
Talking Point: Genuine use in the Community

Advocate General Sharpston's opinion in *Leno Merken BV v Hagelkruis Beheer BV* (Case C-149/11) stated that the "use of a CTM within the borders of a single member state is not, of itself, necessarily sufficient to constitute genuine use of that trademark, because the territorial scope of the use is merely one of the factors to take into account in the assessment".

Instead, the advocate general noted that courts should examine all forms of use of the mark within the internal market, adding that the "borders between member states and the respective sizes of their territories are not pertinent to this inquiry. What matters is the commercial presence of that mark, and consequently that of the goods or services covered by the mark, in the internal market".

The opinion is outlined in detail on page 34. *WTR* asked a range of practitioners to provide their views on the opinion and the wider issue of genuine use of a trademark in the Community.

The concept of genuine use is one of the cornerstones of our trademark system, as it is an essential prerequisite for the fulfilment of a trademark's essential function. Whereas it is relatively easy when it comes to a national trademark, evaluating use of a Community trademark (CTM) is challenging, especially considering the territorial component of genuine use. In its opposition decision taken in January 2010, the Benelux Office for Intellectual Property (BOIP), after observing the absence of legally binding reference, ruled that use of the word mark ONEL in the Netherlands only, given all circumstances of the case (including the relevant services, which are widespread throughout the whole European Union), was insufficient to be classified as genuine use.

This opposition decision, which forms the basis for current practice at the Court of Justice of the European Union (ECJ), has often been misinterpreted, particularly to claim that use in one country can never be enough to constitute genuine use of a CTM.

In its decision, the BOIP took the view that since co-existence between national and Community trademarks is laid down in the recitals to the CTM Regulation (2007/2009), the 'one country is by definition sufficient' rule – as stated in the joint statement of the European Council and the European Commission – could not be maintained. According to the BOIP, use in one member state alone does not necessarily constitute genuine use of the trademark within the Community; similarly, use in only one country is not, by definition, insufficient. In subsequent decisions such as *Robertson* (2003573), *One* (2004931) and *Simson* (2003968) (available at www.boip.int), the BOIP confirmed its view that national borders

within the Community should not play a role, and that all relevant circumstances should be taken into account in order to determine whether the invoked trademark has been genuinely used. In all of the aforementioned cases, the BOIP examined the specificities of the relevant goods and services in the overall internal (EU) market, thus considering the market in which the opponent operated.

It seems that the advocate general favours a similar approach and we are looking forward to seeing whether this approach will be followed by the ECJ.

Diter Wuytens, Benelux Office for Intellectual Property

The case centres on whether a CTM registration can be maintained if the trademark is used in a single EU member state only. The question is whether use in a single member state amounts to "genuine use in the Community" and is therefore enough to support the continued registration and enforceability of that mark under Article 15 of the CTM Regulation. If the answer is no, it would suggest that a significant number of CTM registrations would be vulnerable to attack on the basis that the mark has not been put to genuine use. Third parties would be able to apply to have such marks revoked and trademark owners would lose the ability to rely on those marks in infringement cases and oppositions.

Without deciding one way or the other, the advocate general has confirmed that use of a mark in a single member state may, in some circumstances, amount to genuine use. Ultimately, the assessment will turn on the nature and impact of the use and whether the mark has a 'commercial presence' within the European Union, rather than the geographical scope of the use.

The question of genuine use turns on factors beyond geography, but the view that use of a mark must be "sufficient to maintain or create a market share" in the relevant goods or services in order to be genuine suggests that significant use in a single member state can be enough to get the mark owner over the line.

In practical terms, the opinion still causes uncertainty over whether use in one member state is enough. Trademark owners cannot be confident that use in a single member state will be adequate to maintain a registration because the inquiry goes deeper than territorial scope. As a result, trademark owners would be well advised to keep a record of catalogues, advertisements and invoices which relate to that mark and any information that would help to show that the use has had a commercially meaningful impact within the European Union. Without this information, owners that

have used their mark in one state only may well struggle in the face of a challenge on non-use grounds. However, the opinion emphasises that the same is true irrespective of the number of member states in which the trademark owner uses the mark.

Richard Hing, Field Fisher Waterhouse LLP

In my view, Advocate General Sharpston gave a reasonable opinion on the *ONEL* issue with some important conclusions: crossing borders is not a requirement *per se* and use is all about creating market share.

I agree that all aspects of use should be assessed on a case-by-case basis, whereas the geographical scope of use is just one of several factors. Sharpston rightly stressed that the assessment of genuine use depends on the type of product sold, as this influences the type of market and sales channels.

It is good to learn what the weight factor is of geographical scope in the assessment of genuine use, especially as European registration has always been sold as a registration where use in one country should suffice.

In the event that this opinion is followed by the ECJ, the main question will be: what constitutes creating market share? Sharpston describes this as use that has effects on the whole internal market.

In practice, many European trademarks are filed where use takes place within the borders of one member state only. The *ONEL* case brought up this issue. Sharpston is clear: yes, local use can be sufficient. However, this use must have “effects on the internal market by, for example, ensuring that the goods are known – in a commercially relevant manner – by participants in a market that is larger than that corresponding to the territory where the mark is used”.

I understand from this that genuine use might be hard to prove. Only in exceptional cases (eg, cases relating to niche products) can use coinciding with the borders of a member state suffice. The geographical scope of use will more than ever become a topic of discussion in opposition procedures.

Arnaud Bos, Onel Trademarks

The opinion is comforting to CTM owners. In essence, she proposes that the ECJ maintain current practice, whereby use in one member state is sufficient, provided that it is ‘genuine use’. In other words, the quality and extent of the use, or the commercial presence of the mark in the marketplace, is more important than its geographical dimension, which is only one of several factors to determine whether the use is sufficient to maintain a CTM registration, and not – as the questions put to the ECJ might have insinuated – the sole or dominant factor.

The advocate general emphasises the nature of the European Union as a single internal market and shifts the focus to the use being ‘genuine’, rather than giving too much weight to national borders. The opinion leaves little doubt that she considers, in principle, that ‘genuine use’ anywhere in the European Union should suffice. This becomes clear from her reference to the council and commission’s joint statement on the interpretation of Article 15 of the CTM Regulation and the Office for Harmonisation in the Internal Market opposition guidelines. Both clearly state that use in one member state shall be sufficient to constitute “use in the Community” within the meaning of Article 15. While acknowledging that these texts are irrelevant to the case as they evidently are not binding on the ECJ, Sharpston remarked that they do not contradict her position.

The ECJ is likely to follow the advocate general’s approach, bearing in mind the position it took in *Pago* concerning the parallel question as to whether a reputation of a CTM in one member state could constitute a reputation in the Community. The ECJ said yes, with a view to the European Union constituting a single internal market. Trademark owners can therefore continue to rely on their CTMs for protection, provided that their use is genuine in that it aims to create or maintain a market share for the goods or services offered under the brand. That this trade does not cross national borders within the European Union does not in itself make the CTM vulnerable to revocation.

Going forward, in practical terms, where a CTM is effectively used in more than one member state, it continues to make sense to submit evidence showing cross-border use of some sort. Where the mark is used in one member state only, it must be shown that this use is genuine from the perspective of the Community market. It is hard to imagine circumstances where use will not amount to use in the Community, but suffice for maintaining a national mark. Even in such a case, however, nothing would be lost, as the CTM owner can convert the CTM to a national mark for the jurisdiction in which the mark has been used.

Verena von Bomhard, Hogan Lovells

The ability to file one application covering all EU countries has been a major selling point for users of the CTM system. The belief that a registered CTM can be used in one member state only to remain valid was also seen as beneficial by many brand owners, particularly those from the United States. However, how valid is such a belief?

The assumption that use in one EU member state is sufficient to fend off a non-use attack was based in part on a joint statement of the European Council and European Commission (1993), which stated that genuine use in one country constitutes genuine use in the Community. Doubts have grown over the years over whether this is correct, given the unitary nature of a CTM (CTMs are protected without recognition of national borders) and the continuing expansion of the European Union.

The question was considered last year by the Max Planck Institute. It stated that use should not be required in more than one member state and also that political boundaries are not valid guidelines in determining genuine use of a CTM.

Sharpston has now considered use in the *ONEL* case, stating that territorial use is only one factor to be taken into account in deciding whether use is genuine, but that this is not the sole or dominant factor. The issue is whether the trademark owner is using its mark to create or maintain a market share in the European Union. In her opinion, use in one member state may or may not be sufficient, depending on the circumstances.

If this decision is followed by the ECJ, brand owners may be disappointed. There will be no clear-cut answer that use in, for example, Ireland only will be sufficient to maintain a CTM. Such a judgment could lead to further disputes in the future and more revocation actions if a CTM is used in one member state only.

However, the opinion can be seen as in line with the unitary principle of CTM, in contrast with trying to maintain a CTM by relying on use within the national boundaries of one EU state only. [WTR](#)

Christopher Benson, Taylor Wessing
