that the claimant's products were high-end, and that the sales methods adopted by the unauthorized distributor undermined the luxury image of the claimant's trademarks – both by equating them with ordinary, non-prestigious goods and by failing to provide professional sales support.

- Lastly, in its decision of **21 July 2024**, the **Court of Turin** prohibited the online sale of niche and luxury perfumes by an unauthorized distributor, recognizing the lawfulness of the claimant's selective distribution system, which provided, *inter alia*, for the exclusion of non-approved e-commerce platforms – including those operated by the resistant – from the authorized network.

  The Court found that, in this specific case, the resistant's sales practices damaged and devalued the luxury image of the claimant's products, since:

  i. the claimant's products were displayed alongside lower-tier, less prestigious items;

  ii. they were sold at prices lower than those applied by the claimant and its authorized distributors;

  iii. discounting practices were applied that were inappropriate for luxury positioning;

  iv. the products were associated with items from unrelated and lower-end product categories.

In all these cases, limitations on online or marketplace sales were found to be justified by the legitimacy of the selective distribution system. These restrictions were not absolute bans or discriminatory practices, but proportionate measures aligned with the goal of preserving brand prestige and positioning.

In the case now under the AGCM's review, the restrictions imposed by the Company do not *prima facie* appear to be proportionate or non-discriminatory. Therefore, the Company will need to prove that the restrictions on marketplace sales are justified by the need to preserve the brand's prestige. Otherwise, the AGCM may impose sanctions, as the online sales restriction could be considered a violation of Article 101 TFEU, and the Company may not rely on its selective distribution system to oppose such sales.

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Update on green claims in Germany

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Last year, the Federal Court of Justice (file number I ZR 98/23) delivered a significant ruling on the use of the term 'climate neutral' in advertising. This decision emphasized the importance of clear and precise definitions in environmental advertising to prevent consumer deception. Recent rulings by the Higher Regional Court of Cologne (case number 6 U 45/24) and the Regional Court of Hamburg (case number 312 O 114/22) demonstrate how this can be achieved.

The Federal Court of Justice's ruling on "climate neutral"

The three key findings of the Federal Court of Justice's ruling were:

- Strict requirements: Advertising with environmental protection terms such as 'climate neutral' must adhere to strict standards of accuracy, clarity and unambiguity.
- Explanatory information: Advertisements must clearly explain the specific meaning of ambiguous environmental terms to avoid misleading the public.
- Priority of reduction: Advertisements claiming climate neutrality must emphasize the principle of prioritizing CO_2 reduction over CO_2 compensation.

The Higher Regional Court of Cologne regarding "Travel CO_2-neutral. Offset CO_2 emissions and take off climate neutral"

Following the ruling of the Federal Court of Justice, the Higher Regional Court of Cologne had to rule on the advertising statement by an airline "Travel CO_2-neutral. Offset CO_2 emissions and take off.".

One might think that "offset" can only refer to CO_2 compensation and not to reducing CO_2 emissions to zero.

However, the Higher Regional Court ruled that the term "offset" was ambiguous because it was unclear when and how the CO_2 compensation would take place.

Therefore, when advertising climate neutrality, it is not only important to specify whether the focus is on compensation or reduction. It is also important to explain how this is achieved.

Regional Court of Hamburg regarding "certified carbon neutral"

Another ruling, following the Federal Court of Justice's decision, came from the Regional Court of Hamburg.

The Hamburg Regional Court had to rule on an airline's advertising statement "certified carbon neutral".

One might think that advertising with a "certification" would be sufficient.

However, the Regional Court of Hamburg ruled that consumers must be able to understand the scope of the certification.

Therefore, the certification must make it clear which measures are used to achieve "climate neutrality".

Conclusion

Environmental advertising and green claims must be accurate, unambiguous and clear. This goes without saying.

Above all, however, they must also be complete. Companies must specify whether "climate neutrality" has been achieved through CO_2 compensation or reduction and provide exact details of how this has been achieved.

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