

ABSTRACT

GENUINE USE IN THE EU: WHAT THE ONEL CASE TELLS US: WHAT AND HOW IS IT GOING TO CHANGE THE RULES OF THE GAME?

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SUMMARY

The case refers to a Benelux trade mark application filed, by Hagelkruis, in the Benelux Intellectual Property Office in 2009 for the word OMEL, seeking to protect goods and services in classes 35, and 45 of the Nice Classification. This application was opposed by Leno the owner of earlier Community trademark ONEL registered in 2003 for services in classes 35, 41 and 42. Hagelkruis requested proof of use of the earlier mark (ONEL) and by decision of 15 January 2010, the Benelux Office for Intellectual Property rejected the opposition on the ground that Leno had not put its ONEL trade mark to genuine use during the period of five years preceding the date of publication of the disputed trade mark application. Leno appealed that decision before the Gerechtshof's-Gravenhage (Regional Court of Appeal at The Hague).

According to the Regional Court at The Hague, it is common ground between the parties that the two trade marks are similar, that they are registered for identical or similar services and that OMEL is liable to give rise to likelihood of confusion on the part of the public. They disagree however on the interpretation of the notion of "genuine use" and, in particular, on the extent of the territorial area that is required for genuine use.

THE ISSUE

From the explanations provided by the Regional Court of Appeal at The Hague, although LENO has shown that it put the earlier Community trade mark ONEL to genuine use in the Netherlands throughout the relevant period, it has not produced proof that that mark has been used in the rest of the Community. However, from case law of the Court of Justice ("Ansul", "Sunrider" "La Mer Technology") the Regional Court of Appeal understands that "genuine use" is a concept that has its own independent meaning in European Union Law. Given some uncertainty of the Dutch court on that issue, it requested the opinion from the Court of Justice on the following points:

- 1) *Must Article 15 (1) of [the Regulation] be interpreted as meaning that use of a Community trade mark within the borders of a single Member State is sufficient to constitute genuine use of that trade mark, given that, had it been a national trade mark, such use would have been regarded as genuine use in that Member State?*
- 2) *If Question 1 is answered in the negative, can the use of a Community trade of mark within a single Member State as described above, never be regarded as genuine use in the Community as referred to in Article 15 (1) of [the Regulation]?*
- 3) *If use of a Community trade mark within a single Member State can never be regarded as genuine use in the Community, what requirements apply – in addition to the other factors – in respect of the territorial scope of the use of a Community trade mark when assessing the genuine use in the Community?*



- 4) Or else – as an alternative to the above – must Article 15 of [the Regulation] be interpreted as meaning that the assessment of genuine use in the Community should be carried out wholly in the abstract, without reference to the borders of the territory of the individual Member States (and that, for example market share (product markets/geographic markets) should be taken as the point of reference)?

In essence, the referring court wants to know if use of a CTM in a single Member State is sufficient to fulfill the requirement of “genuine use in the Community” of Article 15 (1) CTMR or if territorial borders can be disregarded in this respect.

ARGUMENTS

Having cited the relevant legal provisions (Recitals 2, 3, 6 and 10 in the preamble of the Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community Trade Mark – hereafter CTMR; (Articles 1 (2)(unitary character); 9 (exclusive rights conferred upon the proprietor of a CTM) ; 15 (1)(that the proprietor must put the CTM to use); 8(2)(a); 51 (revocation); and 112 (conversion), the Court ruled as follows:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning 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’ within the meaning of that provision.

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. 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.”

The following are considered as the main arguments:

- The justification for protection of a CTM disappears if the mark is not actually used, accordingly non-use of a CTM may restrict the free movement of goods and services.
- Use outside of the Community is not relevant.
- All facts and circumstances must be taken into account when assessing whether the use of the trade mark is genuine. Use should be sufficient to maintain and create market share for the goods and services protected by the mark in the relevant market.
- The territorial factor is only one of several factors to be considered jointly. It is not possible to determine a priori in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not.
- The reference to cases related to the extended protection of marks that have a reputation cannot be taken into account because it discusses a different issue: use for *reputation*; whereas here the discussion is in respect of use for *revocation*.
- In the present case, genuine use cannot be based on an assessment solely of the instances of use of ONEL in the Netherlands. The national Court must consider all instances of use in the internal market, which obviously include the Netherlands. The national court must widen its examination so as to include forms of use that may not be relevant in assessing genuine use of a Netherlands national trade mark as such, for example, uses of the Community trade that make services known in a commercially meaningful manner to potential customers outside the Netherlands.



- Article 112 (2) (a) CTMR does not suffer from the fact that genuine use is to be assessed as per the criteria above.

When considering the consequences of this decision with respect to the strategy pursued by large global companies regarding oppositions and cancellation actions it must be noted that these are not major.

It can be assumed that when filing oppositions large global companies will ascertain the use of their mark and eventually the reasons for not having used the mark for the relevant period of time. In the latter case the company will evaluate the risks associated to an opposition filed under the specific circumstances. This decision will not change this process.

In the case that a large global company requests proof of use as a defense strategy during opposition proceedings this decision will not alter the strategy either. It may want to investigate further the use of the prior mark in order to ascertain its chances more accurately and would need to take into account that use in a single Member State might be sufficient to prove genuine use. But at this stage it appears to be difficult to think of an area of the industry where an industrial product of a large global company could “face” a product commercialized only in one Member State and being able to maintain and create market share under specific circumstances.

In the case of large global companies in the situation where a cancellation action is brought against a third party on the ground of non-use, depending on the use found on the pertinent national territory of the opposing mark, it might be necessary to look further around the EU for more use. Again this should not represent a major change as use investigations are usually part of the assessment of chances regarding such an action. The same applies in the case that a cancellation action is filed against a CTM owned by a large global company, use would need to be considered according to the criteria mentioned above, which would mean that the territorial aspect is just one factor out of many.