E pur si muove! (1)

About the ONEL Decision N° 2004448 of 15 January 2010 and the subsequent controversies

François GRIESMAR - IP Legal Counsel – Bacardi & Company Limited, CH
© 2010

Thanks to the Benelux Office for Intellectual property (“BOIP”), the subject of the geographically sufficient use of the CTMs at last comes out of the dark.

Indeed, even though this question has regularly been raised since 2005, the effort to discuss it has generally met an embarrassing silence or a firm albeit hidden determination not to discuss this “heretic” matter. This silence is now hopefully over: in the new context created by the launch by the European Commission of a Study on the overall functioning of the Trade Mark system in the EU, we all have at last a golden opportunity to forget the past prejudices and “frozen” positions and to openly and seriously discuss this important subject.

I believe that the main parameters for a fruitful discussion should be the following:
1 – Never forget the overall TM context in the EU
2 – Make an honest assessment of the current legal situation
3 – Consider the risks incurred by maintaining that use in one Member State is sufficient use of a CTM
4 – Try to propose solutions to be stated in a text and/or by the jurisprudence

1 – Never forget the overall Trade Mark(TM) context in the EU

Those criticizing the ONEL decision, in particular the OHIM 2, first of all state that only genuine use matters and that geographical use and more generally the existence of borders must be discarded. Now this would be relevant if the CTM was the sole TM system within the EU; since this is not the case because the CTM and the national TMs (and “national” automatically makes borders relevant) coexist in the EU (this is the current legal situation: cf. for example Article 6 of the Preamble of the CTMR), one must take into account the respective role of each system and keep a real balance between them. Thus the geographical criterion does make sense.

1 Galileo Galilei allegedly muttered this phrase after being forced to recant in 1633, before the Inquisition, his belief that the Earth moves around the Sun.
2 OHIM’s position of January 27, 2010 disapproving the Benelux ONEL Decision
[1] “A recent ruling by the Benelux Office for Intellectual Property (BOIP) has attracted controversy in IP discussion groups on the web. The Opposition Decision of 15 January 2010 (Leno Merken B.V./Hagelkruis Beheer bv) states that use of a CTM in one EU Member State (in the specific case, the Netherlands) is insufficient to constitute genuine use in the EU. This contradicts the Joint Statement of the Commission and the Council, which establishes that use of a Community trade mark within the meaning of Article 15 of the CTM Regulation in one EU Member State is sufficient to constitute genuine use in the EU.
[2] Pending any possible appeal of the BOIP Decision, OHIM - applying the principle of the unitary character of the CTM - continues to consider that boundaries of Member States should not play a part in assessing “genuine use” within the EU Single Market, as recently outlined in its contribution to the European Commission study on the overall functioning of the trade mark system in Europe.”
More generally analysing a legal tool – in this case the CTM – without taking into account its “environment” is a critical mistake: thus, when making statements about what the use requirement should be for a CTM, one must bear in mind that it is only one of the protection systems within the EU and that national TMs represent a natural and complementary alternative and also a fall-back option. This fall-back option does not exist on a national level and this is why maintaining in force a German TM if there is a genuine use in Bavaria or a French TM if there is a genuine use in Brittany can make sense; and if the CTM was the only available TM protection within the EU, it would make sense to consider that genuine use in even one Member State or possibly a part thereof could be sufficient; NB: by the way, in such a situation it would be crucial to think of mechanisms, such as a drastic limitation of the wordings via demanding use requirements, to eliminate “deadwood”, as this is the case in Canada or in the USA.

But this is not the current legal context: thus the comments and positions on use which are exclusively focused on the CTM and which do not integrate the existence of national TMs in their reasoning are quite disputable first of all from a methodological standpoint.

2 – Make an honest assessment of the current legal situation

One of the core arguments of those who maintain that the use of a CTM in one Member State is sufficient use of a CTM is the 20 October 1995 Joint Statement of the Commission and the Council stating that “use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community”.

The problem is that this 1995 Joint Statement has no legal value as stated several times by the ECJ, in particular on 26 February 1991 in case C-292/89 Antonissen § 18 [“However, such a declaration cannot be used for the purpose of interpreting a provision of secondary legislation where, as in this case, no reference is made to the content of the declaration in the wording of the provision in question. The declaration therefore has no legal significance.”]; why did and does the OHIM and persons of the same opinion as OHIM constantly refer to this Declaration in a manner implying that it is undisputable? This can be quite misleading, in particular for TM applicants not having a sufficient legal background and who are led to believe that using a CTM in only one Member State ensures an “eternal life”.

3 When visiting the OHIM’s web site in 2007, under the section “Ten Good Reasons for Using the Community Trade Mark” you could read the following: “6) Obligation of use which is easy to meet: A Community trade mark may be maintained in all the countries of the European Union by using it effectively and genuinely in a single Member State [bold characters used on the website]. Any company, even if it wishes to use its trade mark in one or in a few Member States only, may therefore validly obtain a Community trade mark without having to fear revocation proceedings on the grounds of lack of use.”

Since that time the OHIM states this –most disputable– opinion in more cautious terms but the main concept did not change: “The sufficiency of use in only a part of the Community is reflected in the Joint Statements by the Council and the Commission entered in the minutes of the Council meeting at which the CTMR was adopted (Joint Statements by the Council and the Commission of 20.10.1995, No B. 10 to 15, OJ OHIM 1996, 615). According to these statements, “The 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”. While these statements only have an interpretative value and are not legally binding, they have been applied by Office.” (OHIM Opposition guidelines, Final version November 2007, Part 6, Article 3.2 – Visualised on 12.II.2010)
for their CTMs which will in particular not risk cancellation for insufficient use: frankly, who can maintain that the current legal situation is so clear and undisputed as to justify spreading such great expectations among TM applicants? Couldn’t we once and for all agree and write that this Joint Statement is at best a “source of ideas” (for those sharing this opinion) and never more let anyone believe that it is an “undisputable text” as for example the Universal Declaration of Human Rights?

On the other hand, without issuing such bold statements, the Benelux Office website 4 honestly warns TM applicants that this issue is not clear at the present time: this means that consideration is being given to the interests of possible applicants by providing them with all appropriate information including possible risks, which is a much more sensible and appropriate position than the one adopted by OHIM.

There are other relevant legal elements about the geographical use of CTMs which can be cited. I will just mention one of them: one can deduce from CTMR Article 112.2.a about the conversion of CTMs 5(4) that use in 1 country is not sufficient use of a CTM: the mere existence of a provision which permits conversion of a CTM to the Member State where use has been found insufficient to support the CTM is in any case enough to give rise to doubt about the idea that use in one Member State would be enough to support a CTM.

Finally, as we all know, there is no really relevant jurisprudence as regards the geographical use of CTMs but only decisions on similar issues and one can merely make hypothesis and subtle reasoning by analogy rather than cite any decision as being the answer to this question. Again, beware of bold statements incurring unfounded hopes among TM applicants. Let us reject deceptive beliefs and agree that we are facing a legal loophole here.

3 –The risks incurred by the alleged sufficient use of a CTM in one Member State

The most visible risk is the "clogging" of the TM registers and its various negative consequences: more and more CTMs represent bars preventing applicants (mainly the

4 "3 - Maintenance

Once a trademark has been registered, it must be used. A trademark that has not been genuinely used within five years of its registration may be declared void.

Given that the Community trademark has not been in existence for very long, many aspects concerning the maintenance requirements are still unclear. When the Community trademark was introduced, it was stated that the use in one single country would be sufficient to ensure its maintenance in the entire territory. However, the steady growth of the EU has generated increasing criticism on this from academics and practitioners. The highest court (the ECJ) has still not given a decision on the matter. However, the Court of First Instance (CFI) has expressly stated that ‘genuine use means that the mark must be present in a substantial part of the territory where it is protected’ (HIWATT, T-39/01, 12 December 2002).

The requirements for maintenance of a Community trademark are therefore uncertain. The possibility cannot be excluded that a trademark owner who has chosen a Community trademark but who actually uses it on a more limited scale or in a smaller territory may ultimately be left empty-handed.”


5 Article 112.2.a: “Conversion shall not take place: (a) where the rights of the proprietor of the Community trademark have been revoked on the grounds of non-use, unless in the Member State for which conversion is requested the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State;”
smaller ones because they cannot afford all necessary steps needed in a complete clearance strategy) from obtaining TM protection in their country.

Besides, cancellation actions for non-use will become impossible most of the time, meaning that a major tool in clearance strategies would disappear in practice. Finally, the validity of the use in one country can be a powerful “incentive” for CTM owners who want to “manipulate” this tool: for example, there are cases of CTM applicants which use 5 or 6 different TMs in the EU for the same product; they file all these brands as CTMs and they could easily avoid “forever” a cancellation for lack of (sufficient) use for each of these CTMs, assuming that the use in 1 or 2 countries would be sufficient. In other words, a geographically low requirement of use of CTMs could favour tactics allowing undertakings to artificially divide the EU market and this is of course detrimental to the free circulation of goods.

4 – Try to propose solutions to be stated in a text and/or by the jurisprudence

This is the most “risky” but also the most “exciting” aspect in this debate. Even if the answer can be given only by adding some “guidelines” in the CTMR or by letting the ECJ alone define such principles, I believe we should try to think of relevant and realistic solutions. As stated in the January 2006 ECTA Position Paper: “The different local and multi-national systems seem furthermore to be in competition. Global protection is becoming easy and inexpensive and seems to be attractive to users. However, is it corresponding to the users’ real needs? Do they really need such extensive protection in terms of territory and products/services coverage?”

As an example of what could be proposed, I believe that, even if this ONEL decision was rendered about the use of national TMs, the idea contained in the HIWATT judgment [CFI, 12 December 2002: HIWATT/Kabushiki Kaisha Fernandes (T-39/01)] is appropriate: § 37 states that “...genuine use means that the mark must be present in a substantial part of the territory where it is protected...”; this would mean that use in one or a few countries out of 27 is certainly not enough... Since the supporters of use in 1 country are awfully embarrassed by the HIWATT decision, they either never mention it or they claim (on no real legal basis) that it was “invalidated” by more recent jurisprudence: no one is required to follow this unfounded opinion. Anyway this controversy is not relevant in a free and open search for solutions. NB: in this respect, even if this was about reputation and not use, the interpretation made by the ECJ in § 29 of its PAGO decision (C-301/07, 6 October 2009) according to which Austria can be a “substantial part” of the EU is quite erroneous and really twists the meaning of “substantial”.

Besides, there should also be proposals for making cancellation procedures for lack of (sufficient) use easier and avoiding too broad wording of specifications, for example as is Canadian practice. All of this being beyond the scope of this article, I will just remind readers that such ideas have already been put forward in previous papers since 2005, in particular by Fabio Angelini and Dr Heymann and myself.
To sum up, we have here a complex legal-technical issue which is far from clear and which therefore has possible pitfalls, which should be discussed openly, giving up outdated positions: unfortunately the OHIM’s position does not contribute to this. To a belief of being “infallible”, I do prefer the BOIP’s careful and sensible approach, following in the tradition of “the Belgian modesty” praised by Henri Michaux.

NB: The C City Hotel decision (Hungarian IP Office, February 11, 2010) and the Danish IP Office’s position (published on their website on March 05, 2010) firmly supporting the ONEL and C City decisions are additional proofs that there is a widespread concern as regards CTM use and that ONEL is certainly not an isolated so-called absurd decision.