

Revocation of consent based on common EU/EEA rules

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In Norway, as in many other European countries, consent declarations are widely used and relied on in the world of trademarks.

As the Norwegian Industrial Property Office has always accepted broad identifications of goods and conducts *ex officio* examination in relation to prior conflicting trademarks, trademark applicants often find themselves in a position where earlier trademark registrations form only formal bars to use and registration of their mark. In cases where the cited registration covers, but cannot be enforced in relation to, identical or similar goods to those of primary interest to the applicant, the applicant's only options are to cancel or invalidate the cited registration in regard to such conflicting goods or seek the trademark owner's consent to register its mark in Norway.

Rather than stirring up conflict with the owner of the earlier mark, which may, for example, hold impregnable rights in other countries of interest to the applicant, the applicant will often choose the amicable route of seeking consent – at least as a first option. As part of seeking consent to register, the applicant will normally also seek consent to use its mark in relation to the relevant goods, as registration is no guarantee for lawful use under Norwegian trademark law.

According to Norwegian contract law, an unreserved consent to use and register a trademark would in most cases (depending on the circumstances) be considered irrevocable. It has therefore always been generally held by most IP practitioners that consent declarations cannot be revoked, other than under circumstances as specifically covered by Norwegian contract law.

However, a recent European Court of Justice (ECJ) decision¹ may have changed this picture.

ECJ CASE

The case concerned two producers of leather goods, Martin Y Paz Diffusion SA and David Depuydt and Fabriek van Maroquinerie Gauquie NV. The parties used three different trademarks – NATHAN, NATHAN BAUME and N – for similar goods (small leather goods, handbags and shoes, respectively), and even sold each other's goods in their respective shops. Depuydt held Benelux registrations for NATHAN in Classes 18 and 25, while Martin Y Paz Diffusion later registered the marks N and NATHAN BAUME. Eventually, the cooperation deteriorated and the parties sued each other.

The Belgium High Court decided to refer to the ECJ the question of whether, pursuant to Articles 5 to 7 of the EU Trademarks Directive (89/104/EEC), the owner of a trademark can be permanently prevented from exercising its exclusive rights in a trademark for certain goods because a third party has used the mark for such goods with the owner's consent over a long period.

The ECJ first noted that Articles 5 to 7 offer a complete harmonisation of rules; consequently, a national court cannot limit the exclusive rights in a manner exceeding the limitations set out in these articles. Second, the court pointed out that consent, such as that given by Martin Y Paz Diffusion to Depuydt, did exhaust the exclusive rights of the holder, but only with respect to individual items put on

¹ C-661/11.

the market within the European Economic Area (EEA) (ie, regional exhaustion of trademark rights). Once such consent is withdrawn, so is the right to invoke the exhaustion of exclusive rights by the third party (ie, Depuydt).

IMPACT IN NORWAY

It seems that the ECJ has established definitively that a trademark owner's consent to use by a third party of a later identical or similar mark for identical or similar goods cannot be declared irrevocable under national law, pursuant to Articles 5 to 7.

With Norway having adopted the rules of Articles 5 to 7, and those rules being supranational according to the EEA Agreement, it seems clear that the Norwegian courts cannot arrive at a different conclusion from that of the ECJ.

This decision therefore seems to shake the foundations of the consent regime commonly accepted under Norwegian practice. In practical terms, repercussions of the decision will most likely be significantly restrained by the fact that a national court may impose a penalty to cover damages if it finds that the proprietor has unlawfully withdrawn consent (ie, if the proprietor is in breach of contract). Nevertheless, the ECJ's decision implies that a trademark owner that has consented to use of an identical or similar mark for identical or similar goods may at any point revoke its consent even if it is explicitly stated that the consent is unlimited in time, provided that it is willing to pick up the tab for the breach.

Needless to say, the repercussions of a revoked consent to use a trademark, possibly years after that use was adopted, may have serious consequences for a trademark owner having invested significant resources in establishing its mark in the Norwegian market based on such consent.

It should be noted that a rather unfortunate and assumedly unintended consequence of the above would be that a proprietor that lacks legitimate grounds to oppose the use of a later mark at the time when consent is granted due to non-compliance with use requirements may proceed to initiate proper use of its mark and then revoke the consent at a later stage. This would effectively undermine Article 12(1) of the EU Trademarks Directive, under which commencement or resumption of use within a three-month period preceding the application for revocation should be disregarded. Nevertheless, it does seem that any proprietor that is willing to pay the price may save a mark that would otherwise be cancelled simply by offering to sign a consent declaration. The flipside of this argument and a logical consequence of the court's decision is, of course, that an applicant should be reluctant to accept consent where cancellation is an option.

COMMENT

It remains to be seen whether, and to what extent, this decision and following case law will affect Norwegian practice regarding consent. However, under the existing circumstances, trademark applicants are advised to take care when accepting consent in lieu of cancelling conflicting registrations. Regrettably, this will inevitably increase the conflict level under Norwegian trademark law and prevent otherwise sound and flexible amicable arrangements.

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