

The City Court of Glostrup

Court order

made on 21 March 2011 in case no. FS 12-27845/2010:

Technogym SpA
Via Peticari, 20
I-47035 Gambettola

and

Pedan A/S
Københavnsvej 224
DK-4600 Køge

v

Fitness Engros A/S
Rugvænget 44
DK-2630 Taastrup

Background and claims of the parties

This case is a prohibitory injunction case regarding the sale of fitness machines of the brand NRG Line, withdrawal of such fitness machines and the use of the terms “factory renovated” and “remanufactured” in connection with the sale of fitness machines. The applicants, Technogym SpA and Pedan A/S, respectively, manufacture and sell fitness machines of the brand Selection Line in Denmark. The defendant, Fitness Engros A/S, has imported and sold fitness machines of the brand NRG Line, manufactured by Inter Atletika in the Ukraine. Dispute as to product imitation.

Claims of Technogym SpA and Pedan A/S:

- 1) That an injunction be issued against Fitness Engros A/S, prohibiting it from importing, distributing, selling, marketing and/or otherwise transferring or disposing of fitness machines of the product range NRG Line, manufactured by the company Inter Atletika, including as depicted in exhibit 1.
- 2) That Fitness Engros A/S be ordered to withdraw all fitness machines of the product range NRG Line, manufactured by the company Inter Atletika and sold in accordance with the invoices produced as exhibit C and delivered to Fresh Fitness A/S or others.

- 3) That an injunction be issued against Fitness Engros A/S, prohibiting it from using the words “factory renovated” and “remanufactured” in connection with depiction of or reference to Technogym equipment on the Fitness Engros A/S homepage(s) as well as in advertisements and other marketing material.

Fitness Engros A/S claims rejection of the case.

Information in the case

Pursuant to section 218b, cf. section 218a(2), of the Danish Administration of Justice Act, this order does not contain a complete presentation of the case.

David Neri of Technogym has explained that he is a manager of Technogym and responsible for marketing the Selection Line range. He took up the position in 2000. Technogym wanted to develop the smartest looking fitness machines that would be more appealing to the user of the machine. At the time, fitness machines were most often tall and square. To make the fitness machines more user friendly, they were made elliptical, lower and with more rounded seats, etc. Presented with case exhibit 22, he explained that the Technogym range Isotonic Line is from the 1980s, and that the other machines in the exhibit are from the late 1990s. Presented with case exhibit 16, he explained that the other machines were marketed after Technogym’s launch of the range branded Selection Line. Technogym has invested approx. EUR 7 million in developing the Selection Line range. It was a technical challenge to manufacture the machines elliptically. Approx. EUR 500,000 were subsequently spent on developing the machines further.

Jørgen Schönherr of Pedan A/S has explained that he is the managing director of Pedan A/S, and that the company is the sole distributor of Technogym’s fitness machines. He took part in the launch of the Selection Line range in March 2000. The range was very well received. Immediately following the launch, the fitness chain Form & Fitness ordered 7 machine sets. Presented with case exhibit 22, he explained that the other fitness machines in the market at the time had square tubing. Pedan A/S annually sells fitness machines worth DKK 5-15 million to the Danish market. The fitness machines are sold to fitness centres and companies, etc. Half the fitness centres in Denmark have Technogym machines. When the fitness chain Fresh Fitness opened, he learned of the fitness machine brand NRG Line for the first time. At first glance of the pictures of the centre, he thought that the machines were from Technogym. Pedan has been trading with Bjarne Bo Jørgensen for many years and sold spare parts for the individual machines, etc. to him. Presented with case exhibit 16, he explained that the fitness machines were generally launched after Technogym had launched its products.

Bjarne Bo Jørgensen of Fitness Engros A/S has explained that he is the managing director of the company. The company was established in 1999 and sells exercise equipment to professionals, gyms and companies. The company also sells used equipment. He has about 25 years of experience of exercise machines. Technogym is the market leader in Denmark. He became aware of the company Inter Atletika at a fair in 2008. He did not think that the machines were imitation products. However, he knew of Technogym. He has sold 2 ranges of the fitness machine brand NRG Line to Fresh Fitness. No marketing material has been prepared. In 2011, he sold the fitness machines to Fresh Fitness in Hvidovre, Denmark, but no machines had been sold at the time evidence was preserved on 14 January 2011. He has also sold a range to Norway. Presented with case exhibit 1, he explained that the machines imported by him were not identical to the machines in exhibit 1. The colours and technical parts differ.

Purchasers of the machines know the difference between Technogym and Inter Atletika machines. He has used the terms factory renovated and remanufactured for many years. The terms mean making used machines operational, much in the same way as used cars. The machines are factory renovated in a factory in the USA. If a prohibitory injunction is issued, he will lose about DKK 5 million, corresponding to the accountant's calculation.

Maxim Stepanko of Inter Atletika has explained that the company was established in 1993. For instance, the company manufactures fitness machines, which are sold to approx. 25 countries, including several European countries. The company has a design and development department and cooperates with athletes on product development. The company began developing the brand range NRG Line in 2005. The range was completed in 2009, and the company spent approx. USD 600,000 developing the machines. The oval tubes are not manufactured specifically for Inter Atletika, but is a standard tube from a metal supplier. Nine people participated in the development and design of the brand range NRG Line. The machines are designed with the specific exercise function in mind. The machines are less expensive than Technogym machines and have been sold in Germany, Austria, Finland, Italy, etc.

Claus Cornelius Hansen has explained that he holds a degree in civil engineering, and that he has prepared the statement presented in the case. The machines in case exhibit 16 have no distinctive features. He has physically been shown these fitness machines, and they are not too similar, although they might seem to be, when looking at the machines in dispute in the exhibit. Technogym has supposedly changed the design regularly to adapt to the market. By way of comparison, furniture classics were not subsequently changed. The use of oval tubes is not exceptional. The brand range Selection Line has more rounded shapes. The Selection Line may have created a trend followed by other manufacturers. Presented with case exhibit 1, he explained that the statement would have been different, if he had to consider the products in exhibit 1. On the face of it, they border on slavish imitations.

Views of the parties

Technogym SpA and Pedan A/S have mainly submitted that, by importing, marketing and selling fitness machines from the Inter Atletika NRG Line range, Fitness Engros A/S is infringing on the rights of Technogym SpA and Pedan A/S under section 2 of the Danish Copyright Act and section 1 of the Danish Marketing Practices Act.

The products of the Selection Line range have distinctive features in marketing legislation terms, and marketing of the products of the NRG Line range violates section 1 of the Marketing Practices Act. Fitness machines with the same functionality and objective as the machines of the Selection Line range can be designed in many different ways, and the product design is not determined by the functionality and objective of the product. The machines in the Inter Atletika NRG Line range are slavish imitations or near-imitations of the machines of the Technogym Selection Line range. In all key aspects, the design of the NRG Line range machines is identical to the Technogym fitness machine design in relation to design, dimensions, colour combinations, black handles, finish, use of elliptical tubes and seat design, etc.

In a marketing legislation assessment, importance must be attached to the circumstance that the Technogym machines are market leading, that the Technogym machines are the result of costly product development and

marketing and that Inter Atletika has not developed the machines without knowledge of the Technogym machines.

The Technogym Selection Line range products possess originality and enjoy protection as industrial designs under section 1 of the Copyright Act. Technogym SpA and Pedan A/S have the exclusive right to dispose of the machines by manufacturing replicas of such and/or rendering them accessible to the general public; cf. section 2 of the Copyright Act. The Inter Atletika NRG Line range machines are imitations of the Technogym machines and are confusingly similar.

The fact that Fitness Engros A/S uses the words “factory renovated” and “remanufactured” in connection with depiction of Technogym equipment is in contravention of good marketing practice. Factory renovated is interpreted as renovated by Technogym as manufacturer.

Fitness Engros A/S has particularly submitted that the fitness machines illustrated in exhibit 1 of the brand “Technogym” do not enjoy protection under section 1 of the Copyright Act or section 1 of the Marketing Practices Act, since the relevant fitness machines neither possess originality nor have the distinctive features required. Based on this reason alone, the fitness machines of the brand NRG Line do not infringe on the rights of Technogym SpA and Pedan A/S. This is further supported by the statement of expert Claus Cornelius Hansen.

The fitness machines of the brand NRG Line do not infringe on the rights of Technogym SpA and Pedan A/S, as the machines are products of a technical and functional nature, constructed using ordinary, basic and readily available design elements, and which can thus only be afforded a very low level of protection, which is why the imported fitness machines of the brand NRG Line are not unlawful imitations. Thus, Technogym SpA and Pedan A/S have not rendered probable that Fitness Engros A/S has acted or will act in contravention of the rights of the applicants; cf. section 642, para. 1 of the Danish Administration of Justice Act.

No statutory authority exists that would warrant ordering Fitness Engros A/S to withdraw the machines sold by Fitness Engros A/S, since this situation involves sale of fitness machines to end users, thus not requiring an order to withdraw for the prohibitory injunction to become fully effective; cf. section 641(2) of the Administration of Justice Act.

The fact that Fitness Engros A/S uses the words “factory renovated” and “remanufactured” in connection with depiction of Technogym equipment is not in contravention of good marketing practice.

Ratio decidendi and decision

It appears from case exhibit 22 that the Technogym SpA fitness machines differed from other machines on the market at the time when Technogym SpA launched the range Selection Line. The Selection Line range is thus not solely identified by function, and the court finds that the Selection Line range has such distinctive features that it, depending on the circumstances, may be afforded protection under section 1 of the Marketing Practices Act.

It appears from case exhibit 1 and case exhibit L (photograph of a machine of the brand NRG Line placed in Fresh Fitness) and from other information in the case that the NRG Line is practically identical to the Selection Line in terms of material, dimensions and design when the possibilities of constructing fitness machines differently are taken into account.

Given Technogym SpA's position in the market, it is unobjectionable to establish that Inter Atletika has developed its range of fitness machines with knowledge of the Technogym Selection Line range and with significant risk of confusion. On that basis, the court finds that Technogym SpA and Pedan A/S have proven that Fitness Engros A/S has acted in contravention of section 1 of the Marketing Practices Act. The fact that some of the fitness machines of the NRG Line range differ from the fitness machines of the Selection Line range does not change the overall assessment of the fitness machines.

In relation to protection under the Copyright Act, the court finds that Technogym SpA and Pedan A/S, based on the grounds stated above, have proven that the fitness machines are protected under section 1 of the Copyright Act, and that Fitness Engros A/S has infringed on such rights; cf. section 2 of the Copyright Act.

Issue of this prohibitory injunction is not conditional on provision of security pursuant to section 644(1) of the Administration of Justice Act, since Technogym SpA and Pedan A/S are considered to have proven their right under section 1 of the Marketing Practice Act.

Fitness Engros A/S has sold the machines to Nordea Finans, among other customers, with the intention of leasing them to Fresh Fitness. An order against Fitness Engros A/S to withdraw the machines sold to Fresh Fitness A/S will not be enforceable against Nordea Finans if such machines are not returned. Withdrawal is thus not an ancillary duty of action of relatively inferior importance vis-à-vis the future duty of omission. The claim that an order to withdraw be issued is thus denied; cf. section 641(2) of the Administration of Justice Act.

Fitness Engros A/S is prohibited from using the terms "factory renovated" and "remanufactured" in connection with depiction of or reference to Technogym equipment on the Fitness Engros A/S homepages, in advertisements and other marketing material, as such use is in contravention of good marketing practice.. The court has attached importance to the fact that Fitness Engros A/S has used the terms, and that use of the terms may result in the reader interpreting this to mean that the used fitness machines are renovated by Technogym or with Technogym's approval of the renovation.

The court will not decide the matter of legal costs, as the requests for issue of a prohibitory injunction have been allowed, cf. section 647(2) of the Administration of Justice Act *e contrario*.

It is ordered:

Fitness Engros A/S is prohibited from importing, distributing, selling, marketing and/or otherwise transferring or disposing of fitness machines of the product range NRG Line manufactured by the company Inter Atletika, including as depicted in exhibit 1.

Fitness Engros A/S is prohibited from using the words “factory renovated” and “remanufactured” in connection with depiction of or reference to Technogym equipment on the Fitness Engros A/S homepages, in advertisements and other marketing material.

Henrik Kirk Jensen
Assistant Judge