

How genuine use is treated across the EU

Bonita Trimmer and Giles Parsons provide a cross-EU survey of the geographical factors in the assessment of genuine use of an EUTM

Trade mark practitioners frequently advise trade mark owners to “use it or lose it”. For EU trade marks (EUTMs), the relevant provisions are Articles 15(1) and 51(1) of the EU Trade Mark Regulation (No 207/2009, as amended) the latter of which states:

The rights of the proprietor of the EU trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:

- (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Union in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use ...

Under the new EU Trade Mark Directive, defendants to infringement proceedings can require a claimant to submit proof of use of mature marks (that is, marks which were published at least five years prior to such action). This will shift the evidential burden to the owner enforcing his mark and reduce the need for the defendant to bring a counterclaim for revocation.

The issue of “genuine use in the EU” also arises in oppositions, when an applicant can require an opponent to provide proof of use of the mark relied on.

The different versions of Articles 15(1) and 51(1)(a) of the EUTM Regulation use different words for the required nature of use: “genuine [use]” (English), “ernsthaf” (German), “efectivo” (Spanish), “sérieux” (French), “effettivo” (Italian), “nor-

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The EU Trade Mark Regulation states that EU trade marks are vulnerable to be revoked if they have not been put to genuine use in the EU in connection with the relevant goods or services within five years, and there are no proper reasons for non-use. Defendants in infringement proceedings can require claimants to submit proof of use of mature marks, and opponents can also be required to provide proof of use in opposition proceedings. A long-debated question has been whether use in a single EU member state is sufficient, and this was addressed in the CJEU’s *Leno* judgment in 2012. Since then, several courts have addressed this issue, taking different approaches – suggesting that further CJEU guidance may be necessary.

Ireland, Romania and Bulgaria

Our contributors are of the view that, given the right set of facts, an Irish court may hold use in one member state is sufficient.

Correspondents also expect that the Romanian courts will attempt to follow the CJEU's jurisprudence if it is brought to the relevant court's attention. However, in light of the differences in how *Leno* has been applied by other member states it is difficult to predict what the outcome will be.

In Bulgaria, the Supreme Court has in recent years upheld a decision that the Bulgarian Trade Mark Office and the Bulgarian courts are not competent to consider claims for revocation of EUTMs based on Article 51(1)(a) of the EU TM Regulation .

maal" (Dutch) and "sério/séria" (Portuguese) and it is arguable each may convey a different connotation.

In the UK, it had been thought that any use which was made for the purposes of trade and not for the purpose of defeating a non-use attack was "almost certainly genuine" (see *Kerly's Law of Trade Marks and Trade Names*, 2000).

However, in 2003 the CJEU's decision in *Ansul* established that:

- (a) "there is 'genuine use' of a trade mark where the mark is used ... in order to create or preserve an outlet for [the] goods or services [for which it is registered]";
- (b) "genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark"; and
- (c) "when assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector."

Practitioners were concerned that this can be read as setting a rather higher standard than had previously existed.

More recently the issue of what is meant by "in the [European] Union" has become a topic of some controversy and even political sensitivity across the EU member states. The most controversial question is whether use in one EU member state can be genuine use of an EUTM.

In 1996, the OHIM journal published a joint statement made by the EU Council and the Commission on what was then the Community Trade Mark. The Joint Statement said that the "Council and the Commission consider that use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community". This suggests the answer ought to be a definite yes.

However, in December 2012, the CJEU considered the issue in *Leno Marken BV v Hagelkruis Beheer BV*. The CJEU explained that the Joint Statement was not binding and that the "territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Community...". It added a firm "but", stating that the assessment depends on the relevant circumstances. It further explained that "the territorial extent and the scale of the use" are included among the relevant factors the national court must take into account when making that assessment, along with "the characteristics of the market concerned, the nature of the goods or services protected by the trade mark" and the "frequency and regularity" of the trade mark's use.

In *Leno* it had been common ground that the opponent had put its EUTM (for Onel) to genuine use in the Netherlands throughout the relevant five years, but there was no evidence of use outside the Netherlands. This was deemed insufficient for the Onel EUTM to be relied upon to oppose the application for Omel as a Benelux mark

Post-*Leno* many still feel that genuine commercial use in a single member state should usually be enough. However, the courts in some EU member states, (particularly the UK), have recently suggested the reality is that use in one member state is, in practice, almost never going to be sufficient. In other words, use in one member state will only be sufficient to amount to genuine use "in the Union" in unusual or special circumstances. The differing approaches adopted are demonstrated by the samples of cross-EU case law below.

The UK: Different interpretations of *Onel*

While the operative part of the CJEU's guidance in the *Leno* case does not authorise an "almost never" approach, paragraph 50 of the judgment states:

Whilst there is admittedly some justification for thinking that a [EU] trade mark should, because it enjoys more extensive territorial protection than a national trade mark, be used in a larger area than the territory of a single Member State in order for the use to be regarded as 'genuine use', it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a [EU] trade mark has been registered is in fact restricted to the territory of a single Member State

This was bluntly adopted in *Sofaworkshop Limited v Sofaworks Limited* where the English Intellectual Property Enterprise Court concluded there was an "implied default requirement that use beyond one Member State is a necessary ingredient of genuine use in the Community as a whole".

The owner of the EU TMs for Sofaworkshop in issue was able show "extensive" use of the trade marks in the UK but only one sale elsewhere in the EU (in Denmark). This was not sufficient to show genuine use and the mark was revoked.

There has since been some disagreement (in two later UK decisions and in guidance provided by the UK IPO) as to the judge's expression of the principle in the *Sofaworkshop* case. However, it is

EUIPO Boards of Appeal

The recent, but by no means consistent, trend of the EU IPO Boards of Appeal decisions leans towards a lenient approach to a narrow geographical spread of use.

In *Carino/CORUNO et al*, the evidence submitted by the opponent to prove genuine use of its EUTM number 1590900 for the word mark Coruno for "cardiovascular drugs" related exclusively to use in Belgium. This was held to be sufficient as the "territorial scope of use is only one of several factors to be assessed in the determination of whether the use is genuine or not, and

the borders of Member States are not decisive in this regard (19.12.2012, C-149/11, *Leno Merken*, EU: C: 2012:816, § 30). It is not required that ...an [EUTM] was used in more than one Member State".

No mention was made as to the market for such goods being in any way geographically restricted.

Similarly, in *Vision International*, the evidence submitted only demonstrated use in Austria, which in part led to the cancellation division revoking the EUTM. However the Board of Appeal stated it does "not agree with the proposition

that use of a [EUTM] must necessarily be of a larger intensity or dimension than the use of a national mark. Insofar as the Court of Justice had to deal with this problem (19.12.2012, C-149/11, 'Onel', EU:C:2012:816), the Board merely sticks to point 1 of the operative part of that judgment which sets out that for the assessment of genuine use of a [EUTM] the territorial borders of Member States should be disregarded".

The Board therefore concluded that genuine use was proven for "medical services in the field of ophthalmology" and to that extent annulled the contested decision of the cancellation division.

unlikely "the multifactorial assessment" approach advocated instead would have ended with a different result. This has most recently been illustrated by the *Jumpman* case in April 2016.

Nike Innovate CV applied for an EU TM for Jumpman for footwear and other goods. The application was successfully opposed by the owners of an earlier Spanish national trade mark for Jump. Nike converted its EUTM application into applications for a UK national trade mark and a Benelux mark. The UK conversion was opposed at the UK IPO by the same opponent as before, Intermar Simanto (a Turkish company), on the basis of its own earlier EU TM for Jump (also for footwear and other goods).

Intermar demonstrated it had used its mark on footwear sold in various EU countries prior to the relevant five-year period but during that period it had sold only 55,000 pairs of Jump branded footwear (with an approximate value of \$476,000) to a single Bulgarian company. This company sold them on to end users via its shop in Bulgaria and also sold 170 pairs to a Romanian company (although there was no evidence of the Romanian company's sales thereafter).

The hearing officer found that although this was real commercial use in Bulgaria and it was not sham or token, it was still not sufficient to be genuine use in the EU, and this was affirmed by Daniel Alexander QC sitting as the Appointed Person.

Alexander acknowledged that geographical spread is just one of the relevant circumstances he needed to take into account but also noted that "the EU perspective cannot be ignored. Otherwise, any use considered as genuine in a single Member State would always qualify as genuine use in the EU" and therefore that the geographical extent of use, or an absence of it, is "an important circumstance".

He also noted that scale of use and the characteristics of the market in issue (namely, footwear in the EU) were also relevant and that the "quantum of sales [evidenced] is manifestly minuscule when compared to the size of the EU footwear market". He therefore concluded genuine use of the Jump mark in the EU had not been established.

Nike had already received an equivalent outcome from the Belgium IPO. However, the evidence submitted by the opponent and the reasoning of Belgium IPO in its decision of August 12 2015 differed somewhat. Here it was noted that the only evidence related to use in Bulgaria and the Ukraine (the latter of which is not in the EU). In Bulgaria the use was restricted to delivery to the same single customer of approximately 24,000 pairs of shoes within the relevant period. The Belgium IPO saw no evidence of sales to consumers, so held that such use could not be regarded as "genuine use" in the European Union.

Germany: use in one member state can be sufficient

The German Federal Supreme Court (BGH) applied the principles in *Leno* in the Voodoo EUTM infringement case. It took a very different approach to the UK courts, and found that use in one member state (here Germany) can be sufficient.

The claimant was the licensee of the EUTM which was registered for "sporting articles" and other goods. In 2009, the claimant granted a sublicense to a German company. The defendant operated websites that offered fishing baits under the brand Voodoo Pellets and similar. The claimant initiated legal proceedings in Germany for infringement of the EUTM. The defendant responded by claiming there had not been genuine use of the EUTM in the EU. The defendant also filed an application for revocation of the asserted EU TM with the EU IPO on the basis of five years non-use. However as the defendant took this step after the infringement proceedings had been commenced in Germany the infringement action was not suspended (that is, Article 104 (1) and (2) of the EU TM Regulation were considered inapplicable).

The BGH had no difficulty in agreeing with the courts of prior instance that genuine use of Voodoo in Germany alone and no other member state could be sufficient. However it found that in the particular circumstances of this case genuine use of the Voodoo mark had not been established in the relevant period (for example, the use put forward of Voodoo as part of the company name Voodoo

Flyfishing Ltd was not use as a trade mark in the relevant sense).

The EUIPO Board of Appeal reached a similar conclusion in its decision of July 8 2013 (R 1095/2012-4) on the revocation action. The Board revoked the mark's registration for sporting articles save for "sporting articles for hockey" without fully considering the geographical aspects of the evidence of use.

France: one member state may be enough

The *Leno* case was considered by the Cour de Cassation in its 2014 judgment in the dispute between Zed Candy Company Limited and Société Gafed. The claimant owned an EUTM for the word Jawbreaker for various confectionery products, which was registered on February 10 2005. The defendant sold confectionery, including a product named dragon jawballgum.

The claimant sued for infringement in France of its EUTM registered for the word Jawbreaker for various confectionery products. The mark was registered on February 10 2005, and the defendant counterclaimed that it should be revoked for non-use.

The Appeal Court of Paris handed its decision down before *Leno* was decided. It rejected the infringement claim but granted the counterclaim for revocation (as from February 17 2010). The only evidence submitted by the claimant to establish the use of its trade mark was apparently a screenshot of the Claimant's .com website showing the packaging of candies bearing the trade mark Jawbreaker together with prices in pounds sterling only. This did not prove genuine use of the EUTM.

The Cour de Cassation reversed the Appeal Court's decision to revoke the trade mark. It held that "genuine use" of an EU TM must be examined without reference to the national borders of the member states and can, in certain circumstances, result from the use of the trade mark in the territory of a single member state.

Italy: the *Outsider* case

The principles of the *Leno* cases have come before the Italian courts a few times. Most recently the Court of Venice provided its judgment in the *Outsider* case (June 17 2016).

MoBa sas di MK Group Srl & C is the owner of an Italian trade mark including the word Outsider in class 13 (registration number 0001589150). This was applied for in 2013 and registered in 2014 and used in respect of backpacks and other school equipment items. Trops spa is the owner of five figurative trade marks, three Italian national marks and two EUTMs, registered in 1995, 2010 and 2008 for classes 18 and 25, all including the word Outsider.

MoBa took court action against Trops asserting, among others things, that Trops had not used the relevant trade mark for five years and asked for revocation (which included revocation of the EUTMs). MoBa claimed that the mark had been placed on bags by a third party who had the benefit of a licence agreement which only licensed them to sell gadgets.

The Court considered *Leno* and ruled that the fact that the licensee manufactured bags marked with the trade mark was evidence of sufficient use.

Further guidance needed

The disparate approaches of the courts and Boards of Appeal of the various EU member states surveyed above and the EU General Court are hardly surprising; the *Leno* judgment is Delphic. As Daniel Alexander QC said when acting as Appointed Person in the Jumpman case, these cases engage "a tension between fundamental principles of EU trade mark law. On the one hand, the purpose of [an EU TM] is to provide wide rights throughout the EU and to treat every part of the EU as the same as every other. Equally, traders large and small should be treated the same ... On the other hand, another purpose of the law is to ensure that there is proper and sufficient justification for trade mark rights which, if granted and maintained, can have very wide effects ... It is equally undesirable for trade mark law to enable those with a tiny business in one small corner of the EU to be able to prevent the use by another, possibly in an equally remote far corner of the EU which may not interfere with the first trader's business in any respect or, in the worst cases, permit the trade mark system to be used for unproductive rent seeking by those who have acquired prior trade mark rights".

It is unlikely that these differences of approach will be resolved until clearer guidance on the issue is provided by the CJEU.

The CJEU may also have to grapple with another sensitive geographical use issue at some point in the not too distant future: how use of an EUTM in the UK which was at the time of such use was an EU member state should be treated when the UK is no longer part of the EU.



Bonita Trimmer



Delia Belciu



Nikolay Belokonski

Giles Parsons



Kevin Kruse



Jean-François Davene



Patricia McGovern



Giacomo Gori

© Bonita Trimmer and Giles Parsons. The authors are solicitors with *Browne Jacobson* in London. Contributions to this article were provided by Nikolay Belokonski of *Belokonski Gospodinov & Partners* in cooperation with *Karasek Wietrzyk Rechtsanwalte* (Bulgaria), Delia Belciu of *Stratulat-Albulescu* (Romania), Kevin Kruse of *BRANDI Rechtsanwalte Partnerschaft mbB* (Germany), Jean-François Davene of *SCP Wenner* (France), Patricia McGovern of *DFMG Solicitors* (Ireland) and Giacomo Gori of *Cocuzza & Associati - Studio Legale* (Italy). Thanks also go to Dave Holt of *Browne Jacobson LLP* for his input. All these firms are members of the *Pangea Net* network of independent law firms