TOO MUCH OF A GOOD THING?

CONSIDERATIONS OVER THE SUFFICIENT GEOGRAPHICAL USE OF COMMUNITY TRADEMARKS

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- Document 5 -- RESPECT THE ENVIRONMENT! [Visual showing how a big modern building is not integrated into the Paris landscape]

- Document 6 -- CTM facing a cancellation action for non (sufficient) use - How to handle this? [chart]

REFERENCES
Considerations over the sufficient geographical use of Community Trademarks

"Politics are only valuable inasmuch as they address facts"
Charles de Gaulle, Television speech, 14 June 1960

NB: this paper reflects the personal opinion of its authors and it binds nobody else.

The authors wish to warmly thank the various persons who provided very valuable remarks, critics and suggestions about this subject: whatever can be thought of the quality of this “final version”, it would unquestionably have been significantly lower in the absence of these various advices.

Introduction

1. Even if we shall of course review the existing legal situation, this is less a "theoretical study" than a practical analysis; and in view of the specific context for this subject, we shall even express our views on what satisfactory solutions could be; we are aware it can sound presumptuous given the high level of expertise of those who will read this paper: please take this as a contribution to a debate which should be pursued until answers to the main issues are found. Because we believe one point is certain: this is a real question and we hope to convince in particular the readers as well as the audience in Warsaw about this.

So we shall focus on the issue of what could be a geographically sufficient use of a CTM, in particular in relation with cancellation actions for lack of/insufficient use of a CTM.

2. This question must clearly be distinguished from the issue of genuine use, even if there can be interactions between these 2 notions: it is necessary to clearly and strongly stress this point because many commentators, even if questioned about the geographical use, tend to revert to the more "defined" or "legally safer" question of genuine use, as we could experience since we started working on and discussing this question; to illustrate the difference existing between these two questions, let us ask for example the following: is the unquestionably real/genuine use of a CTM in Bavaria or in Denmark + Sweden a geographically sufficient use?

Thus we disagree with those who think that there is no problem as regards geographical use, in particular because when it comes to sufficient use of CTMs, the only thing that matters is "genuine use". No: it is a true question, a complex matter and a quite open issue.

3. Indeed the legal situation is currently somehow unclear (cf. Fabio Angelini who wrote in October 2005: "...the relations between CTM and its territory, the Community geography, remain vastly unexplored."); cf. also the ECTA's Position paper of January 2006 [hereafter the "ECTA Paper"] p.11: "...with respect to CTMs, the real geographical scope of trade mark use and the amount of such use to avoid cancellation is unclear."). In particular because there are few texts, almost no court decision and few papers (although this is increasing since 2004-2005) on this very issue (I); since the practical consequences of the various possible options can be quite significant (II), we should try to define what notion/practical implementation of the geographically sufficient use of a CTM would be appropriate to meet the needs of the market, which should always be the aim of TM laws and practice (III).

I - Current legal situation: few texts, almost no court decision and few papers (although this is increasing)

4. Even if this part can be viewed as (too) long and even "schoolish", it is of utmost importance -in particular to facilitate an intellectually honest dispute- to (try to) survey all existing sources of
rights, even if they sometimes are not fully consistent or even if they sometimes contradict each other.

Whereas it is fairly easy to make a complete inventory of all relevant official texts (A) and even of the Jurisprudence (B) subject to a careful monitoring of possible new decisions, this is obviously more problematic as regards the doctrine (C): although they spent quite some time to find opinions on this subject, the authors are fully aware that they might have missed something and they most sincerely and warmly thank in advance for any information completing the attached References... as long as said additional information partially or totally concerns the geographical aspect of use and not only genuine use (documentation about this latter issue is quite easy to find thank you very much!!).

A - **Official texts (directives, regulations...) and statements/declarations/guidelines**

1°) *Origins of the CTM: successive projects*

5. a) The geographical use has been mentioned in the successive drafts and memorandums about the creation of a CTM, in particular in:

- Article 110.1 of the original 1964 Preliminary Draft Convention for a European Trade Mark requested a "serious use...in the territory of at least three Contracting States";

- eventually the 1976 "Memorandum on the Creation of an EEC Trade Mark" amended this to "use in a substantial part of the common market";

- the Pre-draft of the CTM Regulation circulated in April 1977 adopted instead the wording of "genuine use within the common market".

6. b) This shows a wish to require a "significant" use on the level of the "internal market": it started with a very precise definition of the geographically sufficient use of a CTM but it ended with a rather vague expression [CTMR, Article 15.1: "genuine use in the Community"] probably because it was feared that it would incur a too "rigid" definition of use, which would probably not enable the authorities (OHIM, courts...) to take into account the wide variety of situations. Also it was probably much easier to reach an agreement on such a vague formulation than on a really precise rule...

7. c) Anyway it cannot be disputed that

- the CTM was created to "...promote throughout the Community a harmonious development of economic activities..." and to "...enable undertakings to adapt their activities to the scale of the Community..." (CTMR, Preamble, §1)

- and that it refers to "...unrestricted economic activity in the whole of the common market..." (CTMR, Preamble, §3)...

As our colleague J.Kulikowski quite rightly states "...the preamble of the Regulation includes a number of formulations indicating expressly that the purpose of creating the concept of a CTM was to guarantee its super national and Communitywide legal protection, yet in order to enable undertakings to adapt their business to the COMMUNITY SCALE."

We believe this "spirit" must be kept in mind whenever one wonders about the geographically sufficient use of a CTM.
2°) *The Council regulation (EC) N° 40/94 ("CTMR")*

8. a) Quotation from all relevant Articles as regards use of CTMs:

- **Article 15.1**: "If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use."; this "core text" about the principle of cancellation for lack of use contains nothing on this very issue: it refers only to the "genuine use in the Community";

- **Article 15.2(b)**: "The following shall also constitute use within the meaning of paragraph 1: (b) affixing of the Community trade mark to goods or to the packaging thereof in the Community solely for export purposes."; here one can by the way deduct that such a "use" in one country is sufficient; we shall only comment in the end (cf. III.B.2°: § 82) on this quite specific issue of export;

- **Article 43.2**: "If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered...";

- **Article 50.1.a**: "The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings: (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered...";

- **Article 56.2**: "If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered...";

- **Article 108** ["Request for the application of national procedure"], which is the start of Section 3 ["Conversion into a national trade mark application"]:  

  * **Article 108.1.a**: "The applicant for or proprietor of a Community trade mark may request the conversion of his Community trade mark application or Community trade mark into a national trade mark application (a) to the extent that the Community trade mark application is refused, withdrawn, or deemed to be withdrawn;"

  * **Article 108.2.a**: "Conversion shall not take place: (a) where the rights of the proprietor of the Community trade mark 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;".

b) Short summary of the CTMR as regards use of CTMs

9. Apart from the specific case of "export purposes" (Article 15.2.b), all articles (15.1, 43.1, 50.1.a, 56.2) mention the "genuine use in the Community" without being more precise.
Indeed, the only article from which something more can be understood is Article 108.2.a from which one can deduct the following:

- if a CTM has been revoked on the grounds of non-use, a conversion is possible;
- but such conversion is possible only
  . "in the Member State for which conversion is requested
  . [where] the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State;".

In other words this means that a CTM can be revoked for non-use even if it has been used in one (or more) member State ("genuine use under the laws of that Member State"). Or, as our colleague, Luis-Alfonso Durán rightly states in a paper of 2005, "...it is possible to obtain the revocation on the grounds of non-use of a community trade mark even if it has been put to genuine use in one or more member States ...".

10. This might not be enough to define precisely what is the scope of a geographically sufficient use. But from this Article 108.2.a, we see at least that one simply cannot state that use in one (or even in a few) member State(s) is sufficient to avoid a cancellation for lack of sufficient use. In particular, the content of Article 108.2.a is sufficient for "neutralising" the texts of lesser legal strength (cf. I.A.4° & I.A.5° hereafter) which state with a most disputable certitude that use in one country is sufficient.

In such a context there can only be room for doubts and critical faculties and not for unfounded beliefs...

3°) Not much in any other Directive or Regulation or any other text

a) The "First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks" (hereafter the "Directive")

11. The relevant articles are:

- Article 10.1: "If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.";

- Article 10.2.b: "The following shall also constitute use within the meaning of paragraph 1: b. affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.";

- Article 12.1: "A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered,...".

12. This text contains 2 notions which exist in the subsequent CTMR:

- "genuine use" in the involved territory: see here above, in particular Article 15.1 of the CTMR;
- affixing a trademark for export purposes is a valid use in the involved territory: as we shall see later, simply transposing to a Community level (Article 10.2.b of the CTMR) a provision making
rather sense on a national level is a disputable idea...as previously indicated, we shall only
comment in the end of this paper (cf. III.B.2°: § 82) on this quite specific issue;

13. b) CTMIR

There is nothing relevant in the "Commission Regulation (EC) No 2868/95 of 13
December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark
[CTMIR]".

    c) TRIPS

Article 19 "Requirement of Use" does not contain anything relevant as regards the definition
of a sufficient use: "1. If use is required to maintain a registration, the registration may be
cancelled only after an uninterrupted period of at least three years of non-use, unless valid
reasons".

4°) The joint statement N° 10 about Article 15 of the CTMR

14. It states: "...use which is genuine within the meaning of Article 15 in one country
constitutes genuine use in the Community".

Obviously, all those who are in favour of the idea that use in one member State is sufficient to
avoid a cancellation for non use unanimously cite this statement in support of their opinion.

   But this statement has no legal value:

- as stated several times by the ECJ, in particular on February 26, 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."]

- and as acknowledged in the Guidelines Concerning Proceedings before the OHIM - Part C:
Part 6 II.5.2, 5th paragraph: "While these statements only have an interpretative value and are
not legally binding..."],

...even if this 5th paragraph ends by stating "...they [these statements] will nevertheless be
applied by the Trade Mark Department of the Office."...

5°) Statements from the OHIM

a) The Guidelines Concerning Proceedings before the OHIM - Part C: Opposition
guidelines - Part 6: Proof of Use

15. Relevant quotations

- II.1, 6th paragraph: "...it has to be evaluated whether...it can be deduced...that the owner has
seriously tried to acquire a commercial position in the relevant market"; since we speak of
CTMs, shouldn't normally the "relevant market" be the EU market rather than the market of 1 or
2 member States?

- II.5.1: "Trade marks must be used in the territory where they are protected (European
Community for CTMs, the territory of Member States in case of national marks). This does not
mean that they must be used everywhere in the respective territory. Rather, partial use,
provided it is genuine, is sufficient...";
- II.5.2: "If the earlier mark is a Community mark, it must be used "in the Community" (Article 15(1) and Article 43(2) CTMR). It is not necessary that the mark must be used everywhere in the Community. Genuineness of use may be found also when the mark has been used in only one part of the Community, such as in a single Member state or in a part thereof..."; and this is followed by a justification on which we shall comment hereafter (cf. II.C.1°) and by a reference to the joint statement N° 10 (cf. here above) which has no legal value as we have seen.

16. We have here an interesting -and unfortunately typical- example of a contradiction and lack of consistency between two notions:

- II.5.1 logically distinguishes 2 types of territories: the EU (as regards CTMs) versus a member State (as regards national TMs)

- but II.5.2 then states that use "in a part" of a member State is sufficient as regards CTMs!

What was the use to remind the obvious difference of size between these 2 types of territories if one refuses to draw the logical consequence thereof, i.e. that the geographical scale of a sufficient use must be more demanding for CTMs than for national TMs? Doesn't this betray an unconscious albeit quite strong wish to "legitimate" the use and the maintenance of CTMs in any circumstances? We shall write more about this later, in particular in II.A.3°...

Indeed and most regrettably, it seems that such statements, even contradictory, are expressed to reach a predetermined conclusion instead of drawing logical conclusions from a somehow complex situation made however of unquestionable facts such as the existence of different types of TMs and of territories...

17. But the legal value of such guidelines is weak: it is a (unquestionably quite necessary) mere interpretation intended to help the OHIM Examiners and to ensure some consistency in the OHIM's practice and decisions. Such texts have a legal effect because they can be opposed to their author and they can be challenged by a recourse.

What can overrule or cancel them? Court decisions for example.

b) The OHIM's website

18. When you visit this site, under the section "Ten Good Reasons for Using the Community Trade Mark" you can 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."

Respectfully but firmly, one must say that this clear-cut and somehow "daring" statement which is closer to a "sales pitch" than to a legal advice is really surprising given the uncertain legal context, as just set forth here above. Let us say that it was probably elaborated at a time (maybe ten years ago) when nobody was fully sure whether there would be many CTM applications: in view of the prompt and tremendous success of this new "tool", such fears rapidly became totally outdated...
Thus this is now merely a (provisional) point of view which should not be held as an unquestionable "argumentum auctoritatis". Indeed the comments made here above about the argument(s) underlying the OHIM's Guidelines also apply to this paragraph of the OHIM's website; and since there are more than enough good reasons to file a CTM, it would be advisable to refrain from publicly (on a frequently visited website, in a more visible place than the Guidelines) expressing a so "risky" opinion and it would be preferable to withdraw this "good reason" which might lead to sore disappointments should the practice (in particular the Court decisions) not endorse this point of view...Caveant consules...

19. Conclusion (of I.A) about the official texts: there is nothing really legally binding in favour of use in one country; it can rather be deducted (mainly from Article 108.2(a) of the CTMR) that such use in one country would not be sufficient.

B - Decisions by the courts or the OHIM

Whereas several decisions were rendered as regards genuine use, there is almost nothing about geographically sufficient use.

1°) The only "explicit" decision: CFI, December 12, 2002: HIWATT/Kabushiki Kaisha Fernandes (T-39/01)

20. a) Cf. § 37: "...genuine use means that the mark must be present in a substantial part of the territory where it is protected...").

b) What does "substantial" mean?

Cf. Webster's Third New International Dictionary (1986), p.2280: - § 4.a "being that specified to a large degree in the main [a -- victory] [a -- lie]"; - § 4.b: "of or relating to the main part of something".

Cf. Cambridge Advanced Learner's Dictionary (www.dictionary.cambridge.org): "relating to the main or most important things being considered: The committee were in substantial agreement (= agreed about most of the things discussed)."

The same applies to the French equivalent "substantiel".

As G-G Lamoureux wrote: "The court demands a geographical extent for the notion of use."

21. c) Relevancy and validity of HIWATT

One must note that the CFI's statement about use in this decision concerned national TMs and not a CTM; thus this decision -again the sole existing one until now mentioning geographical use- should be considered as a -relevant- hint and not as an answer to the question of geographically sufficient use of CTMs.

Some persons wrote or said that HIWATT is now obsolete as regards the definition of use because more recent decisions were rendered by the ECJ (Ansul, La Mer: see hereafter § 22 and § 23) about use in which there is no reference to any territorial criterion: these decisions only stated that genuine use can exist even if the use of the trademark is not quantitatively significant, as long as it is not a token use.

But one can also consider that since these decisions only focused on the definition of "genuine" and they did not contain anything about the geographical aspect of use, there is nothing in these "partial" decisions which can lead to think that HIWATT is now obsolete...Indeed one could even say that this latter opinion is rather a wishful thinking for those
who believe that as a matter of principle States or borders must never be taken into account; now one cannot draw so categoric conclusions from such uncertain basis.

We shall cite again G-G Lamoureux: "The HIWATT decision defined genuine use as being the use in a substantial part of the territory in which protection is claimed. This principle has not been reconsidered by the other decisions by the ECJ, in particular the Ansul decision...[we underlined]".

2°) Other decisions (ECJ, CFI, OHIM)?

a) Ansul/Ajax/MINIMAX (C-40/01 ECJ, March 11, 2003)

22. This was also about use of a "national" TM (Benelux actually) in a member State (or rather a territory: Benelux) and the ECJ focused on "genuine" (use) and not at all on any geographical aspect: "genuine" (use) was opposed to "token" ["symbolique" in the French version] (use) in particular in § 1 of the final ruling: "...; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark."; the "less distant" point is the last sentence of § 39: "Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market", an assertion which is regularly made by the ECJ and the CFI; this remains rather vague...and one could rather deduct from the terms "need not, therefore, always" that generally the use of a mark should be "quantitatively significant" but that exceptions to this principle are acceptable if they can be justified.

b) La Mer/LABORATOIRE DE LA MER (C-259/02, ECJ order, January 27, 2004)

23. Again this was about use of national [UK] TMs in a member State (UK): the ECJ basically referred in § 14 to Ansul/Ajax/MINIMAX.

The ECJ added some statements from which one might deduct that, as a rule, the importance of the use should not be taken into account; cf. in particular the last sentence of § 27: "When it serves a real commercial purpose, in the circumstances cited above, even minimal use of the mark or use by only a single importer in the member State concerned can be sufficient to establish genuine use within the meaning of the Directive" ["First Directive 89/104/EEC of the Council, of December 21, 1988, to approximate the laws of the member States relating to Trade Marks"]. Unquestionably, this goes rather far into the direction that any use is sufficient except token use.

Now this was about the use of national [UK] TMs: would the ECJ have the same position as regards the use of a CTM? For the moment this question has not been raised before the ECJ concerning a CTM: the VITAFRUIT decision (ECJ, 11-05-2006, The Sunrider Corporation v./OHIM, C-416/04), using again the same argumentation as in Ansul and La Mer, concerned indeed a CTM, but the question of the sufficient use arose in relation with former national trademark.

c) GIORGIO AIRE (T-156/01, CFI, July 9, 2003)

24. An invalidation action was launched against a CTM on the basis of 5 prior Spanish TM registrations; the owner of the CTM counter-attacked by requesting proofs of genuine use of the prior TM: thus this case was about the genuine use of Spanish TMs in Spain; and even indirectly nothing is expressly stated or can even be deducted as regards a geographical criterion on any level (EU or even Spain).

There are other similar decisions and we mentioned this one as a typical example.
25. **Conclusion (of I.B) about the decisions:** until now only 1 decision (HİWATT) about the use of a national TM refers, indeed very briefly, to the geographically sufficient use and this issue is still unsettled. There has been no decision about the geographical use of a CTM: besides, the context is different since, unlike for CTMs, there is no territorially smaller level of protection when national TMs are considered. Let us say that this is a rather intricate and vastly "unclarified" situation from which no clear conclusion can be drawn...

C - **Doctrine**

To sum up there have been 2 periods:

1°) **Before 2004-2005**

26. The authors would write only about genuine use; or if they incidentally raised the matter of geographical use they would more or less state that use in one country is sufficient, probably mainly under influence from the joint statement N° 10 about Article 15 of the CTMR; also most of the TM experts (from those who drafted the CTMR to the practitioners) very strongly wished, after so many years (decades actually), that the at last created CTM to succeed, i.e. to be widely used by the TM applicants; but there was a fear that it might not be the case: who could predict how the "consumers" (= the TM applicants) would react?

So there was a general consensus to make the CTM as attractive as possible:

- fixing low official taxes,
- following rather simple examination procedures,
- emphasising to possible TM applicants on the fact that once a CTM is registered, use in only one member State would be sufficient to avoid a cancellation for lack of use...; let us be honest: almost all of us (including ourselves) more or less believed it 10 years ago.

In this context it seems that a certain number of opinions, consciously or not, were expressed with the aim to "legitimate" the CTM and no space was left for doubt; this was in particular the position expressed, with of course some "variations", by Messrs von Mühlendahl, Ohlgart, Kellerhals, Gloy and Ubertazzi.

2°) **Since 2004-2005**

27. Times have changed: in 2006 the success of the CTM is obvious, unquestionable...(296'661 CTM registrations at the end of 2005) and this more than solid "legal tool" can be considered with more tranquility and distance; today we are not facing the failure of the launch of a new product: we must now manage a huge "institution" and face risks generated by "overdevelopment" and not by "underdevelopment".

And we believe there is no coincidence in the appearance, since 2004-2005, of the first opinions focusing (or containing a development) more precisely on this issue, describing the legal situation and generally being against the idea that use in one country is sufficient, with of course various analysis: I refer more particularly to the papers of F. Angelini and of L-A.Durán and to the speeches made by J.Kulikowski and V.O'Reilly; see the references hereunder in the
Bibliography. Also some speakers at FICPI's sessions said that they regarded the use requirement in the CTM system as too generous to owners.

It is now time to think about the spirit of the CTM protection system: in this respect, we should bear in mind the most important notion of "public interest", a principle to which the ECJ frequently refers, in particular in CHIEMSEE (May 4, 1999, C-108/97 & C-109/97) and regularly since that time in other decisions (cf. Deutsche SiSi Werke, January 12, 2006, C-173/04 P). Now, in this case, one can very much doubt that maintaining in force CTMs which are not sufficiently used (and the existence of which incurs so many problems as we will see hereafter) meets the public interest...

Conclusion of Part I

28. So this is the legal context: few texts references (the only "direct and explicit" one, i.e. the joint statement of 1993, has no real legal value), a not yet defined position of the Courts and the appearance of doubts as regards the idea that that use in one country is sufficient among those who think, discuss or write about this subject.

This will lead us now to consider the practical aspects and consequences of the various opinions about the geographically sufficient use of a CTM.

II - "Practical aspects": consequences in practice of the choice for or against the use in one country

A - Preliminary "legal-practical" point: the coexistence of CTMs, national TMs and WIPO TMs and consequences to be drawn

1°) The other TM protection systems are fully "alive"

29. Let us first of all remember that TM protection is first of all a territorial right and any territory is delineated, is defined by borders; since nobody denies that national, WIPO and community trademarks coexist in the same area (the European Union), the national borders simply cannot be wiped out.

It is true that the unified internal market exists; but its goal is the progressive abolition of the obstacles to freedom of circulation of the goods, the services, the capital and the workers. It was never thought by its founders to abolish the borders between the different member States; simply, all members want to create a real common market between all member States where business can be done without any border problems. Therefore, we do not at all agree with the often-presented argumentation according to which it is impossible to require that the CTM has to be used in more than one Member State, since such an obligation will be against the spirit of the Common Market, as a homogeneous unit.

Even if a comparison with the US system is not easy, let us remind that whereas federal laws must not regulate commercial matters which are internal to a state, a federal TM can be sufficiently used if there is "inter-state commerce": in other words, use in a single state is by definition not sufficient...

30. Yes, the European Union should be understood like a homogeneous unit, but each of the member States is a part of it and we do not see why one should register a CTM if he/she wants to use it only in a minority part of the Common Market: national or WIPO trademarks are appropriate and quite sufficient for such a use. The three protection forms exist in the Common
Market and therefore it does not make any sense to say that the CTM is sufficiently used, on a geographical point of view, if it is used in only one member State, just because this member State is part of the Common Market. The CTM is a larger protection than a national one, since it gives protection for the whole Community territory, but if one (“X”) does not do business in a wide part of the Community she/he just does not need this larger protection and in this context he should not be able to “block” competitors wanting to do business in a big part of the EU or in another part of the EU where X is not doing business.

Indeed we believe that referring to the internal market as an argument why use in one member State should be sufficient incurs consequences completely opposed to the real purpose of the Common Market: freedom of business between all actors from all member States.

31. Indeed, unlike in Benelux (1971) or in the reunited Germany (1990), the creation of the CTM did not replace the previous national TM registration systems (i.e. the national TM and the designation of EU member States via a WIPO trademark); on the contrary, since, (almost) simultaneously with the CTM, the Madrid Protocol was adopted, in particular with the aim that the EU countries not part to the Madrid Arrangement would join the "WIPO trademark system"! And it did work: from 1995, all member States except Malta joined the Protocol and 2 (Cyprus, Latvia) also joined the Arrangement. And even the EU joined the Protocol in 2004...a possibility created in the Madrid Protocol (it did not exist in the Arrangement) which was elaborated at the same time as the CTMR: nobody can deny that there have been interactions between these two parallel processes...

32. This option of the coexistence between these various TM rights was in particular unequivocally stressed in § 5 of the Preamble of the CTMR: "Whereas the Community law relating to trade marks nevertheless does not replace the laws of the Member States on trade marks; whereas it would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as Community trade marks; whereas national trade marks continue to be necessary for those undertakings which do not want [by the way, "want" is a surprising term here: the French version states "désirant" (= wish); indeed "wish" or, better, "need" would be a much more appropriate term than "want" which conveys a notion of rejection whereas the involved "undertakings" just pragmatically do not wish to use in some situations, in particular in case of a geographically limited use, an "overdimensioned" hence inadequate tool] protection of their trade marks at Community level;". And among many other persons, Jean-Claude Combaldieu in a speech made on May 29, 2000 reminded, "The national trade marks are and shall remain essential in Europe".

By the way, in this matter we somehow disagree with Fabio Angelini who does not want to refer to member States as regards geographical issues; indeed since the CTM appeared and exists in a "densely populated" legal context, it should follow the same rules as those in harmonious city planning which requires that a new building, whatever its importance might be, inserts itself into its existing environment/surroundings and "respects" it: this means that one must take into consideration the existing buildings, spaces... Thus we believe it is impossible not to refer to the member States and to the national borders...in particular if we want to ensure a really community/"intereuropean" use of CTMs.

2°) Complete autonomy of the CTM protection system

33. Furthermore, we would like to stress the fact that the CTM is a completely autonomous protection system as compared with the national TM systems, bearing in mind that the ECJ has not yet rendered many decisions as regards use of TMs on the implementation of the CTMR; but the ECJ rendered more decisions involving the implementation of the Directive.
Of course there are many common points between these two Community rules and it is therefore natural and legitimate to wonder whether a provided interpretation within the framework of the Directive can be applied to similar points within the CTMR: a priori this is a rational approach meeting the need for a certain consistency.

However this must not go to the point that any interpretation of any provision of the Directive must always be followed by the national or Community jurisdictions/institutions when they are facing a similar problem within the frame of the CTMR. In addition, we must not forget that a situation within the context of the CTMR is not necessarily identical to a similar problem within the frame of the Directive, even if the relevant provision(s) of the Directive is(are) identical to the relevant provision(s) of the CTMR.

34. Indeed the whole difference is the approach:

- since a CTM ensures protection all over the EU whereas a national TM (or a national portion of a WIPO trademark) ensures protection only in the country where it is registered,
- it is logical that,
  . to accept this (geographically) much broader protection and to ensure that this EU protection fits into all national protection systems without "disrupting" them,
  . the criteria should be in a certain number of cases different and/or stricter.

As a matter of fact, it is true that the OHIM itself refers to ECJ decisions rendered within the framework of the Directive. But this is not automatically the case of the CFI's judges who constantly underline the autonomy of the mechanism of the CTMR as compared to the national systems: in § 47 of ELECTRONICA (T-32/00, December 5, 2000; MarkenRecht, 2001, p.36), the CFI stated "The Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it; it is self-sufficient and applies independently of any national system."; and the CFI made the same statement in the beginning of § 47 of STREAMSERVE (T-106/00, February 27, 2002), namely "As regards the national decisions referred to by the applicant, it must be borne in mind that, as is clear from the case-law, the Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it; it is self-sufficient and applies independently of any national system (Case T-32/00 Messe München v OHIM (electronica) [2000] ECR II-3289, paragraph 47).".

As a more recent example, see the beginning of § 45 of the opinion of Advocate general Sharpston delivered on March 30, 2006 in the EUROPOLIS case (ECJ, C-108/05): "The Community trade mark and national trade marks are conceptually different.".

3°) Consequences to be drawn

35. "Since a CTM... now provides protection in such a vast territory the question arises whether the use of these regimes are appropriate in all circumstances." (ECTA Paper, p.8).

Indeed, even if -what we do not believe in view of the preceding- this coexistence was not a choice but a constraint (it would have been too complicated to replace all existing TM systems in current or future EU countries by CTMs only), this coexistence is inescapable and we must thus draw all logical consequences from this situation.

a) In all countries/territories: "all or nothing" situation

In all countries/territories worldwide on a national level (in all member States, as well as in every other country, even those with a strong federal tradition such as the USA, Germany or Switzerland), there is an "all-or-nothing" situation:
- either you can register a national TM (and/or, in around 75 countries, also extend a WIPO trademark)
- or if said TM is rejected, you have nothing or not much, noting that US state trademarks are not a really satisfactory alternative because they confer heterogeneous and often weaker rights.

So, even if one is using a trademark only in a limited area of a country, the only available option to protect said TM rights is to obtain a registration on a national level, even if this TM owner might never really be active at such national level.

b) In the EU: several options exist

“Trademark owners, have to choose between local, regional or multi-national protection. For example the EU IP field provides for protection at several levels:
* Local/regional levels (Benelux and other EU countries);
* EU level (CTM; ...); or
* Multi-national protection (Madrid Agreement, Madrid Protocol...).” (ECTA Paper, p.9-10)

On a EU level, the TM applicants have the -unique- possibility to choose between several "tools" of almost equal legal strength (the main difference being the geographical scope) to protect their rights in the EU market/territory: national TMs, use of the WIPO system "à la carte" (except in Malta) or the CTM; in other words, if the TM applicants do not need or cannot register a CTM, they have several fall-back options which in many cases will correspond more to the actual geographical scope of their business (= in one or a limited member States).

“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?” (ECTA Paper, p.10).

36. c) In the EU the scope of protection must depend on the scale of use

Indeed, as it is most rightly stated in the CTMR, not all TM applicants “want protection of their trade marks at Community level” because they often simply do not need such a geographically wide protection for activities performed in a limited area, either in one country (a hotel in Bavaria, a traditional small-scale manufacture of sausages in Malopolska) or in a limited number of EU member States: no need of a giant truck to deliver a pizza, of a power-hammer to crush a fly (cf. Document 1: No Lorry for delivering a Pizza!...)

As J. Kulikowski wrote: "The fact of preservation of two parallel legal systems, in consequence, must involve the necessity of diversification of the use requirement with respect to the national and the Community trade marks, the prerequisite of legal protection being in fact the trade mark use. Therefore, the scope of protection must depend on the scale of use. The consequence of such solutions must be restoration of the balance between the national and the Community trade mark protection...".

B - The "clogging" of the TM registers and its various negative consequences

1°) Extent of the clogging

37. a) There is an increasing number of CTMs:
- since 1999 more than 40'000 CTM applications were filed every year and the trend is increasing:
57'659 CTM applications in 2003;
58'855 CTM applications in 2004;
58'651 CTM applications in 2005;
16'706 CTM applications in January-March 2006 (x 4 = 66'824);

- as regards the CTM registrations the increase is even more dramatic:
  * 1999 to 2004: between 34'000 and 39'000 CTM registrations every year;
  * 2005: 59'695 CTM registrations;
  * January-March 2006: 17'997 CTM registrations (x 4 = 71'988);

- among the 496'982 CTM applications filed during the period 1996-2005, 299'659 were word marks [pure word marks and TM comprising (a) word(s) associated with non verbal elements], representing 63.76% of all CTM applications filed in 1996-2005; we mention these figures because the clogging of the TM registers essentially concerns word marks.

Such views about the "clogged TM registers" and the problem created for people seeking to clear new trade marks for use are more and more expressed: for example this was told at the OAMI's User's group meeting in Alicante on October 24, 2005 by representatives of CTM owners/applicants.

"The number of trade mark registrations is further expected to increase as the link between the Madrid Protocol and the Community Trade Mark becomes increasingly more popular." (ECTA Paper, p.9)


38. b) CTMs can be bars clogging TM registers

Now we must bear in mind that CTMs can be bars to "global" projects (ex: on a European scale = simultaneously in 23 countries/territories) unlike the national or even the WIPO trademarks which can be dealt with country per country; moreover CTMs are also bars to more "local" (in 1 or a few EU countries) projects. These bars can result in particular in:

- oppositions to the registration of any fresh TM application at the OHIM or in any member State
- and/or lawsuits stopping the use of the involved fresh trademark.

Thus as we all know, to be able to register or at least to use safely a trademark, a proper "liberation strategy" must be implemented: prior rights searches, investigations about the possible use of relevant prior TM, negotiations, cancellation procedures for non use...

2°) A farewell to cancellation actions for non-use?

39. a) Such actions are a major tool in the frame of liberation strategies:

- directly: elimination of bars to the registration and/or the use of a trademark;
- indirectly: the threat to launch such an action is a more than usual tactic in negotiations and enables the elimination of bars (via purchases, coexistences, voluntary withdrawals...) in reasonable conditions, in particular financially.
Indeed, as Nathalie Dreyfus & Béatrice Thomas state in page 289 of their manual (Marques, dessins & modèles), "...the cancellation for non use prevents the maintenance of "bar trademarks"...The cancellation for non use enables thus to "clean up" the trademark registers. Further to a cancellation action launched against such trademarks, they become again res nullius and can therefore be freshly filed by third parties.". By the way this certainly meets the public interest we mentioned in § 27 here above.

40. In other words the cancellation action is an element which is most necessary to ensure a balanced "legal environment" for trademark owners (current and future): like in a sustainable natural environment, there must be "mechanisms", "legal predators" ensuring that none of the living beings within the system will "overdevelop" and impede the existence of the other living beings...If not, our "trademark environment" will look like those lakes dying from eutrophication, i.e. the overdevelopment of some water plants which makes life impossible for most other usual lake plants or animals.

One must bear in mind that, like the Roman god Janus (cf. Document 3: Janus), a TM registration, in particular a CTM, has two indivisible "faces":

- for its owner it is a "blessing" = the possibility to peacefully use a brand and the right to forbid any third party from using or registering an identical or similar trademark;

- but, reciprocally, for third parties who need to secure TM rights, this same CTM registration is a "curse" = it is a bar to their project, either in one or in a few member States or on a Community scale.

Of course, none of these visions is "good" or "bad": we must just keep in mind that in a "clogged" legal environment, the "destruction" of existing TMs is as "normal" as their "creation" process simply because it is more and more often a part of the "creation/protection" process. Thus the rules and their implementation must actually be neutral in this respect to ensure a real place for innovation within a dynamic protection system. One can of course deplore that TM rights are becoming less "stable" or "permanent": but this is clearly a general trend in business life, to which trademarks belong after all...

41. b) Investigations on use

Generally you do not launch a cancellation action or threat to launch one without having checked whether the "targeted" trademark is used: otherwise you would simply make a "risky" or even a "reckless" gamble. Now, if the use of a trademark in 1 or 2 countries (or even in a part of one country) is deemed sufficient, cancellation actions for non use will be more and more hazardous and this "legal tool" will become more virtual than real because:

- you will be forced to carefully check in every EU country (already 25 today!) whether the TM is used: this is obviously (very) expensive, in particular if you want a reasonably reliable information because the success of your future liberation strategy will obviously depend on the quality of this information: who can afford this apart from the "big companies"? And what if there is more than 1 CTM to be investigated?

- even if you can afford such "global" investigations, there is a reasonably serious "statistical risk" that in one of the 25 involved EU countries, for example in Cyprus or in Wales, an "unexpected" or "unpredictable" use can be evidenced by the owner of the prior "targeted" CTM...and your whole liberation strategy is ruined...
42. c) A worrying and illogical evolution

Let us be clear: if use in a part of a country or in 1 or 2 countries is deemed as sufficient, most of the cancellation actions for non use against a CTM will be quite expensive and hazardous procedures; in other words, this procedure (and the threat to launch it) will be seldom used which means that in most cases you must pursue a liberation strategy without this tool.

Whether one thinks this is a serious problem or not, nobody can deny that such will be the situation: is this what we want? Is this in line with the general trend in Europe of a growing awareness of the risk of clogging the TM registers with (insufficiently) used TM, a concern which led for example to the introduction of the cancellation action for non use in countries which did not have it in their TM laws (ex: Nordic countries, including Norway which is not an EU member State) as the implementation of Articles 10 and 11 of the First [Harmonisation] Directive N° 89/104/EEC?

Finally, strictly legally speaking, if use in a part of a country or in 1 or 2 countries is deemed as sufficient, one simply cannot understand the "raison d'être", the legitimacy of Article 108.2.a which allows conversion of a CTM cancelled "on the grounds of non-use" in the member State(s) where the Community trade mark has been put to use".

3°) How to "twist" the rules and contradict the aims of the CTM

43. Worse: the validity of the use in one country can be a powerful "incentive" for CTM owners who want to "twist" this tool: for example, there are cases of CTM applicants which use 5 or 6 different TM 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 every of these CTMs, assuming that the use in 1 or 2 countries would be sufficient.

The main consequences thereof are:

- the involved company can artificially divide the EU market; in other words, a geographically low requirement of use of CTMs favour tactics which are detrimental to the free circulation of goods;
- 5 or 6 trademarks -and trademarks similar to each of them- are not available for any third party neither in the whole EU market nor in any of the 25 member States;

By the way such tactics demand obviously more than some legal expertise and money are therefore not accessible to everyone...

Now validating as sufficient the use in one (or in a few) member State(s) leads to situations which are clearly in total contradiction with one main aim of the creation of the CTM, namely the elimination of such artificial barriers in the Community market; cf. § 1 of the Preamble of the CTMR: "...completing an internal market which functions properly...; whereas in order to create a market of this kind and make it increasingly a single market, not only must be barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted,...". No rule can fulfill opposite aims and choices must be made in view of the practical consequences of the chosen orientations.

Thus let us rather bear in mind that the aim of the CTM is to facilitate the access to a unified Community market with the logical condition/counterpart that CTMs which are not (sufficiently) used can be easily "eliminated".
Increased risks of confusion for the consumers

44. If it is admitted that use in one or in a few countries is sufficient, we have seen that it will be extremely difficult to eliminate existing CTMs. Moreover, since a significant proportion of the CTM owners do not take action (opposition, litigation...) against younger TM applications (CTMs, national or WIPO trademarks), there is an increasing danger to have on the market more and more identical or very similar trademarks designating the same goods or services; this will increase the risks of confusion for the consumers who will more and more be "lost" in this "out of control proliferation" of trademarks on the registers and hence on the market.

In other words, in a context where a considerable (even increasing) number of TMs is continuously filed, there must be effective provisions enabling to limit this kind of misleading coexistences or at least not making their development easier; overprotecting CTMs against the "risk" (which, as stated here above, is reciprocally an opportunity, a chance for the other party, the interests of which are equally respectable) of cancellation for lack of sufficient (geographical) use is certainly not going into the right direction...

C - Unjustified fears and objections

45. Some persons are in favour of a "low level" requirement as regards the geographically sufficient use: they support use in a part of a (big?) EU country or in 1 or 2 countries; for various reasons, others even reject as a matter of principle the idea of a geographically sufficient use of CTMs.

We will now review these arguments and fears and explain why they are generally not justified.

1°) Discrimination between small/poor and big/rich CTM applicant/owners

a) Argument

46. It is much more difficult for a small CTM owner than for a big one to use his CTM in more than one country: thus a higher requirement as regards geographically sufficient use will benefit only to big/rich CTM owners.

As an example of this belief, we shall quote II.5.2 3rd paragraph the abovementioned Guidelines (Concerning Proceedings before the OHIM - Part C: Opposition guidelines - Part 6: Proof of Use): "Any other rule [than considering that a use in a single member State or a part thereof is genuine: cf. 2nd paragraph of II.5.2] would discriminate between small and big enterprises, and thus be contrary to the aim pursued by the CTM system which should be open to businesses of all kinds and sizes".

47. This is unquestionably a respectable concern: indeed everyone obviously agrees with "the aim pursued by the CTM system" as set forth in this sentence;

But this text is a mere statement as regards the most serious allegation of discrimination and it is not sustained by any argument or proof; how should the "open" nature of "the CTM system" be appreciated?

- by reference to the low cost (at least as regards the official fees) of the registration of a CTM?
- by the fact that if a CTM is really used, even on a small geographical scale, the owner of said CTM is immune to cancellation actions for lack of (sufficient) use and can thus maintain his rights easily "forever"?

- or by the fact that cancellation actions for lack of (sufficient) use can "reasonably easily" be implemented in practice by the newer TM applicants so that they can have a fairly easy access to TM registration?

b) Answer

48. This is the wrong debate: the point is that only CTMs which are used on a geographically sufficient scale can avoid cancellation for lack of sufficient use, regardless of the identity or size of their owners. Maintaining a CTM in force "forever" is not a "universal Human right": a CTM is a big and powerful tool which can (seriously) "harm" the existing legal TM environment if excessively used; thus the CTM should be used preferably only in situations in which it is really appropriate.

49. There should not be a right to own a CTM forever thanks to the "elimination" in practice of the cancellation procedure for non use. A "healthy" balance must be kept between:

- the maintenance of TM rights which are monopolies benefiting to private individuals or companies

- and the freedom of trade and business that must not be hampered by an excess of monopolies and privileges.

50. The acquisition of TM rights, including the possibility to register a CTM must be reasonably easy and cheap; this acquisition often incurs the implementation of liberation strategies comprising cancellation actions for lack of (sufficient) use: if such actions are very difficult and expensive, only big/rich players can afford them. "In this world of increasing globalization, ECTA as a European association should be particularly concerned about European IPR owners including those actors who do not have the necessary internal IP experts in their companies and the necessary budgets to monitor and defend their IPRs." (ECTA Paper, p.12).

Indeed, as one can see from the attached chart (Document 4: "The real cost for registering a CTM in 1 class and ensuring its peaceful/safe use"), the (actually quite low) amount of the official fees is not a real problem; rather the level of some of the biggest expenses (investigations on the use of relevant prior TM s, implementation of liberation strategies, in particular via (the threat of) cancellation actions for lack of use) depends in particular on the definition of what a (geographically) sufficient use is.

51. On the other hand, to avoid the clogging of the CTM register, the requisites for the maintenance of TM rights, including successfully defending a CTM against a cancellation action for lack of (sufficient) use, must be rather demanding.

52. Many small TM applicants in the various member States need TM protection in only 1 or 2 countries: thus they need to file not CTMs (which are obviously "oversized" for the scope of their business) but only national and maybe WIPO trademarks designating only a few member States: by the way, if further to the development of their business on a geographically broader scale, these "small applicants" want to file a CTM, the prior rights stemming from their prior TM can be "acknowledged" in the CTM thanks to the seniority system, another bridge between the CTM and the other TM system enabling a progressive protection of TM rights by keeping and integrating the previously acquired TM rights...
53. Now, for these TM applicants who need protection in 1 or 2 countries, prior CTMs are bars to their project. If it is very difficult and expensive to eliminate a relevant prior CTM via a cancellation for lack of (sufficient) use, these TM applicants (individuals, small or medium sized companies) will of course be handicapped. From a business point of view, does it make sense that a CTM used only in the UK or in Poland blocks the registration and use of a brand for a hotel in Hungary or for a small sized ice cream business in Latvia?

"Take the example of trade marks. Finding potential available trade marks is becoming more difficult all the time. And, if trade marks owners register their marks in countries where they do not use them, they are unduly restricting the right of others to obtain similar marks." (ECTA Paper, p.11).

2°) **Discrimination between small and big member States**

a) Argument

54. Permitting use in 1 country to be sufficient ensures equality between big and small member States.

b) Answer

55. It is most likely that sooner or later it could be more or less generally agreed that you cannot freeze the EU market by using a CTM in a member State having a small population, such as Cyprus, Malta or Luxemburg...whereas a use of a CTM in a big member State (Poland, Italy, France, Germany...) would be acceptable because their population represents a "sufficient proportion" of the whole EU population: who never heard of such ideas? All animals would be equal, but some animals would be more equal than others?

56. As we already noted accepting use in one country benefits much more to "rich/big" CTM owners than to small or medium sized companies: now except some cases (ex. big companies with their head office in Finland, Luxemburg or the Netherlands), most of the "big/rich" companies are based in the big member States.

57. The CTMs (in comparison with the 2 other types of TM applications: national, WIPO) represent a much bigger percentage of the TM rights in the medium/small member States, in particular in the new member States, as proved by a few statistics for the first half of 2005, a period for which figures are now available for most countries:

- during these 6 months, 30'255 CTMs were filed;

- these CTM applications represent the following percentages of the TM applications filed during this period: 78.93% in the Czech Republic, 86.45% in Denmark, 91.10% in Lithuania, 93.34% in Slovakia and 97.76% in Malta; also "in July 2005 in Poland there were approximately 91'500 national TM registrations, 51'000 pending [national TM] applications and about 97'500 TM protected via the Madrid Agreement and/or Protocol; the database of OHIM, in turn, reveals at the end of June 2005 approximately 268'000 registered CTMs and 110'000 pending [CTM] applications." [Source: J.Kulikowski]; in other words around 62% of potential obstacles to a new trademark in Poland were CTMs in July 2005: this is a lower percentage but Poland is a "specific case" among the new member States since its population (38 millions in 2003) is almost as numerous as in Spain (43 millions in 2004)...


whereas the above mentioned 30'255 CTM applications generally represent a much lower percentage of the TM rights in the biggest member States: 47.19% in Spain, 43.75% in France and 63.13% in the UK.

Thus the percentage of TM rights originating from the OHIM is much bigger in small and medium member States: in other words, in particular in almost all 10 new member States of 2004, the "eruption" of this huge amount of additional TM rights (CTMs) all representing additional possible bars to new TM applications (national, WIPO, CTM) radically -and suddenly- changed the situation as regards TM availability: this means that following rules making liberation strategies -including cancellation actions for non (sufficient) use- difficult is particularly detrimental to the new TM applicants in these countries.

58. The biggest CTM owners are generally companies from big and rich countries, i.e. either the biggest Western member States or a few non EU countries (Japan, USA...) which thus "occupy the space": as an illustration, from 1996 until January 2006, 66.63% (= 2/3 exactly) of all CTM applications were filed by companies and individuals located in only 5 countries (USA: 22.56%; Germany: 16.46%; UK: 12.25%; Spain: 7.73%; Italy: 7.63%); and we must link this with the fact that making cancellation actions for lack of (sufficient) use very difficult (cf. here above) means in practice that you favour the existing owners (which stem from "big/rich" countries as we just noted) against the newcomers which will not be able to clear up the way to the registration and a peaceful use of their trademarks (CTMs or others).

Discrimination against new member States

a) Argument

59. Complicated requirements as regards the use of CTMs will make things difficult for the new member States in which there are anyway not many "big/rich" TM applicants/owners; cf. also here above the fears for the small applicants, the small member States...

b) Answer

60. One can cite again the arguments which were set forth in 1°) and 2°) here above.

61. More specifically: since 2004 almost all new member States have a small or medium population and most of them "switched" to market economy only around 15 years ago; thus in none of these countries there are (very) "big/rich" TM (in particular CTM) applicants/owners; but this will most probably gradually change as the economies of these countries globally improve and there will be more "big/rich" TM applicants/owners in the future.

Making it easy for owners of existing CTM registrations to maintain them in force "forever" by avoiding in practice the risk of a cancellation action for lack of (sufficient) use is a choice - whether deliberate or not- against the possible new players, which is and will be the "profile" of almost all companies and individuals from the new member States.

In other words the interest of the future TM applicants in the new member States is a reasonably easy access to TM registration (CTMs or others) and this of course includes a real chance in practice to implement liberation strategies: in this spirit, defining the geographically sufficient use of a CTM as a use in much more than in 1 country is clearly beneficial to TM applicants from the new member States.
4°) The concept of borders/countries is obsolete/irrelevant

a) Argument

62. By definition in the great unified EU market references to countries or borders are irrelevant or even dangerous.

Sufficient use of a CTM should be defined only by genuine use.

b) Answer

63. As previously reminded TM protection is basically territorial and the national TM protection systems still exist: thus the existence of the national borders cannot be ignored.

64. To "overcome" borders, you must know where they stand; if not, you will be "satisfied" with a use in say 2/3 of Italy representing around 40 million consumers and you will consider it as a genuine use...whereas it is obvious that a CTM is not necessary thus not justified for such a use: in such a case a national TM protection would be quite sufficient...

65. The CTM did not replace the existing TM rights (cf. II-A-1° here above: § 29-32): thus to assert -even a thousand times with the greatest authority- that in any case there are no more "internal" borders is not at all a "master argument" but rather a somehow "personal" opinion and at the end of the day a most disputable assertion since it "forgets" that the national and WIPO trademarks were not abolished within the EU and that these pre-existing systems even developed since 1996.

In the EU market there is a unique variety of coexisting interrelated (transformation, seniority, OHIM-WIPO link...) available legal tools ensuring TM protection: thus let us have "custom-made" protection meeting the various needs, from activity in a small part of a member State to business on a truly EU level; unlike in individual countries, there is no "all-or-nothing" situation in the EU as regards TM protection: if a CTM cannot be obtained or maintained, one can rely on national or WIPO trademarks.

Thus simply transposing national concepts on a EU scale can be wrong in some cases: like some laws in physics, what is true at one level (in this case the national level) can be wrong at another (in this case the EU level)...

66. "Use in the Community" should be interpreted as in particular an economically significant use on the EU level, by opposition to the use in 1 or 2 member States, even if they have a big population and if the use is made in the whole country; cf. the concept of "inter-State commerce" in the USA, even if it is not sufficiently demanding to be transposed just so (the US legal context being significantly different) into the CTM practice...

Conclusion of Part II

67. Clearly, sticking to the idea that use in one or in a few member States is sufficient to avoid the cancellation of a CTM for lack of sufficient use, incurs quite negative consequences and these negative effects will increase with time.
Now, since we saw that the various possible reasons justifying this position are quite disputable, we must not fear to explore what reasonable solutions could constitute the best possible compromise between the various involved aims and interests.
III - What could be a satisfactory solution? Principles and proposals

A - Principles: balanced compromises to be kept in mind

1°) Monopolies vs. free competition in free market economies

68. a) When implementing or practicing IP (trademarks here), we should always keep in mind that, apart from very general concepts on which everybody agrees (ex: IP must be protected), there are many alternatives as regards how they should be implemented (ex: how far should IP be protected?); indeed most of the provisions within the applicable texts are a compromise between different and sometimes opposite interests; thus, when analysing these texts or implementing them, let us remember who will benefit or suffer from the selected option(s) and consider calmly whether these results are acceptable or not and why.

69. b) In other words, instead of pretending that we can reach an "ideal solution" which will please everybody, we believe that it is more realistic and useful to seek a "healthy" balance between:

- the maintenance of TM rights which are monopolies benefiting to private individuals or companies; granting a trademark awards a monopoly to the trademark owner that will enable him to reap the fruit of his efforts: market research, marketing, advertising and commercial investments, anticipatory protection of the trademark in future markets...

- and the freedom of trade and business that must not be hampered by an excess of monopolies and privileges: this economic concept actually forms an integral part of intellectual property law, which is why, for instance, patents are subject to a limitation in time, and trademarks are subject to the requirement of "genuine use" so that registers are not blocked by trademarks which are not really used and penalise newcomers on the market, in particular the most creative ones.

It has been constantly written and reminded for decades that a trademark must be used under the penalty of loss of the right thereon by its owner. See the beginning of § 8 of the Preamble of the Directive: "Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation;".

70. c) Thus an industrial property right is defined as a monopoly granted to the proprietor to the exclusion of all other actors on the market. It follows that the strength of an industrial property right granted to the proprietor must be proportional to the scope of its use. In other words:

- the greater the scope of the right of use (in the case of a CTM, we are talking about 25-State Community and 450 million inhabitants),

- the more drastic the requirements should be in terms of intensity and scope of such use.

It is therefore legitimate to block this vast Community market, but only if the trademark is genuinely used on a community level and in an economically significant manner in terms of the EU market.
"When making decisions or taking positions, ECTA should always strive to maintain a balance between the rights and interests of the various parties involved, such as applicants, opponents and consumers." (ECTA Paper, p.13). This principle of a fair balance is even more indispensable with regard to regulations and their implementation...

71. On the other hand, supposing a CTM has been filed in anticipation of an activity on a community scale and that, 6 or 7 years (1-2 years between application and registration of a CTM + 5 years after its registration) later, the effective use of that CTM is limited to a small – or even a tiny – portion of the Community, there should be no legitimate right to maintain this CTM beyond this initial 6 to 7 year period, given the disproportion between the strength it awards and the economic reality. Projects that have to be totally or partially abandoned are also a part of business...This is the difference between "giving a chance to anybody" and maintaining rights that have become unjustified.

In other words, a trademark is just an economic asset: even if it can legally "last forever", we must not forget that brands are mortal and most of them have on a business point of view a "life expectancy" not much longer or sometimes shorter than other assets of a company such as a plant or a coal mine. Let us not forget this when analysing and implementing TM laws.

2°) Acquisition and maintenance of TM rights: the "good mix"

72. a) Cost/difficulty for acquiring TM (in particular CTM) rights

This includes the cost for prior rights searches, investigations, liberation strategies... all these costs being much higher than the official taxes (it is neither serious nor realistic to base a cost estimate only on the amount of the official taxes: cf. the attached chart/Document 4 "The real cost for registering a CTM in 1 class and ensuring its peaceful/safe use"): it should not be too high/difficult because "everybody should have a chance" if he thinks he is going to do business on a EU scale ("easy entry");

73. b) Cost/difficulty for maintaining TM (in particular CTM) rights:

It should be rather "demanding" to avoid the clogging of the registers; an opportunity was given to the CTM owner: it was/could be seized or not; if not the CTM has no reason to continue to exist and there must be either a total cancellation or a replacement by national TMs (cf § 108.1.a & § 108.3 of CTMR), bearing in mind that in the member States where a national TM replaces the CTM, the owner keeps rights dating back to the same initial date(s) as the invalidated CTM: there is no loss of rights in the member State(s) of real interest.

B - A few proposals

74. On what conditions should a CTM be maintained and could in particular overcome a cancellation action for non-use? We believe that whatever solutions could be adopted, the following aims should be kept in mind, in particular with regard to 3°, 4° and 5° hereunder:

- it should be simple, quick and reasonably cheap to obtain the cancellation of a CTM which is not (sufficiently) used;

- one should however avoid to systematically "expropriate" the CTM owners since, as long as they do not block younger TMs (CTMs, WIPO or national), the presence of non used CTMs could be acceptable... provided of course that they can be easily "eliminated" if need be;
- one should avoid putting too much or too often a burden on the OHIM as regards the analysis of the validity of the use of CTMs because this exercise can sometimes be difficult for an administration in spite of the high qualification of the OHIM staff.

Indeed we wish hereunder to first of all provide a contribution -even if our proposals can be discussed or criticised- to an unquestionably necessary debate about the so much necessary needed "remedies" to the problems and risks we described here above.

1°) What could be a (in particular) geographically sufficient use?

Let us revert to the terms of the CTMR: "genuine use in the Community"

75. a) "Genuine use": important but partially obvious

Everybody agrees:
- that token use is not sufficient
- and that
  * to determine whether use is genuine
  * one must take into account on a case-by-case basis the characteristics of the involved market and the context of the business of the owner of the involved CTM.

So far so good. But this can be considered as the easiest part of the question of sufficient use: mutatis mutandis, this is a transposition of what has been stated, judged, written...for decades in many member States about the use of national TMs.

Maybe the most interesting with "genuine" is that its association with "in the Community" has a consequence on how we should understand or appreciate this latter expression.

76. b) "In the community"

REMINDER: the CTM is not the only available trademark protection system in the EU member States and it is not intended to replace the existing systems (national and WIPO); see II.A here above.

Ergo it must integrate itself into this legal context as an important but not unique option/tool among others (cf. Document 5: RESPECT THE ENVIRONMENT!).

77. c) In other words the CTM is not intended to be used in all situations where trademark protection is sought.

For a use in a few countries, national/WIPO trademarks are the appropriate way and they are also available as a fallback solution if the CTM is cancelled (cf. Article 108 of the CTMR); thus there is no justification for a CTM in such cases. And the fact that a CTM exists and is somehow used is not in itself a sufficient reason to save it forever from a cancellation for lack of sufficient use.

Thus the geographical criterion is essential to complete the definition of what is a sufficient use of a CTM allowing its maintenance.

78. d) “Double minimum”?
One could think of a "reasonable compromise" shaped as "guidelines", such as requesting use in a "double minimum" being a combination of number of member States and of percentage of the EU population; ex: use in 1/4 or 1/5 of the member States (= 5 or 7 member States out of 25) and this must represent 1/4 or 1/5 of the total EU population (= 90 or 125 million persons out of 450); this definition is more precise than the concept of "genuine use in the Community" [CTMR, Article 15...] but it is less demanding than "use in a substantial part of the territory" [CFI, HIWATT/K.K.Fernandes, § 37].

However, since this type of idea is a mere attempt to find a "reasonable compromise" without any reference to any legal source (text, decision...), it could rightly and endlessly disputed whether 1/8, 2/5, etc... of the member States and/or of the population could be a better choice;

79. e) Use in a substantial part of the Community?

The unquestionably best solution would be to revert to the notion of use in a substantial part of the Community, in particular because this is not an unknown concept as regards the CTM, as we could see here above (cf. I.A.1° & I.B.1°); of course one must keep in mind the clear meaning of the term "substantial" (cf. § 20: "relating to the main part of something", "relating to the main or most important things being considered"), which means that one cannot twist or distort the meaning of this term to cover situations where use exists only in one or in a few member States.

80. Therefore, applied to use, "substantial" should logically mean more than half of the EU. And, in the spirit of the CTM (see CTMR, Preamble, §1: "...it is desirable to promote throughout the Community a harmonious development of economic activities..."), we believe it should be the majority of member States (currently at least 13) rather than the majority of the population; for example, even if a CTM is used in Poland, Germany, France and in the UK (= around 250 million persons, thus more than 50% of the EU population in 2006), we believe this should not be considered as a sufficient use to maintain a CTM: in this case (i.e. use in only 4 countries, whatever their size or population might be), the adequate protection is provided by national TMs or better a combination of a national TM and of a WIPO trademark.

81. f) Use in all member States?

On the other hand -and this is our only disagreement in this matter with A-L. Durán- we do not believe that "only those trademarks should be maintained that have been put to genuine use in all [we underline] member States of the Community": indeed, for many products or services, among 25 so diverse countries, you have often one or several "specific" or "particularly difficult" markets in which the trademark cannot be present; but we do not see how one could sustain that a genuine use in say 15 or 20 countries is not a genuine use on a (25 member States) EU/Community scale: treating in the same manner trademarks used in 3 and in 20 countries would we believe not be in line with the spirit of the CTM.

82. This is an unfortunate transposition of a provision existing in Article 10.2.b of the Directive: "The following shall also constitute use within the meaning of paragraph 1: b. affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes". This type of provision existed already for various reasons in some member States before the Directive (of 1988).

Now this might be understandable on a national level; anyway this is an obvious case where a national TM is quite sufficient.
On the other hand it cannot be justified on a EU level:

- one must be aware that this provision is totally derogatory from the unquestioned principle of genuine use in the Community

- and one can fear that this article was transposed into the CTMR together with other provisions without specifically considering whether the presence of this quite particular provision designed to solve a specific kind of problem was appropriate in the CTMR.

Clearly this is not the case: thus Article 15.2.b should be deleted and the sole valid use stemming from "export purposes" should exist on a national level.

3°) Why not an obligation of use to maintain in force a CTM?

83. This is of course a familiar idea for lawyers with a "common law background".

Although this is not our case, in view of the "might" and "privileges" given by a CTM registration, we wonder whether it could be appropriate to request proofs of use (meeting of course all criteria for a sufficient use -hopefully revised along the lines we suggest here above) of a CTM at regular (10-year would be appropriate) intervals, as this is the case in the USA; by the way, the TLT does not forbid such a requirement, provided that it is not tied to renewal. The failure to provide appropriate proofs of use would incur the invalidation of the involved CTM.

This would not be a burden for first applications/registrations; but it would be a real obligation for CTMs existing for at least a decade; indeed it makes sense to request more from a company or an individual owning a CTM for at least 10 years than from a "first time applicant" who at the time of the filing might just be starting a business maybe in a sole place without knowing how things will develop (or maybe not) within the coming years.

Indeed this option has already been mentioned: as an example, during the FICPI Open Forum in Lisbon (November 2005), some speakers raised the question whether proofs of use should be required at regular intervals...

On the other hand, one could object that this "a priori systematical elimination" of CTMs would be a kind of "unjustified expropriation" because the presence per se on the OHIM register of non used CTMs is not a problem as long as said CTMs do not actually block younger TMs. In addition, this systematic would incur a lot of additional work (thousands of files per year) for the OHIM officers who would have to check whether the proofs of use filed by the CTM owners are sufficient.

4°) Why not requesting the filing of a Statement of Use at regular intervals?

84. Another option would be to request at regular (10-year would be appropriate) intervals from the owners of CTMs the filing of a Declaration of Use in which they would state that their involved CTM is sufficiently used: and this use should meet of course all criteria for a sufficient use -hopefully revised along the lines we suggest here above. The failure to file this Declaration of Use would incur the invalidation of the involved CTM.

Of course, to avoid "cheatings", there should be penalties for those filing such Declaration of Use whereas the involved CTM is not sufficiently used, at least if their bad faith can be proved; for example this could the obligation to reimburse without much limitations all expenses incurred by a person or an entity having successfully launched a cancellation action for lack of (sufficient) use against the involved CTM. One could also think of a temporary (3 months?) prohibition to
act before the OHIM (filings, renewals, other actions...) as regards the "cheater" and his counsel if any...

But one could wonder whether it would be easy to transpose such typical "common law" procedure and habits in a different legal context; in particular would all CTM owners really be as cautious as the British or US TM owners when it comes to draft, sign and file a "solemn" Declaration of Use?

5°) **Possibility to request proofs of use from the owner via the OHIM: transposition of the Canadian procedure**

85. The principle of the Canadian procedure in this respect is the following:

- a third party may request the Registrar to "...give notice to the registered owner of the trade-mark requiring the registered owner to furnish within three months an affidavit or a statutory declaration showing, with respect to each of the wares or services specified in the registration, whether the trade-mark was in use in Canada..." [Canadian Trade-Marks Act, § 45. (1)];

- if the owner of the involved trademark cannot file satisfactory evidence of use, "...the registration of the trade-mark is liable to be expunged or amended accordingly." [Canadian Trade-Marks Act, § 45. (3)]; of course this decision from the registrar can be appealed;

- if the Registrar decides that the evidence of use filed by the owner of the involved trademark is satisfactory, the other party can also appeal.

According to the persons who experience it, this procedure is generally simple, quick and cheap: maybe it could be transposed as regards CTMs. As non-Canadian practitioners regularly conducting TM searches, we can see that among the disclosed prior Canadian TMs many are noted as "abandoned" or "cancelled" and the abovementioned mechanism certainly contributes to this "scouring" of the TM register...

***************

**Conclusion**

86. One simply cannot disregard or ignore the practical consequences of the regulations or of their implementation; on the contrary, we should constantly wonder: "In practice how will this work? What will be the impact on business life?" We must first bear in mind that the purpose of IP regulations and decisions is essentially to ensure a balanced protection for current and future TM owners and applicants without forgetting to minimise the risks of confusion among the consumers stemming from an anarchic proliferation of trademark rights; in particular these regulations and decisions must provide realistic and "sustainable" solutions to the conflicts between the different players on the market; cf. ECTA Paper, p.14: "Now, is it not the time to keep the systems effective and to avoid being self-destructing and watered down? ... ECTA has to monitor and propose further changes of the Regulations with a view to providing 1. a balance of rights between applicants and holder of earlier rights;")

87. In this case, we see that the Community and national TM protection systems in all member States more and more seriously risk to be blocked further to the clogging of the registers; unfortunately one cannot say that the current definition of the sufficient use of a CTM, in particular in case it is attacked for lack of (sufficient) use, is satisfactory mainly because the
geographical factor has not really been taken into account, a most regrettable fact since TM rights are territorial: the texts are too vague and sometimes contradictory and there has not been yet any decision about the geographical aspect of use of CTMs.

88. Thus it is a true and complex question; answers must be given, even if one can of course disagree with the opinions and (indeed limited) proposals set forth in this paper, namely:

- in future decisions, use in a substantial part (meaning more than half of the member States) of the Community should -of course in addition to genuine use- be the criterion to define the sufficient use of a CTM and to determine whether it can overcome a cancellation action; to clarify things it would be advisable to amend the CTMR to specify this; attached hereto is a chart (Document 6: “CTM facing a cancellation action for non (sufficient) use – How to handle this?”) showing the various fates that could then be met by a CTM attacked for lack of (sufficient) use;

- § 15.2.b of the CTMR (stating that affixing a CTM on goods for export purposes constitutes a valid use) should be abolished and this provision should exist only on a national level;

- we must seriously think about introducing in a way or another a periodical use requirement for CTM or a procedure making it easier to cancel CTMs which are not (sufficiently) used.

"No matter if one disagrees with my answers as long as one cannot disregard my questions." (André Malraux).

89. To sum up, whenever regulations are not or no more adapted to the practical situation they are destined to regulate, uncritical acceptance is no more possible: as Immanuel Kant wrote: "Do not accept anything without having checked it"...Let us draw the consequences of this "discrepancy" and think how to adjust the regulations to meet the current needs of the market.

** END **

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ILLUSTRATING DOCUMENTS:

- Document 1 – II.A.3° (§ 36): NO LORRY FOR DELIVERING A PIZZA! [Visual as a humoristic illustration]

- Document 2  --  II.B.1°. a (§ 37): The "Cynthia" caught in the ice: 19th century engraving by Roux illustrating Jules Verne’s novel L'épave du "Cynthia" (The waif of the "Cynthia") [Visual illustrating The "clogging" of the TM registers and its various negative consequences];

- Document 3  --  II.B.2°. a (§ 40): Janus: a TM registration has 2 faces ("blessing"/"curse");

- Document 4  --  II.C.1°. b (§ 50): The real cost for registering a CTM in 1 class and ensuring its peaceful/safe use;

- Document 5  --  III.B.1°. b (§ 76): RESPECT THE ENVIRONMENT! [Visual showing how a big modern building is not integrated into the Paris landscape]

- Document 6  -- Conclusion (§ 88): CTM facing a cancellation action for non (sufficient) use - How to handle this? [chart]
DOCUMENT 1 (1/2) - NO LORRY FOR DELIVERING A PIZZA!
DOCUMENT 1 (2/2) - USE THE ADEQUATE TM PROTECTION SYSTEM!

- Use in 1 member State
- Use in a few member States
- Use in majority of member States or more
- National + WIPO TM
- CTM
- National TM
The "Cynthia" caught in the ice: 19th century engraving by Roux illustrating Jules Verne's novel L'épave du "Cynthia" (The waif of the "Cynthia")

The “clogging” of the TM registers

Will the TM protection systems in the E.U end up

← like THIS?
Like the Roman god Janus, a TM Reg. (in particular a CTM) has 2 indivisible "faces":

- for its owner it is a "blessing" = the possibility to peacefully use a brand and the right to forbid any third party from using or registering an identical or similar trademark;

- but, reciprocally, for third parties who need to secure TM rights, this same CTM registration is a "curse" = it is a bar to their project, either in one or in a few member States or on a Community scale.
A- **Base: application/registration costs**

- Official fees: **900 euros** (750 euros for an electronic filing)
- **Attorneys' fees** if applicant does not file directly.

B- **Checking the prior rights**

1) **TM search in the relevant 25 TM registers**

N.B.: these 25 registers are 23 national TM registers (Benelux = 3 countries) + WIPO + OHIM

a) Online search

- cheap if done by the applicant, supposing that he is able to do this, including analysing the results; if not this is done by a TM attorney and one should expect a minimum estimated cost of **1'500 euros**

- the available data bases do not cover the national TM registers of 9 member States; thus even if you conduct yourself an online search:
  * either you "bypass" these 9 member States, which means that you will not be aware of the possible bars existing on these TM registers, on which possible oppositions, litigations...against your CTM could be based --> RISK
  * or you check in addition these 9 national TM registers: this can be done only via TM searches conducted by a local counsel, with a minimum cost of 500 euros/register, thus a total minimum of **4'500 euros**.

b) Identical TM search

   By definition, it is "crude" since it does not cover similar TMs: the cost is around **1'000 to 1'500 euros**.

c) Full availability search in all countries

   This can be done only via local counsels or via a TM attorney centralising such searches and preparing a synthesis: **8'000 to 9'000 euros is a minimum cost** for this service.

2) **Other checks**

   Theoretically other prior rights (company names, domain names...) should be checked, at least if the planned trademark is important.

   → **Additional costs**
C- Checking the possible use of the relevant prior TM(s): investigations

It can be done via Internet but it is of course somehow "crude/limited". Anyway, even this (search + legal "analysis") has a cost if not done by the applicant.

(DOCUMENT 4: 2/2)

If your proposed trademark is important you need more complete and reliable information. This means that investigations must be launched; NB: for many obvious practical reasons investigations are conducted on a country per country basis. The aim of these investigations is not only to determine whether use exists or not but also to evaluate the extent of said use (if any) in the perspective of a possible cancellation action for non-use (see D hereafter).

One generally focuses the investigation on the owner(s) of the relevant prior TM(s); but it is not always possible to learn from this source all (even the reasonable minimal information) you need, in particular if the trademark is used by a person or a company other than the owner of the relevant prior TM, such as a licensee: thus theoretically the investigation should be conducted in the relevant market in general.

Now as soon as the relevant prior TM is a CTM, you should theoretically check whether it is used in each of the 25 member States, at least if use in one or a few countries is deemed as sufficient to avoid a cancellation for lack of (geographically) sufficient use: in other words, if use in Jylland (Denmark) or in Portugal or in Germany + Austria is considered as sufficient, you must "scan" each of the 25 member States, a quite complicated and expensive task... On the other hand, if the requested use for a CTM is a substantial use (= use in the majority of the member States or even -this is not our opinion- in the majority of the EU population), it will be much easier to detect this sufficient use.

Depending on the options, investigating about use of a CTM can cost from 500 euros to 5’000 euros or even more...

D- Implementing a liberation strategy

This means in particular negotiating with the owners of the relevant prior rights to obtain either a consent or an assignment or a voluntary deletion; if the prior relevant TM is subject to the obligation of use, a cancellation action for lack of (sufficient) use or the threat to launch such an action is not an uncommon practice...

Of course, if use in one or a few countries is deemed as sufficient, it will be much more difficult and expensive (ex: need to very carefully "cross-check" every use -even on a small scale- alleged by the owner of the prior TM: this increases significantly the costs) to implement such liberation strategies which can be the main source of expenses within the global process of ensuring the protection and use of a new trademark...

CONCLUSION

We must not be deluded by the unquestionable low level of the official fees because, as one can see here above, they almost never represent a big
percentage of the costs for a TM applicant who wishes to really secure his rights. Thus to make TM registration and use effectively easier and cheaper, the EU authorities must consider this issue on a more global level and they should focus on making liberation strategies really easier and cheaper, in particular by setting really demanding standards for sufficient use as regards CTMs.
As in harmonious city planning ensuring a good insertion of new buildings into the existing landscape...

... The CTM must not „harm“ the existing „legal environnement“ (cf. § 5 of the CTMR‘s Preamble)
**DOCUMENT 6 - CTM facing a cancellation action for non (sufficient) use –**

**How to handle this?**

**ANY USE?**

- **NO**
- **YES**

**GENUINE USE?**

- **NO** (token use)
- **YES**

**IN A SUBSTANTIAL PART OF THE EU?**

- = *Majority* of member States
- **NO** (only in 1 or in few States)
- **YES**

**MAINTENANCE OF CTM**

**Is this token use sufficient?**

- In any member State?
  - **NO**
  - **YES***

**• CANCELLATION WITHOUT CONVERSION**

→ *No more TM rights*

**• CANCELLATION BUT • CONVERSION**

In State(s) where use is deemed as genuine/sufficient
→ *National TM(s)*

---

*Token use is legally acceptable nowhere; but one can consider that the *actual practice* in some countries unfortunately “validates” such token use…*
REFERENCES

[the main documents are marked **]

I - TABLE OF TEXTS

A - TREATIES

Paris Convention for the protection of industrial property of March 20, 1883 revised


Treaty of Nice of February 26, 2001


Agreement on TRIPS of 15 April 1994

Trademark Law treaty (TLT) (1994) [signed on June 30, 1995 by the EU not entered into force for the EU]

B - DERIVED COMMUNITY RIGHT

1. Regulations


Regulation (EC) N°2868/95 by the Council of 13-12-1995 implementing the (EC) Regulation N°40/94 (OJEU, L303/19) ---> CTMIR


2. Directives

Directive 2004/48/CE concerning the measures and procedures destined to ensure the respect of intellectual property rights of 29 April 2004 (OJEU L157 of 30 April 2004, p. p. 45 and an erratum which was necessary further to the omission, in the first version, of the date of transposition into paragraph 20: OJEU L195 of 2 June 2004, p. 16)

** Directive N° 89/104 EEC of 21-12-1988 to approximate the Laws of the Member States Relating to Trade Marks (OJEU, n° L40/1 of 11-02-1989)

C - OFFICIAL DOCUMENTS, REPORTS & PROPOSITIONS

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2. OHIM

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** Guidelines concerning Proceedings before the OHIM - Part C: Opposition Guidelines, March 2004

3. WIPO

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A - European Court of Justice [ECJ]

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ECJ, 12-01-2006, Deutsche SiSi Werke, C-173/04 P

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C - OHIM

Cancellation Divisions

1st CD, 19-04-2005, Televista Sa de CV c./ Harro E. Schulze [TELEHIT], 626689/1

1st CD, 21-02-2005, Out of the blue KG c./ Kamasut Inc. [KAMA SUTRA],141366

D - Competent Courts for CTMs

NOTHING
III - DOCTRINE

A - TREATIES and MANUALS


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