New setting for genuine use of Community trade marks
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In its decision “Onel/Omel”, the Court of Justice of the European Union has clarified some questions regarding the requirement of genuine use of Community trade marks (ECJ, decision dated 19 December 2012, legal case C-149/11 – ONEL/OMEL). In this decision, the Court of Justice of the European Union found that “genuine use” of a Community trade mark has to be assessed independently of territorial boarders of a member state of the EU. In order to understand the immense impact of this ruling, one has to take a look at the particularities of the Community trade mark system.

Like most trade mark systems, the Community trade mark system also requires “genuine use” of a Community trade mark within five years of its registration. If evidence for such genuine use cannot be provided, the Community trade mark may not be used as basis for legal steps against infringers and may instead even be cancelled for non-use upon a third party’s request. While this is the common consequence of non-use, the special circumstances of the Community trade mark system make the question of genuine use a little more complicated than in other trade mark systems.

Early on, the Court of Justice of the European Union found that “genuine use” of a Community trade mark could only be assumend where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services. Genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of a Community trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark (ECJ, decision dated 11 March 2003, legal case C-40/01, Ansul/Ajax). However, the question remained in which territory such use had to be made.

The problem

While most trade marks are effective in one country and must therefore be used just in that country, a Community trade mark is effective in 27 member states. The question therefore was in which territory a Community trade mark had to be used. Most agreed that “genuine use” would not require use of the Community trade mark in every single member state. However, there was considerable disagreement whether use in a single member state would be sufficient in order to constitute “genuine use”. While some argued that use in a single member state had to be sufficient, others found that it would be unjust if use in a single member state could constitute “genuine use” of a Community trade mark with the consequence that the Community trade mark could remain valid for all 27 member states. If use was made in only a very small member state, like e.g. Malta, it would be inappropriate to consider this “genuine use” in the EU. Therefore, “genuine use” should only be found where use of a Community trade mark was made in several member states. This point of view, however, was often deemed incompatible with the political system of the EU where every member state has to be considered just as important or significant as every other.

The Court of Justice of the European Union now had to decide on this question in a case where an opposition was filed against the Community trade mark application OMEL. The opposition was based on the earlier mark ONEL. The parties agreed that the signs OMEL and ONEL were similar and had been registered respectively filed for similar or identical goods. Thus, the outcome of the case simply depended on the question whether the earlier mark ONEL had been genuinely used in the EU. The
opponent had delivered evidence of such use within the Netherlands, however, not in a territory outside of the Netherlands.

**The solution**

Fortunately, the Court of Justice of the European Union came to what has been called the only politically acceptable decision.

According to the Court, the expectation was understandable that a Community trade mark should be used in a broader territory than only one member state because it enjoys more extensive territorial protection than a national trade mark. However, under certain circumstances, the market for the goods or services concerned could in fact be restricted to the territory of a single member state. In such a case, use of the Community trade mark in that territory could be considered as sufficient for „genuine use“. Also, while it was reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it was not necessary that a Community trade mark should be used in an extensive geographic area. Instead, the qualification as „genuine use“ would depend on the characteristics of the product or service concerned on the corresponding market. It was impossible to determine a priori and in the abstract what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not.

Therefore, the territorial borders of the member states should be disregarded in the assessment of whether a Community trade mark has been put to „genuine use in the Community“. Instead, a Community trade mark is put to „genuine use“ 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 concerned. It is for the competent authorities in each case to assess whether these conditions are met in the respective proceedings, taking into account 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 use as well as its frequency and regularity.

**The consequences**

This new decision must be interpreted as meaning that “genuine use” of a Community trade mark does not require use of the Community trade mark in more than one member state. Also, the size of the member state where the mark is used is not important. In fact, owners of Community trade marks will have to learn thinking in new categories where the territorial boarders of the member states are not important.

In fact, it will now be more important than ever to meticulously collect evidence for all details of the use made of a Community trade mark including the exact numbers of goods sold and turnover achieved with such sales. Also, the frequency, regularity, intensity and duration of any use of a Community trade mark should be carefully documented.

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