

Advocate general considers use of trademarks in calls for tenders
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Other issues
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- **Public transportation authority used mark in call for tenders for provision of original spare parts or equivalent**
- **At issue was moment where certificate of equivalence had to be provided**
- **Asking competitors to provide proof before being awarded contract could be unacceptable barrier to entry**

Advocate General Campos Sánchez-Bordona has given his opinion in [VAR Srl v Iveco Orecchia SpA](#) (Case C-14/17, February 28 2018). Even though trademark law is not at the centre of these proceedings, the entire case rests on a trademark issue.

The case originates from a request for a preliminary ruling referred to the Court of Justice of the European Union (ECJ) by the Italian Council of State (Administrative Supreme Court). According to Article 34(8) of [Directive 2004/17](#) on public procurement, in exceptional cases technical specifications can refer to a specific mark, patent, type, origin or production. The entity in charge of public transportation in Milan used this exception when calling for tenders in a public procurement for the provision of spare parts - new or second-hand or equivalent - for Iveco buses and trolleybuses. Iveco is an Italian company which owns various trademarks and produces different types of vehicles.

The issue did not concern the request included in the call for tenders, but the moment where a certificate of equivalence had to be provided: was it at the time of the tender, before the decision to award the contract to the winner, or afterwards?

The call for tenders stated that the spare parts could be equivalent to those manufactured by Iveco, as long as the company certified that the quality of its spare parts was equivalent to those used to manufacture the vehicles and to the spare parts supplied by the manufacturer of the vehicles. Iveco Orecchia and VAR competed for the contract and VAR was successful. The award was challenged before the first instance administrative court, which overruled the decision. The decision was appealed; VAR submitted that it was not requested to prove the equivalence of its spare parts before the decision to award the contract, but only before the first delivery. This led the Italian Council of State to refer two questions to the ECJ for a preliminary ruling.

The advocate general recalled that the disposition included in Article 34 of Directive 2004/17 is exceptional and that the case at hand concerned motorised vehicles. There is a regulation (Regulation 1400/2002) on distribution in the automobile sector which aims to protect competition between original spare parts and equivalent parts. This was completed by the guidelines accompanying Regulation 416/2010. The first conclusion was thus that the opening of competition must promote the possibility of offering equivalent spare parts, including in public procurement.

The advocate general then recalled that, under a previous public procurement directive, the court had to examine a situation where a call for tenders requested a Unix operating system. The court had decided that the fact that the word 'equivalent' was not used was problematic for competitors. Under the following public procurement directive, the court stated more clearly that the way the call for tenders was written favoured Unix products and was a violation of Article 10(6) of that directive.

The advocate general noted that the use of a trademark in the technical specifications, when this is admitted in exceptional circumstances, can be accepted only if such use specifies that products 'equivalent' to those designated by the trademark are acceptable. This is indispensable to avoid creating unjustified obstacles to competition.

However, Article 34 does not define the moment where such equivalence must be proven, and the advocate general examined the various elements that could help answer that question. He stated that mentioning a mark or a patent in the call for tenders rules out any uncertainty with regard to the product to be offered; the normal rule under Article 34 is to leave the possibility open when defining the technical specifications. In the present case, the reference to a mark appeared adequate and was not contested.

However, problems can arise if the call for tenders does not lead to the award of a contract because a potential supplier cannot prove the equivalence of its products. However, this cannot prevail over the

principles governing public procurement, which aim to allow competitors to participate in equal conditions and remove obstacles to competition. There is no infringement of the principle of equal treatment when all the competitors have the possibility to provide evidence at the time of the first delivery. On the contrary, requesting such evidence at an earlier stage could give an advantage to the supplier of original spare parts.

During the hearing, it was discussed how it would be possible to assess the quality of the products before the award of the contract if no proof of equivalence was given. It was said that it was useful to refer to the supplementary guidelines to Regulation 416/2010, which include a rebuttable presumption of quality allowing the party receiving the spare parts to consider that the products are equivalent. It was considered that forcing competitors to provide such proof before being awarded the contract could become an unacceptable barrier to entry.

The advocate general stated that, in the present case, the public authority had to decide whether the offers were technically acceptable. However, this could be done through other means than providing a certificate of equivalence: for instance, by providing proof of experience in the field of supplying spare parts. In the present case, the public authority had requested that the candidates prove that they had supplied, during the previous three years, spare parts or equivalent spare parts for Iveco buses, trolleybuses or industrial vehicles, and that they obtained at least two supply contracts for a minimum of €750,000.

Such specification was already restrictive and should have been sufficient for the public authority to assess the offers, without having to request that the candidates provide equivalence certificates. As a consequence, the advocate general considered that member states may decide when they require that a certificate of equivalence be submitted; in the present case, it was acceptable to require such certificate after the award of the contract, provided that the technical specifications included conditions which were sufficient to prove that the offeror had the relevant technical capabilities.

If the court follows this opinion, it will confirm, on the one hand, that a mark does not always serve to designate the origin of a product and, on the other, that a mark cannot be used as a barrier to competition.

Richard Milchior, Granrut, Paris

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