

# MACFARLANES

## LOGOS AND NO-GOS



### CAN USE OF A COMMUNITY TRADE MARK IN ONE MEMBER STATE CONSTITUTE “GENUINE USE” ACROSS THE EU? THE ADVOCATE GENERAL SAYS “MAYBE”

**The Advocate General in *Leno v. Hagelkruis* (Case C-149/11) gives her opinion on “genuine use” of a Community Trade Mark (CTM) for the purposes of revocation for non-use**

*Leno v. Hagelkruis* is the latest case on the issue of whether “use” of a CTM in a single Member State, or a small group of Member States, can constitute “genuine use” of the CTM across the whole European Union. As a CTM can be revoked for non-use for a period of five years, or instead down-graded to a mere national trade mark, the issue is an important one for companies who currently only trade in one Member State but have registered a CTM in the hope that they can expand their business throughout the EU.

The Advocate General was of the view that merely trading in one Member State is not necessarily sufficient to constitute “genuine use” of the CTM throughout the EU, but that, when one takes account of all the relevant facts, it might constitute “genuine use” in the EU.

This slightly flimsy conclusion reached by the Advocate General reflects the difficulty she had in reconciling the EU’s aim of achieving a single internal market against the reality that the EU is still fragmented by language, national boundaries and limitations in EU-wide infrastructure.

#### THE FACTS

Articles 15 and 51 of Council Regulation No 207/2009 (the Regulation) together provide that a CTM may be revoked if it has not had “genuine use” for a period of five years for no good reason.

*Leno* is the proprietor of the CTM “ONEL” and it is common ground that Leno uses “ONEL” throughout the Netherlands. *Hagelkruis* applied to register the mark “OMEL” in the Benelux region in the same classes as “ONEL”, and Leno opposed this registration on the grounds that there is a likelihood of confusion between the two marks. In response *Hagelkruis* argued that under Article 15, *Leno’s* “ONEL” CTM ought to be revoked on the grounds that there had been no “genuine use” of the CTM in the last five years because “ONEL” was only used in the Netherlands and not more broadly throughout the EU.

The dispute reached the Regional Court of Appeal, the Hague (the referring court). The referring court asked the Court of Justice of the European Union (CJEU) to consider whether use of a CTM in a single Member State can constitute “genuine use”, and if not, what use is necessary to constitute “genuine use” of a CTM.

#### THE ADVOCATE GENERAL’S OPINION

The Advocate General was keen to stress that the purpose of Articles 15 and 51 was to prevent obstruction of competition in the internal market by limiting the range of signs which can be registered by others. This means that the aim of the “genuine use” test is to prevent such obstruction in the EU.

The test for “genuine use” of a CTM should be the same as for a national mark, except that for a CTM the proprietor has to demonstrate use across the internal market ignoring all national boundaries: *“What matters is the impact of the use in the internal market: more specifically, whether it is sufficient to maintain or create market share in that market for the goods and services covered by the mark”*.

However, having set out that a CTM must have a “presence” across the EU, the Advocate General acknowledged that the divisions of language, transportation, investment costs and consumer tastes mean that access across the whole EU may in fact be limited. This appears to contradict her earlier reasoning of ignoring national boundaries and the necessity to avoid obstruction of competition in the market place. The result of this contradiction is that in her opinion only using a mark in one Member State does not necessarily mean there is not “genuine use” across the EU if the use in the Member State is *“particularly concentrated”*.

This leads to the slightly unhelpful conclusion by the Advocate General that (a) use in one Member State only can still be use across the EU, but (b) use of a CTM on a website (for example) that is accessible across the whole EU may **not necessarily** be “genuine use”. She resisted suggesting to the CJEU a single test but instead stated that each decision should be on a case-by-case basis and the court should consider the *“characteristics of the internal market for the particular goods and services involved”*.

The Advocate General defended the implication of her opinion by arguing that her test allows all entities (whether large established trans-EU companies or smaller entities) to obtain the protection of a CTM, provided that the CTM was registered with the purpose of using the mark to create a market share in the EU.

#### APPLICATION OF THE PAGO LINE OF CASES

In *Pago* the CJEU had held that for a CTM to have a “reputation” in the EU it must have acquired a reputation in a “*substantial part*” of the territory of the EU and that a single Member State could constitute a substantial part. The Advocate General in her opinion did not follow *Pago* and distinguished it on the basis that that decision was concerned with preventing infringement by a third party (under Article 9 of the Regulation) whereas *Leno* is concerned with revocation of a CTM under Article 15. However, despite her efforts to distinguish *Pago*, it is unclear what the practical differences between the two tests are.

#### IMPLICATION

If the CJEU follows the Advocate General's opinion then use of a CTM in one Member State only may well be enough to prevent revocation of a CTM if the proprietor can demonstrate concentrated use in that Member State and that the characteristics of that market mean that use in only one Member State should be sufficient to be “genuine use” across the EU.

It will be interesting to see if the CJEU follows this decision. The balance between on the one hand promoting the EU as a single internal market and on the other hand reflecting the reality of the barriers caused by language and transport is a difficult one. On a practical level it seems that if a CTM holder has only used its mark in one Member State after five years then it should only be permitted to hold a national mark in that Member State and not block the register across the whole of the EU. Therefore, it appears that the Advocate General has placed too much weight on the difficulties entities have in expanding their goods and services across the EU with the result that CTMs may not be revoked even if they are only used in one Member State.

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