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BUCHAREST, 19-22 June 2013





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Genuine use in the EU – What the ONEL case tells us:

**What and how is it going to change the
rules of the game?**

Effects on small and medium-sized enterprises

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Overview

I. Genuine Use

II. Perspective of small and medium-sized enterprises

III. Perspective of an attorney

**IV. Perspective of a member of the ECTA Harmonization
Committee**

V. Conclusion

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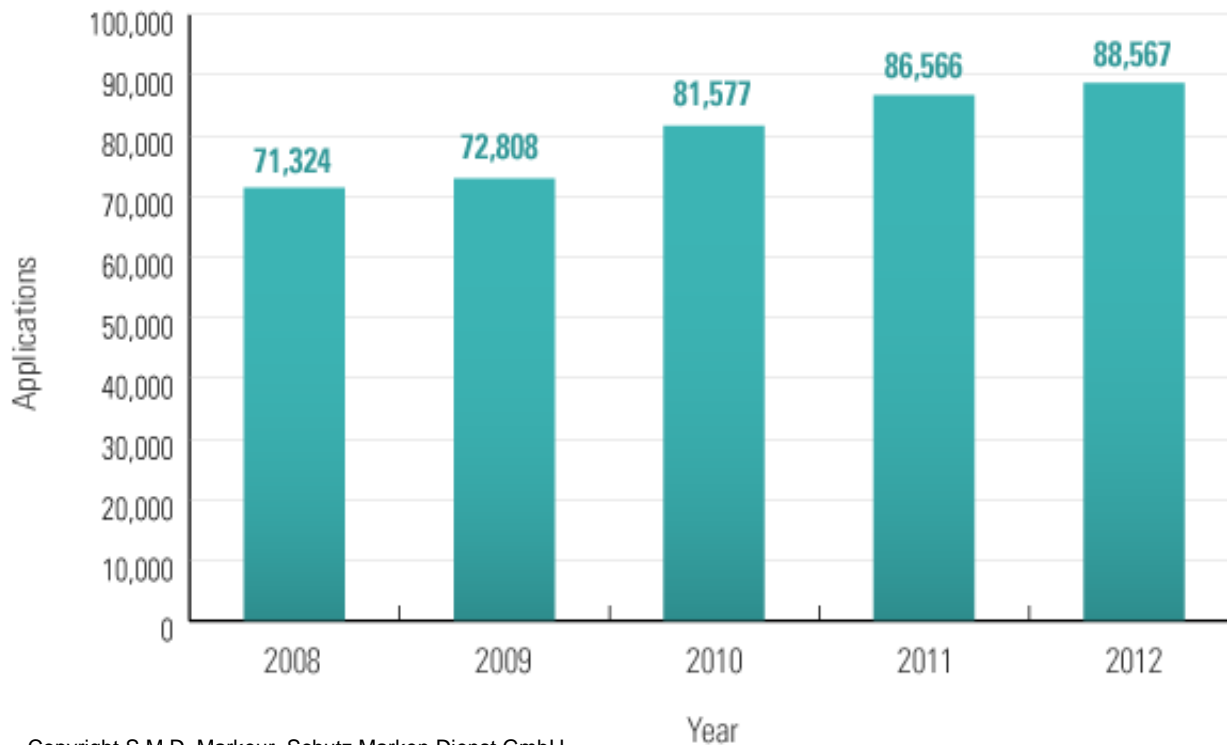
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I. Genuine Use - Starting Point

CTM Applications 2008 - 2012



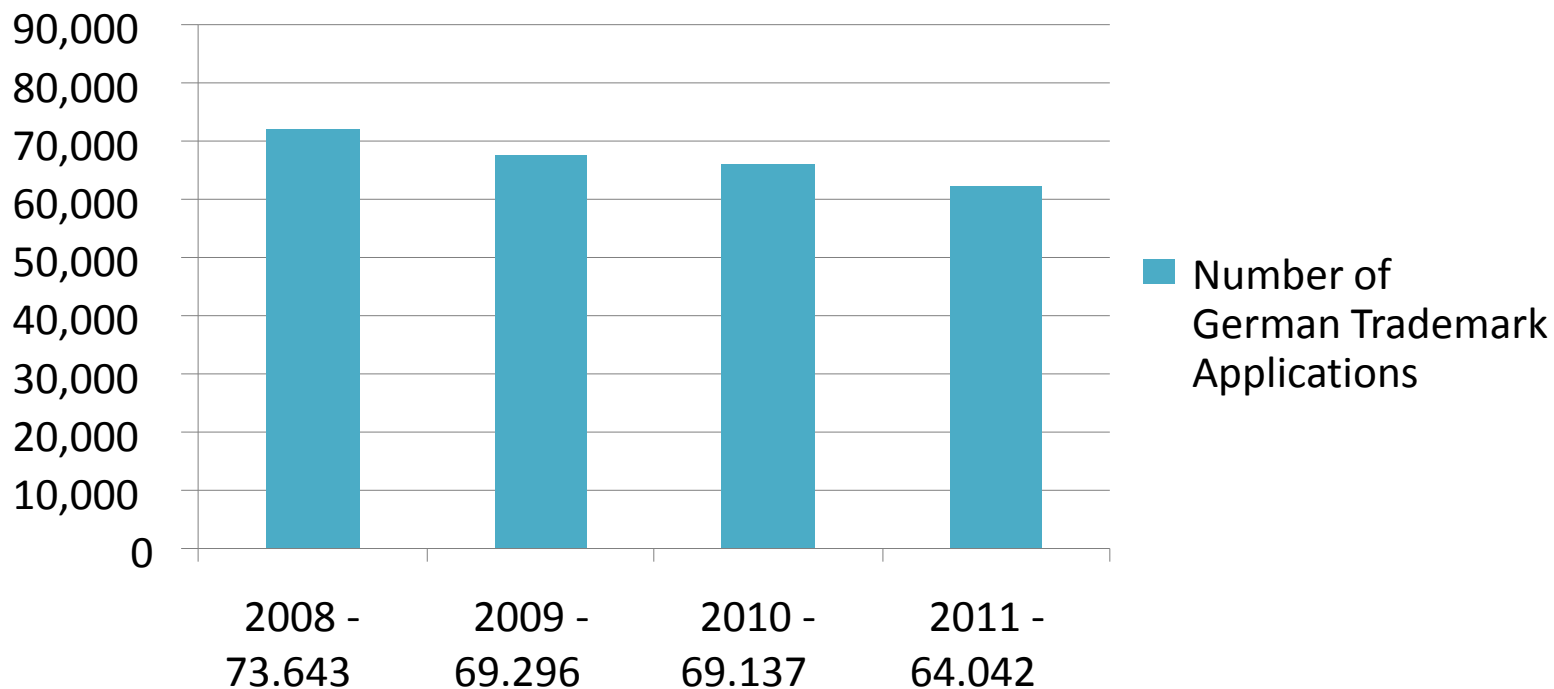
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I. Genuine Use - Starting Point

German Filings 2008 - 2011



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I. Genuine Use - The ONEL-Decision

**Does the ONEL-decision
change the rules of the game?**

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I. Genuine Use - The ONEL-Decision

Definition of “genuine use” by the ECJ:

*“A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used **in accordance with its essential function** and for the **purpose of maintaining or creating market share** within the European Community for the **goods or services covered by it.**”*

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I. Genuine Use - The ONEL-Decision

*“It is for the **referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.**”*

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I. Genuine Use – Joint Statement

Joint Statement No 10 regarding Article 15 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark:

*“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**”*

On the basis of the ONEL-decision the joint statement is not applicable any longer

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I. Genuine Use - Consequences

By discarding the criteria laid out in the Joint Statement and not providing any further guidelines for the assessment of genuine use the ONEL-decision contradicts the main advantages and reasons for success of CTMs,

- reduced costs due to the unitary nature of the Community trade mark
- genuine use can be easily proven

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Thesis 1:

The ONEL-decision does not equally affect different-sized enterprises

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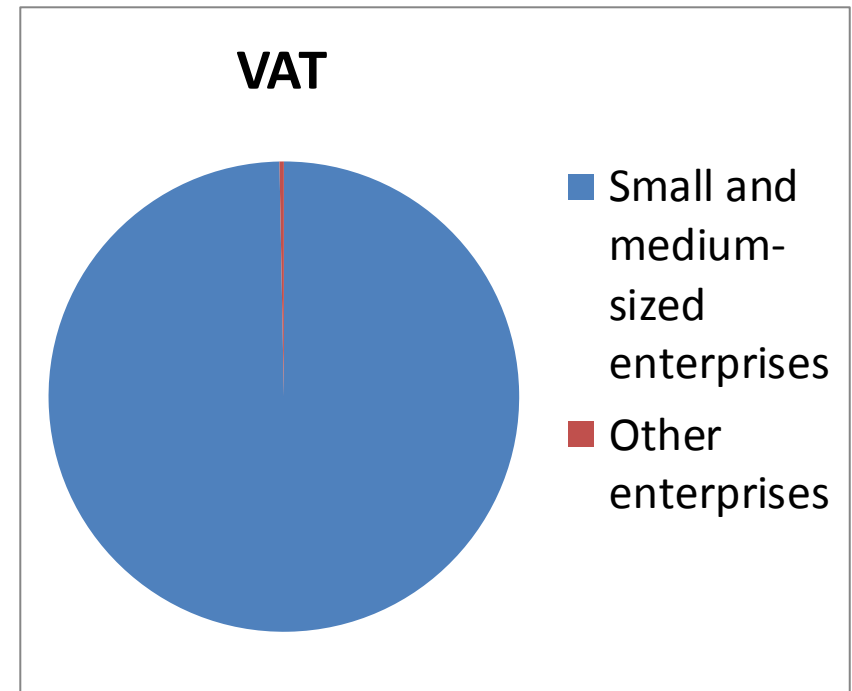
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II. Importance of SMEs

In Germany, about 99,7 % of SMEs are subject to value-added tax

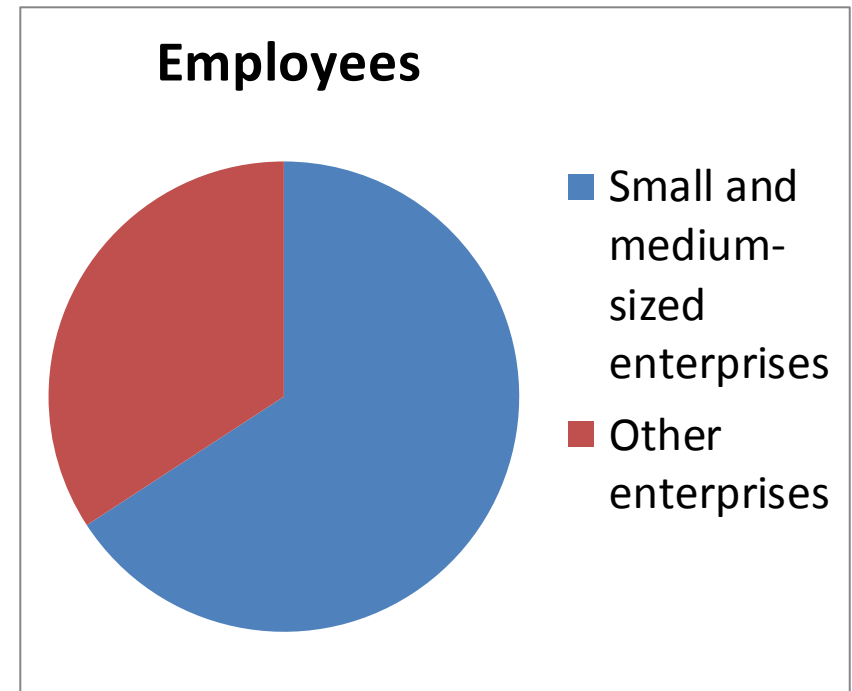


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II. Importance of SMEs

In Germany, SMEs employ 60,8 % employees subject to social security deductions





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Thesis 2:

SMEs will turn their attention to national trade marks

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II. Consequences for SMEs

SMEs have now three options:

- No budget increase – Safe choice: National Trademark - limited protection
- Budget increase – Risky choice: CTM - prove of use more difficult
- Budget increase – Safe choice: National Trademark plus CTM - high costs

Result: Tendency towards national trademarks in Europe

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III. Legal Uncertainty

- Increased number of cancellation actions
- Increased number of defense actions against third-party cancellation actions
- Contradictory decisions regarding prove of use in opposition and infringement proceedings, particularly in the different Member States

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III. Legal Uncertainty

Voices of the legal community:

- “The decision is notable for attracting diametrically opposed interpretation.” – Niamh Hall, FR Kelly
- “The return of the national trade mark in Europe?” - Marks & Clerk UK
- “Wednesday December 19 2012 will go down in the IP history books as the day on which the ECJ ruled that the territorial scope of use of a trademark within the Community should in general surpass use in a single member state.” – Diter Wuytens, Benelux Office for Intellectual Property

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Thesis 3:

The ONEL-decision results in severe legal uncertainty

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III. Future Legal Advise

- Application for a national trademark plus CTM

 - Alternative: Conversion of a revoked CTM pursuant to Art. 112 II lit. a CTM Regulation
 - only possible if use in the respective Member State is given

 - use requirements of respective Member State have to be fulfilled
- Result:** Possible delay of the enforcement of trademark claims

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IV. Contradictory Decision

*“Second, as is apparent from recital 3 in the preamble to Regulation No 207/2009, the objective of that regulation is the creation of a Community regime for trade marks to which **uniform protection is given and which produce their effects throughout the entire area of the European Union ...**”*

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IV. Relevancy of a joint statement

*“... it is settled case-law that, where a statement recorded in Council minutes is not referred to in the wording of a provision of secondary legislation, **it cannot be used for the purpose of interpreting that provision, ...**”*

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IV. Possible Responses

- Future guidelines have to be incorporated into law
- Legal associations should provide opinions and offer solutions
- Drafting case groups is a necessity

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Thesis 4:

ECJ contradicts its own ruling by leaving the final assessment to the respective courts in the Member States without providing any guidelines

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V. Conclusion

Thesis 1: The ONEL-decision does not equally affect different-sized enterprises

Thesis 2: SMEs are likely to turn their attention to national trade marks

Thesis 3: The ONEL-decision results in severe legal uncertainty

Thesis 4: ECJ contradicts its own ruling by leaving the final assessment to the respective courts in the Member States without providing any guidelines

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Thank you very much for your attention.

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Points for debate

- 1. What is your interpretation of the ONEL-decision?**
- 2. What criteria would you like to be included in the guidelines regarding genuine use?**

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