



## ABSTRACT

### **GENUINE USE IN THE EU: WHAT THE ONEL CASE TELL US: WHAT AND HOW IS IT GOING TO CHANGE THE RULES OF THE GAME? EFFECTS ON SMALL AND MEDIUM SIZED COMPANIES**

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The ONEL v OMEL decision (Case C-149/11) deals with the issue of whether genuine use of a Community trade mark in one Member State is sufficient to establish genuine use in the European Union, which is relevant to proof of use in oppositions or invalidity proceedings as well as revocation.

The court held that

*“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.”*

Central argument is the difference between the CTM and domestic trademarks:

*“The Community trade mark thus enables its proprietor to distinguish his goods and services by identical means throughout the entire Community, regardless of frontiers. On the other hand, undertakings which do not wish to protect their trade marks at Community level may choose to use national trademarks and are not obliged to apply for registration of their marks as Community marks.”*

However, assessing the essential function of a trademark as well as the purpose of creating is left to the courts of the member states:

*“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.”*

By abolishing the criteria of territorial borders and not providing any guidelines for the assessment of genuine use the main advantages of CTMs, reduced costs due to the unitary nature of the Community trademark, are contradicted by the ONEL-decision

Thus, from a dogmatic legal standpoint the ONEL-decision the distinction between Community and domestic trademarks by abolishing territorial boundaries as the sole criteria to determine genuine is a convincing, yet impractical ruling.

However, the decision does not have an equally effect on different-sized enterprises, as indicated by my colleague.



To determine the effects of the ONEL-decision aside from multi-national enterprises, one also has to consider the situation of small and medium-sized enterprises, the legal consultation by international law firms as well as the drafts provided by the harmonization committee.

### **1. The ONEL-decision from the perspective of German small and medium-sized enterprises**

Small and medium-sized enterprises are considered to be the backbone of the economy of the Federal Republic of Germany and are one of the main reasons for the minor impact of the financial crisis in Germany.

However, small and medium-sized enterprises often lack the financial and human resources to fulfil the requirements for genuine use established by the ECJ. Instead of relying on the use in one member state as recommended in the joint statement, these businesses must assess the essential function of a trademark as well as the respective market share in advance. Since the relevant product market of small and medium-sized enterprises often does not extend beyond national borders they are particularly affected by new requirements with regard to genuine use established by the ECJ in the ONEL-decision.

Therefore, small and medium-sized enterprises are likely to abandon the Community trademark and turn their attention to domestic trademarks, if no further guidelines with regard to the definition of genuine use are provided.

### **2. The ONEL-decision from the perspective of international law firms**

Affected by the aforementioned uncertainties resulting from the lack of guidelines to assess the criteria of genuine use is furthermore the legal consultation of past and future clients.

As mentioned above abandoning the territory-based criteria pursuant to the joint statement, the ONEL-decision will likely result in an increased number of cancellation requests and suits, as well as defence against third-party cancellation actions.

In addition, the legitimate expectations of trademark owners as well as corresponding legal advice. Thus, the ruling results in severe legal uncertainty as well as an infringement of legitimate expectations with regard to past and future legal consultation.

### **3. The ONEL-decision from the perspective of the Harmonization Committee**

The ECJ contradicts its own decision as well as consistency in judicial practice and transnational harmonization efforts by demanding a uniform protection of CTM, yet leaving the final ruling to the respective courts in the Member States without providing guidelines.

*“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 ...”*



Additionally, the ECJ concluded in the ONEL-decision that Joint Statement No 10 regarding Article 15 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994, L 11, p. 1), according to which '[t]he 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', does not provide binding legal acts for the purpose of interpreting provisions of European Union law:

*“... 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, ...”*

Hence, future guidelines must eventually be drafted by the European legislator in an appropriate form. In this regard legal associations should provide useful opinions, offering solutions for the facts in question.