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Genuine Use of Trade Marks

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<tr>
<td>BOIP</td>
<td>Benelux Office for Intellectual Property</td>
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<tr>
<td>CJ</td>
<td>Court of Justice</td>
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<tr>
<td>CJEU</td>
<td>Court of Justice of the European Union</td>
</tr>
<tr>
<td>Czech Civil Code</td>
<td>Zákon č. 89/2012 Sb., občanský zákoník</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<td>EUIPO</td>
<td>European Union Intellectual Property Office</td>
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<tr>
<td>GC</td>
<td>General Court</td>
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<tr>
<td>Member State</td>
<td>Member State of the European Union</td>
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<tr>
<td>Term</td>
<td>Description</td>
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<tr>
<td>Paris Convention</td>
<td>Paris Convention for the Protection of Industrial Property</td>
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<td>TRIPS Agreement</td>
<td>Agreement on Trade-Related Aspects of Intellectual Property Rights</td>
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<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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1. **Introduction**

1.1. **Why Genuine Use?**

As if follows from the statistics of the WIPO\(^1\), worldwide, the number of trade mark applications has been gradually increasing in last years. In year 2016, the competent authorities worldwide received almost 7 million trade mark applications which represents more than double growth in comparison with year 2009.\(^2\) Although not all applications render registrations of new trade marks, it can be seen that the number of trade marks in force has also been rising. The EU is no exception to this trend. Even though the situation in single Member States is more or less stable with some countries characterised by increasing trend (United Kingdom, Germany) and some characterised by slightly decreasing trend (Italy, Spain), the number of registered EU trade marks has since 2009 also doubled to currently approximately 1.1 million registered trade marks.\(^3\)

Consequently, the trade mark registers are filled with higher and higher number of registered trade marks. However, it cannot be said that all of these trade marks are actually used in course of trade. Subsequently, these marks are registered without any commercial exploitation preventing the public from registering of same or similar trade marks. Some countries, unhappy with such situation, have introduced to their legislation a rule that a registered trade mark has to be used. Such rule is not unusual in the field of intellectual property as several countries traditionally require an obligatory use of patented inventions. In these countries, it is believed that, in order to fully justify the monopoly given to the holder of the right, the patented invention should be used in the country where the patent is granted.\(^4\) Failure to use a patent can be then considered as the abuse of the patent rights and can lead to a grant of a compulsory license or a forfeiture of the patent.\(^5\)

With respect to patents, such measure can be justified with an argument that patented inventions often represent a form of an improvement of living standards and thus collective interest of such improvement prevails over the individual interest of the owner of the patent. However, the question arises whether there are any similar collective interests in respect of

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\(^1\) World Intellectual Property Organization.


\(^3\) Ibid.


\(^5\) See Article 5, Section A, Paragraph (2) Paris Convention for the Protection of Industrial Property.
trade marks that would justify the requirement of use thereof. In the territory of the EU it is pragmatically argued that such obligation will reduce the total number of registered and protected trade marks and, consequently, the number of conflicts which arise between them. It is argued that without the mandatory use the trade mark registers would be clogged with unused trade marks preventing others from valid registration of identical or similar marks which are actually used or intended to be used.6

This argument can be found expressly mentioned in the EU legislation.7 Moreover, it is argued that trade marks achieve their purpose, which is to distinguish goods or services and to allows consumers to make informed choices, only when they are actually used on the market.8 Consequently, similarly to patents, there can also be seen a clear collective interest, this time the interest of protecting consumers and their informed choices. Moreover, The European Commission held that defensive and strategic registrations which extend the scope of protection of primary trade mark without the intention to actually use such trade marks9 must be refused.10 Accordingly, there can be found another statement in the European legislation which provides that “there is no justification for protecting EU trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used”.11

1. 2. Purpose of the Thesis

Pursuant to the European legislation it is required to use a registered trade mark genuinely. However, it does not directly follow from that legislation what exactly does the term “genuine use” represents. Finding of the proper meaning of the concept of genuine use requires profound analysis of the case-law of the CJEU which has made many comments to this issue in dozens of its decisions. Since these decisions usually deal with different specific questions relating to the concept of genuine use, the relevant case-law seems fragmented. However, putting these decisions together, it is possible to get fairly clear idea about the concept and what it requires. Therefore, one of the main purposes of this thesis is to provide its reader with a complex

8 Ibid.
10 Case C-40/01 Ansul, Opinion of Advocate General, p. 42.
description and analysis of the concept of genuine use within the EU and its interpretation as presented by the CJEU. Besides, the thesis should clarify certain procedural aspects connected with the concept of genuine use, namely these related to proving of genuineness of a use of a trade mark and also these related to utilization of the concept of genuine use in various trade mark proceedings. Finally, the thesis should analyse the relationship between the concept of genuine use and trade mark licenses.

Accordingly, the thesis should deal with and provide answers to the following questions:

- What is the European legislative framework of the concept of genuine use?
- What kind of criterions has a use of a trade mark fulfil to be considered as genuine?
- What is the practice of the EUIPO regarding the requirements placed on proof of genuine use?
- What is the practice of the EUIPO with respect to means of evidence?
- What is the influence of the concept of genuine use on various trade mark proceedings, namely on cancellation, opposition and infringement proceedings?
- Why should a licensor pay attention to the requirement of genuine use when licensing his or her trade mark?
- What precautions with respect to genuine use should be negotiated in a licensing agreement?

1.3. Delimitation

The thesis deals with the concept of genuine use within European trade mark law. Since the essence of the concept of genuine use is highly harmonized the thesis particularly focuses on the legislation of the EU. Nevertheless, the national legislation of the Czech Republic is discussed as well as it provides an example of statutory regulation of the relationship between the concept of genuine use and trade mark licenses. The national legislations of other Member States are not examined.

The harmonization of European trade mark law has been carried out primarily in relation to the provisions of substantial law rather than procedural law. Even though certain harmonization has been realized also in relation to procedural rules, the Member States are, except certain principal procedural rules, left to provide their own more specific rules. Accordingly, the procedural aspects of proving genuine use differ in the Member States. Thus, due to space limitations, these national procedural rules are not discussed. However, as an example, the thesis deals with proving of genuine use before the EUIPO. Besides individual
trade marks the European legislation recognises also guarantee or certification and collective trade marks. However, these are not, due to space limitations, covered.

1.4. Methodology and Material
Concerning the methodology and the material various methods and sources are applied in the thesis depending on its different chapters. Predominantly, the methods of descriptive research, such as fact-finding enquiries are utilized. This descriptive approach has essential importance in all chapters of the thesis excluding the last chapter which is mostly based on the analytical research as it provides analysis of the relationship between the concept of genuine use and licensing agreements and further critically evaluate the statutory provision addressing this relationship.

Besides the methods of description, other research methods are additionally used. The historical legal research is applied in the chapter concerning the legal framework as the legislative history of the relevant legal instruments is studied and discussed. Furthermore, the comparative legal research is used to demonstrate differences in several decisions originating from different Member States which comment on the identical issue. The descriptive research is also completed by the analytical research as the thesis not only describes the actual state of affairs but it also provides certain evaluation of that state.

Regarding the material, the research is based on both primary and secondary sources. The thesis mostly deals with the relevant case-law of the CJEU and the EU legal instruments contained in the Official Journal of the EU. Besides these materials, the primary sources also include applicable international treaties and documents relating to the legislative history of the relevant legal instruments.

The Guidelines for Examination of European Union Trade Marks represent the most significant secondary source as they include the decision-making practices of both the CJEU and the EUIPO. Furthermore, several relevant textbooks and articles are used.

1.5. Outline
The thesis is divided into six chapters. After this introduction, the following second chapter deals with the legal instruments relevant to the concept of genuine use. Not only it identifies applicable legal sources, but that chapter also discusses the legislative history of the relevant EU legal instruments to illustrate how the issue of genuine use has been reflecting in these instruments. Third chapter addresses the concept of genuine use from a substantive law perspective. Accordingly, that chapter discusses various requirements imposed on a use of a
trade mark to be consider genuine. The fourth chapter touches upon proving of genuine use, particularly in relation to the means of evidence. The following fifth chapter provides information about the relationship between the concept of genuine use and trade mark proceedings. Having read that chapter, the reader should be able to understand how the concept of genuine use can differently influence various trade mark proceedings, namely cancellation, opposition and infringement proceedings. Finally, the sixth chapter analyses the role of the requirement of genuine use in trade mark licenses. That chapter also aims to suggests various precautions relating to that requirement which should be reflected by licensors. Finally, it also presents a possible statutory regulation of the relationship of the concept of genuine use and trade mark licenses.
2. Legislative Framework

As a starting point, the relevant legal sources governing the issue under consideration should be identified. Generally, there can be recognised three different levels of legislation influencing the trade mark law in the EU and each of them includes the provisions affecting the concept of genuine use in some manner.

2. 1. International Treaties

Because of their specific character that is given by the fact that they are binding on the contracting states, the international treaties should be mentioned first. Even though there currently exist several international treaties concerning trade marks, most of them deal particularly with procedural aspects of registration. Despite that fact, a minimal harmonization of substantive trade mark law is reached through the Paris Convention and the TRIPS Agreement.

2. 1. 1. The Paris Convention

2. 1. 1. 1. The Relevant Provisions of the Paris Convention

The Paris Convention was originally adopted in 1883 and it provides rules with respect to various industrial property rights. The Paris Convention has been revised several times and was lastly amended in 1979. At the moment all Member States are contracting parties to the Paris Convention. The issue of genuine use is discussed in Article 5, Section C, namely in Paragraph (1) which was added to the Paris Convention at the Revision Conference of The Hague in 1925, and in Paragraph (2) which was introduced at the Revision Conference of London in 1934.

The first paragraph does not impose an obligation that a registered trade mark has to be actually used by its owner, but it merely provides that “if, in any country, use of the registered trade mark is compulsory, the registration may be cancelled only after a reasonable period,

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13 For instance, the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, or the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.
14 The Paris Convention for the Protection of Industrial Property.
15 The Agreement on Trade-Related Aspects of Intellectual Property Rights.
and then only if the person concerned does not justify his inaction”. Therefore, according to the Paris Convention, it is upon discretion of each contracting state whether it requires obligatory use of registered trade marks or not. However, if such use is required, the proprietor has to be provided with a reasonable time and opportunity to use his or her mark. The reasonable period might be either laid down by the national legislation or its length might be determined by competent authorities on case by case basis. As it will be demonstrated bellow, the EU legislation precisely specifies that period.

As it can further be seen from the provision under consideration, the Paris Convention acknowledges that under certain circumstances the failure to use a trade mark might be justifiable, and consequently such trade mark shall not be subject to cancellation. It is a responsibility of the proprietor of a trade mark to demonstrate that his or her inaction has been justified, particularly with regard to the legal or economic conditions preventing the use of the trade mark.

The second paragraph of the aforementioned section then basically allows the proprietor to use a trade mark in a form that is not essentially different from the form in which it has been registered. Similar wording as used in this paragraph is applied in the EU legislation. Therefore, this issue is further discussed in Chapter 3.3.

2. 1. 1. 2. Applicability to Service Marks

The section of the Paris Convention in question had been introduced before the protection of service marks was recognised in Article 6sexies incorporated into the Paris Convention by the Revision Conference of Lisbon 1958. As it was refused to assimilate service marks to trade marks throughout the Convention at that Conference, there is no obligation following from the Paris Convention to apply the provisions at issue also to service marks. However, this dichotomy has been later overcame by Trademark Law Treaty 1994 and Singapore Treaty on the Law of Trademarks 2006, which both include in respective Article 16 an obligation that the contracting parties shall apply the provisions of the Paris Convention concerning trade marks to service marks as well. Every Member State has joined at least one of these agreements.

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20 Ibid., p. 76.
21 Ibid., p. 76.
22 Ibid., p. 122.
23 Ibid., p. 75.
2. 1. 1. 3. Enforceability of the Paris Convention

It should also be mentioned that even though the Paris Convention has been concluded between states, many of its provisions, including the section under consideration, are generally considered to be self-executing.\(^{25}\) That means that in countries which allow direct applicability of the provisions of international treaties to private parties, these private persons can invoke these provisions without any further intervention of the national legislator.\(^{26}\) These so called monist states can also be found among the Member States\(^{27}\). Despite that fact, the EU legislator has decided to directly incorporate principles from the Paris Convention into the EU legislation and the legislation of the Member States.

2. 1. 2. The TRIPS Agreement

The requirement of use of a trade mark is at the international level further discussed in the TRIPS Agreement which was adopted in 1994 as an annex to Agreement establishing the World Trade Organization and whose contracting parties include not only all Member States but also the EU itself.\(^{28}\)

Article 19 TRIPS Agreement concretizes the reasonable period which should be given to the proprietor of a trade mark before the registration of that trade mark may be cancelled on the ground of non-use. Pursuant to that provision, the cancellation may be exercised only after an uninterrupted period of at least three years of non-use. Similarly, as the relevant provisions of the Paris Convention, the TRIPS Agreement also recognises that certain valid reasons based on the existence of obstacles to use of a trade mark prevent the competent authorities from cancelling the registered trade mark, provided that such valid reasons are shown by the owner of the trade mark. Moreover, the TRIPS Agreement provides that as a valid reason for non-use, circumstances arising independently of the will of the owner, particularly import restrictions on or other government requirements for goods or services shall be recognised.

In the above-mentioned article the TRIPS Agreement also clarifies that a use of a trade mark by a person different from its owner shall be recognised as a use for the purpose of

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\(^{26}\) Ibid.


maintaining the registration providing that such use is subject to the control of the owner of the trade mark.

2. 1. 3. Influence of the International Treaties on the National Provisions

Here the question arises, how do the above-mentioned international treaties affect the European concept of genuine use? As it can be seen, neither the TRIPS Agreement nor the Paris Convention requires any form of obligatory use of trade marks. Such decision is reserved exclusively to the contracting parties. However, if the requirement of mandatory use exists in its legislation, the contracting party has to comply with conditions laid down in the aforementioned treaties. Therefore, being party to these agreements the Member States shall govern the issue of genuine use in compliance with the principles determined by these treaties. However, as none of these agreements define any specific requirements on a manner in which trade marks must be used, the contracting states are left to determine this issue.

2. 2. EU Legal Instruments

With respect to the existence of barriers to free movement of goods and services and to the establishing of a common market, the trade mark law has gradually become one of the main concerns of the EU. Nowadays, two groups of EU legislative instruments can be recognised which differ in their subject matters. Whereas the first group deals with the trade mark legislations of the Member States and its aim is to harmonize national trade mark laws, the second group establishes a single supranational EU trade mark system. This difference is also characterised by dissimilar measures that are applied in these two categories. While the harmonization has been traditionally ensured by directives, the establishing of common trade marks has been achieved through regulations. Even though the original legislative procedures of both groups of the instruments were initiated basically at the same moment, their slightly different developments have led me to the conclusion that these instruments should be discussed separately.

2. 2. 1. EU Trade Mark Directives

As was mentioned above, the harmonization of the trade mark law of the Member States is secured through directives. There are currently two directives in force concerning the issue, the EU TM Directive 200829 and the EU TM Directive 201530 which will repeal the former with


effect from 15 January 2019.\textsuperscript{31} Despite the fact that the Member States shall bring their legislation in compliance with most of the latter directive’s provisions by 14 January 2019\textsuperscript{32}, up to now, only Austria has enacted national transposition measure.\textsuperscript{33}

2. 2. 1. 1. The First Proposal and its Amendments

However, it is appropriate to begin with the very first EU directive concerning harmonization of trade mark law. The legislative history of EU trade mark directives began on 5 November 1980 when the European Commission adopted the Proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks.\textsuperscript{34} As it follows from the second recital of that proposal, the EU legislator did not find necessary to undertake full-scale harmonization, but conversely focused on those national provisions of law which most directly affect the free movement of goods and services. Therefore, the fact that the issue of genuine use was already addressed in this very first proposal underlines the importance of this principle.

The core of the concept of genuine use was initially located in Article 11, which provided that a trade mark shall be put to serious use in the Member State concerned. In compliance with the Paris Convention, that Article also recognised that legitimate reasons for not seriously using the trade mark might exist. Subsequently, in its second paragraph, Article 11 provided that circumstances arising independently of the will of the proprietor are alone sufficient to constitute legitimate reasons for not using the trade mark. The last paragraph then recognised that the use of a trade mark by several groups of persons different from the proprietor, namely by a licensee or by a person who is associated economically with the proprietor, shall be deemed to constitute the use by the proprietor.

However, this provision remained silent about the time period which is granted to the proprietor to start seriously using his or her trade mark. In order to find the length of this period, it was necessary to look particularly into Article 12 and Article 14 which dealt with the consequences of non-use resulting in a possible invalidation of the trade mark or its unenforceability in opposition proceedings. Pursuant to these Articles, a trade mark could be invalidated if it had not been used in the manner required by Article 11 for an unbroken period of five years. Similarly, a trade mark could not be invoked in opposition proceedings if it had

\textsuperscript{31} See Article 55 EU TM Directive 2015.
\textsuperscript{32} See Article 54 EU TM Directive 2015.
\textsuperscript{34} Official Journal of the European Communities, C 351, 31 December 1980, p. 1.
not been used in the manner required by Article 11 during the five years preceding the publication of the application for the contested trade mark.

With respect to current EU trade mark law, the proposal originally included in its Article 13 one uncommon rule relating to renewal of registration of trade marks. Such act of renewal was subject to the production of a declaration of the user indicating the goods and services in respect of which the trade mark has been used in manner required by Article 11 during the five years preceding the expiry of the registration. However, in compliance with amendments to the proposal made by the European Parliament35, this Article was later erased from the proposal.36

Besides that, the European Commission also introduced amendments to other remaining Articles dealing with genuine use. Particularly, the crucial Article 11 was changed in a way that it newly included the period within which the proprietor is obliged to put his or her trade mark to genuine use.37 Firstly, as it can be seen, the term serious use was changed for the term genuine use.38 Secondly, it was expressly provided that the trade mark shall be subject to sanctions, if it has not been put to genuine use within an uninterrupted period of five years following its registration, or if such use has been suspended during an uninterrupted period of five years.39

Another important change consisted in incorporation of a principle already known from the Paris Convention, which enables the proprietor of a trade mark to use his or her trade mark in a form differing in elements which do not alter the distinctive character of the mark in form in which it was registered.40 In addition, it was expressly stated that genuine use was constituted by affixing the trade mark to products or to packaging thereof in the Member States solely for export purposes.41 Lastly, the legislator had decided to extend the group of people differing from the proprietor of the trade mark whose use of that trade mark shall be deemed to constitute a use by the proprietor, to anybody who uses the trade mark with the consent of its proprietor.42 In spite of minor changes in wording, the meaning of the remaining Articles dealing rather with the procedural aspects remained same.

37 Ibid., p. 11.
38 Ibid., p. 11.
39 Ibid., p. 11.
40 Ibid., p. 11.
41 Ibid., p. 11.
42 Ibid., p. 11.
2. 1. 1. 2. The First Directive and Further Development

Although many amendments were proposed, the final wording of the directive did not adopt them all. The enacted directive did not include the above-mentioned rule that “circumstances arising independently of the will of the proprietor of a trade-mark are alone sufficient to constitute legitimate reason for not using it”.43 Regarding the consequences of non-use, the rules with respect to invalidity remained similar with the exception that instead of invalidity the term revocation was used.44 However, in relation to procedural consequences in legal and administrative proceedings, the scope of these repercussions was extended to cover not only inefficiency of non-used trade mark in opposition proceedings, but also in invalidation proceedings and in infringement proceedings. Regarding the former, a registered trade mark could not be declared invalid on the ground that there is an earlier trade mark which does not fulfil the requirement of genuine use.45 With respect to latter, if, as a result of defendant’s counter-claim for revocation of allegedly infringed trade mark, it was established that that trade mark can be revoked on the ground of non-use, that trade mark could not be successfully invoked in infringement proceedings.46 However, in respect of opposition and infringement proceedings, these rules were only optional for the Member States.47

This very first EU TM Directive 198948 was finally adopted on 21 December 1988 and published in Official Journal in 1989.49 Originally, the Member States were required to comply with this directive by 28 December 199150, however, this period was then extended to the end of year 1992.51 The EU TM Directive 1989 has been repealed by the EU TM Directive 2008.52 However, the EU TM Directive 2008 provisions dealing with genuine use copied the wording of the first directive. Conversely, the EU TM Directive 2015 will bring certain changes in the area of genuine use, however, they are particularly the result of a different systematic composition of that directive. The rules provided by the EU TM Directive 2015 are further

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44 Ibid.
45 Ibid.
46 Ibid.
47 Ibid.
51 See Council Decision of 19 December 1991 postponing the date on which the national provisions applying Directive 84/104/EEC to approximate the laws of the Member States relating to trade marks are to be put into effect.
discussed in the fifth chapter which deals with the relationship between the concept of genuine use and various trade mark proceedings.

2.2.2. EU Trade Mark Regulations

The second group of the EU trade mark legislation deals with supranational trade marks that have an equal effect throughout the EU. This group is made up of regulations, whose essential feature is that they are directly applicable in Member States without the necessity of national implementing legislative acts.\(^53\) The first idea of an European-wide trade mark protection can be traced back to 1964 when a Preliminary Draft of a Convention for a European Trademark was presented.\(^54\) However, it took 16 more years until the first proposal for a regulation dealing with EU trade marks was adopted concurrently with the first proposal for EU TM directive in 1980.\(^55\) Due to these simultaneous adoptions, the provisions dealing with the obligatory use of trade marks were almost the same in both these legislative acts, with the exceptions that, unlike the proposal for the directive, the proposal for the regulation already included unenforceability of non-used trade mark in invalidity proceedings.\(^56\) Furthermore, the proposal for the regulation allowed filling a counterclaim for declaration of revocation or invalidity of allegedly infringed trade mark in infringement proceedings.\(^57\)

Similarly to the proposal for the directive, the proposal for the regulation also underwent certain amendments during the legislative procedure. It can be said that in relation to provisions dealing with genuine use these amendments corresponded to the above-mentioned changes that were made in the proposal for the first directive.\(^58\) However, although the first amendments to the proposal for the regulation were made earlier than the amendments to the proposal for the directive\(^59\), due to the addition of new budgetary provisions, the EU TM Regulation 1994\(^60\) was finally adopted at the end of year 1993.\(^61\)

Like in case of the EU TM Directive 1989, the enacted wording of the EU TM Regulation 1994 included certain differences in comparison with the last Commission proposal.

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\(^{53}\) See Article 288 Treaty on the Functioning of the European Union.

\(^{54}\) Bulletin of the European Communities, Supplement 8/76, p. 5.


\(^{59}\) Ibid.

\(^{60}\) Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.

The article concerning a requirement of genuine use was changed in a similar way as in case of the EU TM Directive 1989. Regarding the procedural consequences of non-use of a trade mark, the changes were rather minor. The EU TM Regulation 1994 had been subject to many amendments until 2009 when it was codified and repealed by the EU TM Regulation 2009\textsuperscript{62,63}. However, neither the amendments nor the codification brought any notable changes in the principle of genuine use. Even though the EU TM Regulation 2009 was significantly amended in 2015\textsuperscript{64}, the rule of genuine use was not subject of main interest and therefore it was affected only in an insignificant manner. Subsequently, with regard to the number of changes introduced in 2015, the EU TM Regulation 2009 was codified and repealed by the EU TM Regulation 2017\textsuperscript{65} which is currently in force. Besides that, this regulation is completed by the EU TM Delegated Regulation 2017\textsuperscript{66} and EU TM Implementing Regulation 2017\textsuperscript{67}, both providing additional and more detailed procedural rules including those dealing with genuine use. These supplementary regulations are subject of interest particularly in the fourth chapter concerning the procedural aspects of proving genuine use.

2. 2. 3. Importance of EU Legislation

The EU legislation represents crucial part of legal framework concerning the concept of genuine use. It deals with both substantial and procedural aspects of that concept. The substantial provisions enshrined in the EU TM Directive 2015 and EU TM Regulation 2017 correspond to each other. Although these corresponding provisions seem to be brief and clear, it is impossible to determine their exact meaning as they include various ambiguous terms that require further interpretation. However, such feature should not be deemed a deficiency since it would hardly be practicable to unambiguously describe all the specific requirements of genuine use. Moreover, such approach enables to reflect the development of technology and society, as the

\textsuperscript{63} See Article 166 EU TM Regulation 2009.
interpretation attributed to these terms can be changed or expanded more easily than the relevant legislation.

The procedural aspects of genuine use are regulated more loosely. Currently, several rules provided by the EU TM Directive 2008 are optional. This will be changed with EU TM Directive 2015 which provides more mandatory provisions resulting in higher degree of harmonization. However, except these essential rules, other detailed procedural principles will still be determined by the Member States. Therefore, it can be expected, that there will remain certain differences between single Member States.

2. 3. National Legislation

The last level of legal framework affecting the issue of genuine use which is worth mentioning consists of the legislation of the Member States. Under certain circumstances, directives can gain a specific direct effect to private persons. However, generally, the Member States are required to transpose the directives into their national laws rendering the conditions set in these directives fully applicable. Therefore, the requirement of genuine use is, next to the EU TM Directive 2008, also formulated in national acts regulating trade mark law. Consequently, the corresponding provisions concerning genuine use can be found for instance in Germany in § 26 Gesetz über den Schutz von Marken und sonstigen Kennzeichen (Markengesetz - MarkenG), in the Czech Republic in § 13 zákona č. 441/2003 Sb., zákon o ochranných známkách, or in France in Article L714-5 Code de la propriété intellectuelle.

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68 See Case 14/83 Sabine von Colson and Elisabeth Kamann v Land Nordrhein-Westfalen.
69 See Article 288 Treaty on the Functioning of the European Union.
3. Characteristics of Genuine Use

Even though the EU legislation uses the term “put to genuine use” in a number of its provisions, it does not say much about what it actually means to use a trade mark genuinely. It is possible to imagine dozens of different ways in which a trade mark can be used. For instance, a trade mark can be used in advertisement, for internal purposes of its proprietor, by affixing to goods or packaging, by registering as a domain name, etc. However, is it possible to consider all these conceivable ways of use of a trade mark to be sufficient in order to fulfil the legal obligation of genuine use or are there any specific requirements on the nature of the use? Furthermore, how frequent must that use be in order to be accepted as genuine? Is there any fixed minimum level? Since these and many other questions could be hardly answered only with regard to general legal provisions, it was necessary to interpret the term “genuine use” and to provide certain guideline on assessing that issue. The relevant principles particularly laid down by the CJEU are discussed below.

3. 1. The Fundamental Principles

First, the CJ has come to the conclusion that the concept of genuine use should be interpreted uniformly within the EU legal order.\(^\text{73}\) In one of the first cases dealing with genuine use, Case C-40/01 Ansul, the CJ stated that it was the legislature’s intention that the maintenance of right in a trade mark is subject to the same conditions regarding genuine use in all the Member States, so that the level of protection trade marks enjoy does not vary according to a legal system concerned.\(^\text{74}\) Furthermore, both the uniform application of EU law and the principle of equality require the provisions of EU law, which make no express reference to the law of the Member States for the purpose of determining its meaning and scope, to be given an autonomous and uniform interpretation throughout the EU.\(^\text{75}\) Consequently, the CJEU has developed a complex system of case-law interpreting the concept of genuine use. In spite of the fact that the case-law is fragmented, it can be said that, as a whole, it gives fairly clear idea about what exactly the concept of genuine use represents.

3. 1. 1. Use in Accordance with the Essential Function

In 2003 the CJ exploited the first reference for a preliminary ruling dealing with the concept of genuine use and laid down the general principles concerning the interpretation of that concept. In already mentioned Case C-40/01 Ansul, the CJ was asked for a clarification of the criterions

\(^{73}\) Case C-40/01 Ansul, p. 31.
\(^{74}\) Case C-40/01 Ansul, p. 29.
\(^{75}\) Case C-327/82 Ekro BV Vee- en Vleeshandel v Produktschap voor Vee en Vlees, p. 11.
on the basis of which the meaning of genuine use must be determined.\textsuperscript{76} Both, the Advocate General and the CJ replied that only token use for the sole purpose of preserving the rights conferred by the mark does not fulfil a requirement imposed by the concept of genuine use.\textsuperscript{77} In his Opinion the Advocate General expanded this idea and held that trade mark registers cannot be repositories for signs hidden away waiting for the moment when an unsuspecting party might attempt to put them to use.\textsuperscript{78} Thus, where the use is empty of substance and directed solely at avoiding revocation and does not serve to carve out an opening in the market, it does not constitute genuine use.\textsuperscript{80}

Clarifying what kind of use is not genuine, the question arises what does constitute genuine use of a trade mark? Regarding that question, the CJ expressed that for a use to be considered as genuine, a trade mark has to be used in accordance with its essential function, which consists in a guarantee of the origin of the goods and services for which it is registered, in order to create or preserve an outlet for those goods and services.\textsuperscript{81} Therefore, the function of origin is decisive. Even though an individual trade mark is used in accordance with other functions of trade marks, such as that of guaranteeing the quality or that of communication, investment or advertising, such use cannot constitute genuine use of that mark, unless it is simultaneously used in accordance with its essential function.\textsuperscript{82} The use of an individual trade mark which does not guarantee to consumers that the goods or services come from a single undertaking under the control of which they are manufactured or supplied and which, consequently, is responsible for the quality of those goods or services, is not made in accordance with the essential function of individual trade marks.\textsuperscript{83}

Hence, there is no use in accordance with the essential function of the individual trade mark where the mark is affixed on goods for the sole purpose of certifying the composition or quality of those goods. Therefore, such behaviour does not constitute genuine use of an individual trade mark. For the purpose of certifying the quality of goods or services, the EU legislation provides different type of a mark – certification mark, whose essential function

\textsuperscript{76} Case C-40/01 Ansul, p. 22.
\textsuperscript{77} Case C-40/01 Ansul, p. 36; Case C-689/15 W.F. Gözze Frottierweberei GmbH, Wolfgang Gözze v Verein Bremer Baumwollbörse, p. 37.
\textsuperscript{78} Case C-40/01 Ansul, Opinion of Advocate General, p. 49.
\textsuperscript{79} Ibid., p. 42.
\textsuperscript{80} Ibid., p. 50.
\textsuperscript{81} Case C-40/01 Ansul, p. 43; Case T-230/17, Rstudio, Inc. v EUIPO and Embarcadero Technologies, Inc., p. 30.
\textsuperscript{82} Case C-689/15 W.F. Gözze Frottierweberei GmbH, p. 42.
\textsuperscript{83} Ibid., p. 45.
corresponds to the aforementioned purpose. Consequently, each type of marks requires different use in terms of its nature in order to be considered as used genuinely. Therefore, a person applying for a trade mark should in advance consider the intended use of that mark. In accordance with that intention, the applicant should subsequently choose respective type of mark. Otherwise there is a risk of repercussions if the proprietor of an individual trade mark uses that mark exclusively as an indication of quality.

3.1.2. Publicity of Use

Another requirement emphasized by the CJ in Case C-40/01 Ansul is that genuine use of a trade mark entails its use on the market for the goods and services protected by that mark. This condition was, once again, delivered from the main commercial purpose of trade marks which is to create or preserve an outlet for the goods or services. Consequently, in order to consider a trade mark to be used genuinely, it must be used publicly and externally so it can ensure creation or preservation of the outlet for the relevant goods or services. Furthermore, such use must be apparent to actual or potential customers of the goods or services. Accordingly, a private use or a purely internal use within a company or a group of companies which does not extend their internal province does not count.

For instance, in Case C-442/07 Verein Radetzky-Orden the CJ stated that the use of the trade mark during purely private ceremonies or events, or for the advertisement or announcements of such ceremonies or events constitutes such internal use that does not fulfil the requirements of the concept of genuine use. Other suggestions about what might also represent an insufficient internal use can be found in the Opinion of the Advocate General in Case C-40/01 Ansul. For example, preparations for the marketing of goods or services or storing goods in a place where they do not leave undertaking’s premises were mentioned as unsatisfactory.

84 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 13.
85 Case C-40/01 Ansul, p. 37.
86 Case C-40/01 Ansul, p. 37; Case, Case T-438/16 Altunis-Trading, Gestão e Serviços, Lda v EUIPO - Hotel Cipriani Srl, p 31.
88 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 13.
90 Case C-40/01 Ansul, Opinion of Advocate General p. 57.
91 Case C-442/07 Verein Radetzky-Orden v Bundesvereinigung Kameradschaft ‘Feldmarschall Radetzky’.
92 Ibid., p. 22.
93 Case C-40/01 Ansul, Opinion of Advocate General p. 57.
Although a trade mark has to be used outwardly, it does not necessarily mean that the use of a trade mark must aim at end consumers.\textsuperscript{94} The relevant public towards which trade marks are addressed does not include only end users, but it also encompasses specialists, industrial clients and other professional users.\textsuperscript{95} Genuine use relates to the market on which the proprietor pursues its commercial activities and on which it hopes to put its mark to use.\textsuperscript{96} Consequently, a use of a trade mark limited to inter-corporate activities does not preclude a finding of genuine use of that trade mark\textsuperscript{97}, as far as that trade mark is used publicly and outwardly. That means that the mark is not used by that group of companies only for internal purposes\textsuperscript{98} or that the mark is not used solely within a distribution network owned or controlled by the proprietor of the mark.\textsuperscript{99} However, when a distribution company forming a one group with the proprietor of a trade mark subsequently sells goods bearing that trade mark, then the trade mark is not used purely internally, all the more so as that such method of business organization is common in the course of trade.\textsuperscript{100}

3. 1. 3. Use by Non-Profit-Making Associations

It can be argued that most people make a link between trade marks and business undertakings pursuing financial profit. Such association is understandable. Trade marks are usually used as a business tool whose purpose is to increase income. However, what about other entities which register trade marks even though they do not endeavour to acquire financial profit? How is the concept of genuine use assessed in such cases?

As it has already been mentioned, genuine use requires a trade mark to be used in accordance with its essential function in order to create or preserve an outlet for those goods and services.\textsuperscript{101} In relation to this requirement, there were certain doubts about how this criterion should be applied with respect to non-profit associations. However, in the above-mentioned \textit{Case C-442/07 Verein Radetzky-Orden} the CJ clearly stated that the fact that the goods or services are offered on non-profit-making basis is not decisive.\textsuperscript{102} Whereas it was suggested that the purely non-profit-making activity of collecting and distributing donations

\begin{flushleft}
\textsuperscript{94} Case T-524/12 Recaro Holding GmbH v OHIM - Certino Mode SL, p. 25. \\
\textsuperscript{95} Ibid. \\
\textsuperscript{96} Ibid. \\
\textsuperscript{97} Ibid. \\
\textsuperscript{98} Case T-324/09 J & F Participações SA v OHIM - Plusfood Wrexham Ltd, p. 30. \\
\textsuperscript{99} Case T-203/02 The Sunrider Corp. v OHIM - Juan Espadafor Caba, p. 50. \\
\textsuperscript{100} Case T-324/09 J & F Participações SA, p. 32. \\
\textsuperscript{101} Case C-40/01 Ansul, p. 43.; Case T-230/17, Rstudio, Inc. v EUIPO - Embarcadero Technologies, Inc., p. 30. \\
\textsuperscript{102} C-442/07 Verein Radetzky-Orden, p. 16.
\end{flushleft}
cannot be protected by trade mark law\textsuperscript{103}, both the Advocate General and the CJ pointed out that even non-profit-making organizations operates within the competition on the market, particularly with regard to the fact that they often offer some goods or services and compete for donators.\textsuperscript{104}

Consequently, the fact that such entities do not endeavour to make profit does not mean that their objective cannot be to create or preserve an outlet for their goods or services.\textsuperscript{105} Moreover, this is supported by the fact that certain charitable activities are recognised by Nice classification\textsuperscript{106,107}. Hence, in any event, as far as a non-profit-making association uses its trade mark to identify and promote the goods and services covered by that trade mark, it constitutes genuine use.\textsuperscript{108}

3.1.4. Use of Trade Marks with respect to the Goods or Services Provided Free of Charge

The situation mentioned in the previous subchapter needs to be distinguished from that where the goods or services in respect of which a trade mark is used are provided for free. The main commercial purpose of trade marks, as it was mentioned in the paragraphs above, is to create or preserve an outlet for the goods or services that bear the sign to distinct them from the goods or services of other undertakings. The intention of the trade mark user therefore represents crucial criterion in assessing whether offering of goods or services free of charge may constitute genuine use.

Generally, it follows from the case-law of the CJEU that the fact that goods or services are provided without any payment does not prevent genuine use from being established.\textsuperscript{109} However, it is of importance to determine whether, by such use of the trade mark, the undertaking seeks to create or maintain an outlet for goods or services concerned, as against those of other undertakings.\textsuperscript{110} Accordingly, the goods or services might be provided free of charge, however, they must be, or must be intended to be, offered commercially, so that they enter into competition with the goods or services of others.\textsuperscript{111}

\textsuperscript{103} C-442/07 Verein Radetzky-Orden, Opinion of Advocate General p. 30.
\textsuperscript{104} C-442/07 Verein Radetzky-Orden, Opinion of Advocate General p. 26.
\textsuperscript{105} C-442/07 Verein Radetzky-Orden, p. 17.
\textsuperscript{106} Widely used international classification of goods and services applied for the registration of trade marks.
\textsuperscript{107} C-442/07 Verein Radetzky-Orden, Opinion of Advocate General p. 28.
\textsuperscript{108} C-442/07 Verein Radetzky-Orden, p. 20.
\textsuperscript{109} Case T-289/09 Omnicare, Inc. v OHIM – Astellas Pharma GmbH, p. 67.
\textsuperscript{110} Ibid., p. 68.
\textsuperscript{111} Ibid., p. 68.
The above-mentioned conclusion follows from the decision of the GC in *Case T-289/09 Omnicare*\(^\text{112}\) which can serve as an example of application of that conclusion. The trade mark in question was used in relation to the services related to a treatment of urological diseases, particularly “provision of medical consultancy for urological practice, distribution of literature for urologist for advertising use and organization of lectures for urologists”. Since these services were provided for free to the potential purchasers of pharmaceutical goods marketed by the owner of the mark in question, that is urologists, it was claimed that these services are only intended to induce the potential consumers to purchase the pharmaceutical goods. Consequently, it was argued that these services do not compete with other similar services on the market and therefore genuine use cannot be constituted. However, admitting that the ultimate goal of such services might be to encourage the relevant public to buy medical products, the GC held that these services are nevertheless in competition with other similar services on the market, particularly when they are supplied by undertakings present on the medical products market.

3. 1. 5. Use of Trade Marks within Promotional Activities

Conversely, a use of a trade mark on promotional material for other goods cannot normally be considered as genuine use of that trade mark in relation to the type of promotional items on which the trade mark is used.\(^\text{113}\) In *Case C-495/07 Silberquelle*\(^\text{114}\) the CJ came to the conclusion that affixing a trade mark to items given free of charge to purchasers of goods of the proprietor of that trade mark, particularly as an reward or to encourage sales, does not constitute genuine use of that trade mark with respect to those promotional items.\(^\text{115}\) It is because that such distribution of promotional items is not made with the intention of penetrating the market for those goods, and therefore such use does not contribute to creating an outlet for those goods.\(^\text{116}\) The Advocate General likened such use to the purely token use of a trade mark, because both of them result in a situation where a trade mark exists, however, it has no presence on the relevant market, leading to the unjustified blocking of trade mark registrations.\(^\text{117}\)

Accordingly, in the above-mentioned *Case C-495/07 Silberquelle*, the CJ quite specifically held that a trade mark is not put to genuine use if it is used for non-alcoholic drinks

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\(^{112}\) Case T-289/09 Omnicare, Inc. v OHIM – Astellas Pharma GmbH.

\(^{113}\) Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 14.

\(^{114}\) Case C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH.

\(^{115}\) Ibid., p. 22.

\(^{116}\) Case C-495/07 Silberquelle GmbH, p. 21; Case T-289/09 Omnicare, Inc., p. 63.

\(^{117}\) Case C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH, Opinion of Advocate General, p. 55.
which the trade mark proprietor gives free of charge to his costumers when they purchase his textile goods. This decision was issued in a proceeding which dealt with a situation where the trade mark in question was registered for non-alcoholic drinks. The proprietor of that trade mark affixed the mark on non-alcoholic drinks which were given as a gift to individuals who bought clothes marketed by the trade mark owner. It follows from the above-mentioned decision that such use cannot constitute genuine use with respect to non-alcoholic drinks. However, in the light of this decision, it is somehow difficult to accept the conclusion in Case T-289/09 Omnicare mentioned in the previous subchapter. In both cases the proprietors used their trade marks in relation to goods or services which were provided for free. However, whereas in one situation such use was found sufficient, the result in the other situation was opposite.

What does render these dissimilar outcomes? Although the situations in both cases were similar, there can be found a slight difference. While in Case T-289/09 Omnicare the services provided for free were used in the relevant market of these services, the non-alcoholic drinks in Case C-495/07 Silberquelle were given when a person purchased clothing. Therefore, the drinks bearing the trade mark in question were not present on their relevant market. Consequently, it can be argued that this difference allowed the court in Case T-289/09 Omnicare to hold that the services were in competition with other similar services on the market.

It seems difficult to draw a clear line between the situations which constitute genuine use and the situations which do not. It follows from Case T-289/09 Omnicare that the goods or services must at least be intended to be offered commercially. However, the criterion of intention might be too vague. Consequently, current state of affairs might result in a situation where similar cases are decided differently.

3. 1. 6. Use in Relation to the Goods or Services

In order to create or preserve an outlet for goods or services, it is necessary that a trade mark is used in relation to the goods or services protected by that mark. Accordingly the trade mark is usually used directly on the goods or their packaging. However, genuine use does not necessarily require such kind of a direct use, but conversely it also accepts different ways, particularly reflecting modern marketing strategies. Few years ago, it was very popular to sell goods through catalogues. Currently, it is more and more common that goods are marketed on the Internet. The decision-making practise has come to the conclusion that in those cases, as far as the goods are accompanied by the trade mark, the proprietor of that trade mark is not required

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118 Case C-40/01 Ansul, p. 37.
to provide a proof that the mark actually appeared on the goods themselves. These different ways, particularly a use on business papers or in advertising, play even more important role as regards marks registered for services, as trade marks cannot be used directly on services.

Generally, the assessment should always be done on a case-by-case basis taking into consideration a specific way in which the mark is used. When a trade mark is used to designate the undertaking and not the goods themselves, the requirement of genuine use cannot be met. This principle follows from the above-mentioned condition that trade marks must be used in accordance with their essential function. Therefore, a use of a sign which a trade mark is composed of as a company name or a trade name, whose purpose is significantly different from the function of trade marks, cannot be generally considered as to be done in relation to the goods or services, unless that sign is affixed to the goods or that sign is used in a way that a link is established between the company name or trade name and the goods or services.

3. 1. 6. 1. Use in Advertising

Even though a trade mark must be used in relation to goods and services, in Case C-40/01 Ansu, the CJ recognised that it is also sufficient when those goods or services are not actually marketed yet, but they are about to be marketed and for which preparations by the proprietor to secure customers are under way. However, such preparations must nevertheless still fulfil the requirement of publicity. By way of an example, the CJ expressly mentioned advertising campaigns. Consequently, a use of a trade mark in advertising can support or, under certain circumstances, even by itself constitute genuine use, provided that a relation between the mark and the goods or services covered by that mark can be established.

A use of a trade mark in advertising carrying out simultaneously with actual marketing of the goods and services supports the genuineness of the use. This situation might be complicated when the goods or services are not marketed yet. In accordance with the decision in Case C-40/01 Ansu, where the advertising is carried out prior to actual marketing in order

119 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 15.
120 Ibid., p. 16.
121 Ibid., p. 16.
122 Ibid., p. 12.
123 Case C-17/06 Céline SARL v Céline SA, p. 22-23.
125 Case C-50/01 Ansu, p. 37.
126 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 16.
127 Ibid., p. 17.
to establish a market for the goods or services protected by the trade mark, the use of that mark in such advertising is generally considered as constituting genuine use. On the other hand, establishing genuine use through a mere advertising without any plans to really market goods or services might be problematic. Nevertheless, even in such situation, when the advertised goods or services are located abroad, genuine use might be eventually constituted.

3. 1. 6. 2. Use in Relation to the Goods No Longer Available

In some cases, it might happen that an undertaking has sold all its goods in respect of which it owns a trade mark and whose marketing is no longer carried out, for instance due to the expiration of administrative permission allowing marketing of goods at issue. As a consequence, the proprietor is no longer capable of using the trade mark in a direct connection with goods since they are no longer marketed. Nevertheless, how can a proprietor genuinely use his or her trade mark in such situation? It would be difficult for the proprietor to maintain his or her trade mark in effect, if genuine use were strictly interpreted as meaning that it requires a use of a trade mark with goods or services which are still marketed at the time of the use of that trade mark. Thus, the case-law recognises that, in spite of terminated marketing of the relevant goods, genuine use can be, under certain circumstances, still established with respect to such goods.

In Case C-40/01 Ansul the CJ mentioned two situations constituting such circumstances. The first one is when the proprietor sells parts that are integral to the make-up or the structure of the goods previously sold, provided that with respect to these parts, he or she uses the same mark as under which he or she has previously sold no longer available goods and that use meets all the requirements of genuine use. The second situation mentioned by the CJ is when the proprietor makes an actual use of the mark for goods and services which are directly related to the goods previously sold and intended to meet the needs of customers of those goods. This may particularly apply to after-sales services, such as the sale of accessories or related parts, or the supply of maintenance and repair services.

128 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 17.
129 Ibid.
130 Case C-40/01 Ansul, p. 40.
131 Case C-40/01 Ansul, p. 41; Case T-660/11 Polytetra GmbH v OHIM - EI du Pont de Nemours and Company, p. 89.
132 Case C-40/01 Ansul, p. 42.
133 Ibid.
3. 1. 7. Extent of Use

3. 1. 7. 1. Extent of Use as a Relevant Circumstance

The criterions mentioned above deal rather with qualitative requirements than with quantitative ones. However, the extent of use of a trade mark also plays a significant role in assessing whether the use is genuine or not. The CJ pointed out that the assessment of the existence of genuine use must be overall, that is, it must take into account all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned, to maintain or create a share in the market for the goods and services protected by the mark. Among these relevant circumstances, the CJ expressly listed, inter alia, the scale and the frequency of the use of the mark. However, with regard to the principle of an overall assessment of a trade mark use, such use does not need to be always quantitatively significant to be deemed genuine, as it substantially depends on the characteristics of the goods or service and market concerned.

Accordingly, the Advocate General in his Opinion in Case C-40/01 Ansul pointed out that it is necessary to distinguish between luxury goods or other goods with a limited distribution on the one side and mass consumption goods on the other side, and to require a different degree of a use in case of the former category than in relation to the latter category. Even though the CJ did not expressly follow this opinion in its judgment in Case C-40/01 Ansul, such general principle can be drawn from the decision in Case T-334/01 Hipoviton where the GC generally approved the opinion of the EUIPO that a low turnover and sales, in absolute terms, of a medium- or low-priced product supports the conclusion that such use of the mark covering such product is not genuine. However, the GC reminded that it is also necessary to take into account the characteristics of the relevant market, otherwise the assessment would be incomplete.

To conclude, it is not possible to determine any abstract *de minimis* rule concerning the quantitative threshold which has to be met by a particular use in order to be considered as

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134 Case C-40/01 Ansul, p. 38; Case T-802/16 Endoceutics, Inc. v EUIPO - Merck KGaA, p. 20.
135 Case C-40/01 Ansul, p. 39; Case T-438/16 Altunis-Trading, Gestão e Serviços, Lda, p. 21.
136 Case C-40/01 Ansul, p. 39; Case T-25/17 Bernhard Rintisch v EUIPO - Compagnie laitière européenne SA, p. 53.
137 Case C-40/01 Ansul, Opinion of Advocate General, p. 61.
138 Case T-334/01 MFE Marienfelde GmbH v OHIM - Vétoquinol AG.
139 Ibid., p. 51.
140 Ibid., p. 51.
genuine.\textsuperscript{141} Such determination would be incompatible with the requirement of the overall assessment, since it would not allow the competent authorities to consider all the circumstances of the case.\textsuperscript{142} Therefore, it cannot be said that certain number of sold products automatically constitute genuine use of the trade mark affixed to these goods. The extent of use is only one of many other factors which are taken into consideration when establishing whether the commercial exploitation of the mark is real. Consequently, for the purpose of assessment of genuine use the extent of use should be balanced with the other relevant factors.

3. 1. 7. 2. The Relevant Factors and the Interdependence between Them

When assessing the extent of use, the competent authority should take into consideration particularly both the commercial volume of all the acts of the use and the duration of the period in which those acts happened as well as the frequency of those acts.\textsuperscript{143} Furthermore, there exists an interdependence between the relevant factors mentioned above, in a way that a low commercial volume may be compensated for by a high intensity or a certain constancy in time of the use of the mark in question or vice versa.\textsuperscript{144} Consequently, the lower the commercial volume of a use of the mark under consideration, the more needed it is for the proprietor of that mark to present an additional evidence to dispel possible doubts about the genuineness of that use.\textsuperscript{145}

For instance, such additional evidence might even pertain to the fact that the lower sales figures were the result of the initial marketing period of the product covered by the trade mark in question, since it follows from the case-law of the CJEU that such special circumstance may be relevant in assessing the genuineness of that mark’s use.\textsuperscript{146} However, despite the fact that such period of the initial marketing may last more than few months\textsuperscript{147}, it cannot be prolonged indefinitely\textsuperscript{148}, as for example in Case T-250/13 Naazneen Investments Ltd\textsuperscript{149} the GC found a

\textsuperscript{141} Case C-259/02 La Mer Technology Inc. v Laboratoires Goemar SA, p. 25; Case T-68/16 Deichmann SE v EUIPO - Munich, SL, p. 30.
\textsuperscript{142} Ibid.
\textsuperscript{143} Case T-334/01 MFE Marienfelde GmbH, p. 35; Case T-25/17 Bernhard Rintisch, p. 52.
\textsuperscript{144} Case T-334/01 MFE Marienfelde GmbH, p. 36; Case T-25/17 Bernhard Rintisch, p. 53.
\textsuperscript{145} Case T-334/01 MFE Marienfelde GmbH, p. 37; T-131/06 Sonia Rykiel création et diffusion de modèles v OHIM - Cuadrado SA, p. 42.
\textsuperscript{146} Case T-334/01 MFE Marienfelde GmbH, p. 53; Case T-250/13 Naazneen Investments Ltd v OHIM - Energy Brands, Inc., p. 54.
\textsuperscript{147} Ibid.
\textsuperscript{148} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 24.
\textsuperscript{149} Case T-250/13 Naazneen Investments Ltd v OHIM - Energy Brands, Inc.
period of three years between the attempt to launch the mark in question and the end of the relevant period disproportionately long.\footnote{Case T-250/13 Naazneen Investments Ltd v OHIM - Energy Brands, Inc, p. 55.}

Moreover, the GC clarified that the quantitative criterions should be assessed not only in relation to the characteristics of the goods or services on the relevant market, but also with respect to the other relevant factors, such as volume of business, production or marketing capacity or degree of diversification of the undertaking which uses the trade mark under consideration.\footnote{Case T-203/02 The Sunrider Corp., p. 42; Case T-25/17 Bernhard Rintisch, p. 53.} However, since the degree of diversification of the activities of undertakings operating in one and the same market varies, only the ratio between the turnover generated by the sales of products under the trade mark and the proprietor’s annual turnover, taken in isolation, cannot be decisive in assessing whether the use of that mark was genuine or not.\footnote{Case T-334/01 MFE Marienfelde GmbH, p. 49.}

In his Opinion in Case C-40/01 Ansul, the Advocate General stated that irrespective of the volume of transactions carried out under the mark or their frequency, the use must be consistent, and not sporadic or occasional.\footnote{Ibid., p. 50.} However, this view did not preclude the GC from expressing its own opinion that, in order to be genuine, the use does not have to be continuous during the relevant period of five years, but conversely it is sufficient that the use had been made at the very beginning or end of the period, as far as it fulfilled the requirement of genuineness.\footnote{Case C-40/01 Ansul, Opinion of Advocate General, p. 61.}

3. 2. Place of Use

Following the decision in Case C-40/01 Ansul, the concept of genuine use was discussed a subject matter of number of cases debated before the CJEU. These decisions both further developed the factors mentioned above and clarified various other aspects which must be taken into consideration during the assessment of genuine use. One of these criterions, the territorial extent of use, has recently attracted the attention of public and flamed up controversies. It can be said that this aspect represents the most significant difference between the application of genuine use in relation to trade marks of the Member States and EU trade marks. Whereas the EU TM Regulation 2017 impose on the proprietor of an EU trade mark an obligation to put that

\footnote{Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 23.}
trade mark “to genuine use in the Union”\textsuperscript{156}, both the EU TM Directive 2008 and the EU TM Directive 2015 require the trade mark to be “put to genuine use in the Member State”.\textsuperscript{157}

3. 2. 1. National Trade Marks

Regarding the national trade marks, these have to be genuinely used in the Member State where they are protected.\textsuperscript{158} Already in 2006 the CJ stated that the territorial scope of use is only one of several factors to be taken into account in the determination of whether a use is genuine or not.\textsuperscript{159} Subsequently, the CJ accepted that the establishment of genuine use is not excluded, despite the fact that the national trade mark has not been present in a substantial part of the territory of the Member State where it is protected.\textsuperscript{160}

3. 2. 2. EU Trade Marks

However, certain doubts have remained in relation to EU trade marks. As it was mentioned above, EU trade marks must be put to genuine use in the Union. The CJ was requested for an interpretation of this requirement in \textit{Case C-149/11 Leno Merken}\textsuperscript{161}. The dispute resulted from an opposition proceeding held before the BOIP\textsuperscript{162} which had rejected an opposition against an application for Benelux trade mark based on an earlier EU trade mark, with regard to the fact that that earlier EU trade mark had not been put to genuine use in the Union.\textsuperscript{163} The decision was appealed before the referring court which came to the conclusion that genuine use of the EU trade mark under consideration was shown in the Netherlands, however, no other evidence proving the use in the rest of the Union was presented.\textsuperscript{164}

Although the referring court was aware of the above-mentioned principles regarding the territorial extent of use of a national trade mark which were laid down in \textit{Case C-416/04 P The Sunrider Corp.}, it asked whether genuine use of an EU trade mark within the borders of a single Member State always, as some soft law document may suggests\textsuperscript{165}, or never constitutes genuine

\textsuperscript{156} See Article 18(1) EU TM Regulation 2017.
\textsuperscript{158} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 21.
\textsuperscript{159} Case C-416/04 P The Sunrider Corp. v OHIM, p. 76; Case T-325/06 Boston Scientific Ltd v OHIM - Terumo Kabushiki Kaisha, p. 46.
\textsuperscript{160} Case C-416/04 P The Sunrider Corp. v OHIM, p. 76.
\textsuperscript{161} Case C-416/04 P The Sunrider Corp. v OHIM, p. 76.
\textsuperscript{162} Case C-149/11 Leno Merken v Hagelkruis Beheer BV.
\textsuperscript{163} Benelux Office for Intellectual Property
\textsuperscript{164} Case C-149/11 Leno Merken, p. 19.
\textsuperscript{165} Ibid., p. 21.
use in the Union. Before describing the conclusion drawn by the CJ, it is appropriate to present opinions in support of both these approaches.

3.2.2.1. Arguments Supporting the Decision of BOIP

As the BOIP expressed in its decision, the territory of the EU cannot be put on the same level as the territory of a single Member State. Accordingly, it is unjustified when the exclusive right conferred by an EU trade mark reaches far beyond the territory in which the trade mark is actually used. Such limited use in the territory of a single Member State would result in blocking identical or similar signs in the whole EU. Under these circumstances, such broad protection is not just and moreover it constitutes barrier to the free movement of goods and services within the internal market.

Additional argument supporting the decision of the BOIP is that there is always a possibility to register a national trade mark in that Member State where the undertaking intends to use its mark. Furthermore, the existence of Article 139 EU TM Regulation 2017 should be taken into account. This Article includes a mechanism of the conversion of an EU trade mark into national trade mark application in cases where an EU trade mark has been revoked on the ground of non-use if such mark has at least been put to genuine use under the laws of the Member States for which the conversion is requested. That supports the conclusion that if genuine use in a single Member State automatically meant genuine use in the Union, the existence of the conversion mechanism would lose its sense.

However, the last-mentioned opinion can be opposed with an argument that such mechanism would be still applicable with respect to EU trade marks used only in a limited area of a single Member State which might nevertheless still be deemed as genuine in a perspective of that Member State. It is also worth noting that soon after the decision of the BOIP an opinion similar to that presented by the BOIP was also expressed by Hungarian Intellectual Property Office in Case No. M09003377 “C City Hotel”.167

3.2.2.2. Arguments against the Decision of BOIP

On the other hand, there can also be found arguments suggesting that the decision of the BOIP was wrong and that genuine use in a single Member State should constitute genuine use in the Union. Firstly, it would be unreasonable if the approach regarding EU trade marks differs from

166 Case C-149/11 Leno Merken, p. 24.
that used in relation to national trade marks. Pursuant such approach a use of a national trade mark is usually considered to be sufficiently genuine, even though its territorial extent does not reach beyond a small part of the country. However, it can be opposed that, unlike in case of EU trade marks, there exists no possibility to convert a national trade mark into a regional or local one and thus the assessment should be more benevolent in respect of national trade marks.

Additionally, the CJ has already ruled in its previous judgment that an EU trade mark can acquire the reputation through its use in one Member State only. Consequently, it should also be possible to constitute genuine use by using an EU trade mark merely in one Member State. Otherwise it would be possible that the EU trade mark, after acquiring its reputation through its use in one Member State, is after five years from the registration revoked because it has been used just in one Member State. That would be an absurd situation.

3. 2. 2. 3. CJ’s Point of View

It can be said that the CJ took a position balancing somewhere between two extremes mentioned in the previous paragraphs. The first relevant observations were made by the Advocate General in her Opinion. From her point of view the concept “genuine use in the Union” is indivisible and therefore it would be wrong to examine “genuine use” and “in the Union” separately as two cumulative conditions. With reference to Case C-416/04 P The Sunrider Corp., the Advocate General reminded that the CJ had already accepted that the territorial scope of use is only one of the several factors to be taken into account in the determination whether such use is genuine or not. Thus, this criterion should not be considered as a sole or dominant factor determining the existence of genuine use, but conversely as one of several relevant factors. Accordingly, when assessing genuine use of an EU trade mark, one should perceive how the mark is used in the relevant market, that is, the internal market comprising an area without internal frontiers in which the free movement is ensured.

The CJ agreed with the opinions of the Advocate General. Alike her, the CJ pointed out that it follows from its own case-law that the territorial scope of use is not a separate factor determining genuineness of the use. Consequently, the term “in the Union” is intended to define the geographical market serving as a reference point for all considerations of whether or

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169 Case C-149/11 Leno Merken, Opinion of Advocate General, p. 37.
170 Ibid., p. 38.
171 Ibid., p. 38.
172 Ibid., p. 44.
173 Case C-149/11 Leno Merken, p. 30.
not an EU trade mark has been put to genuine use.\textsuperscript{174} Subsequently, with regard to the unitary character of EU trade marks, the CJ stated that no particular significance should be given to the territories of the Member States as otherwise the unitary character would be harmed and moreover, such situation would be inconsistent with the purpose of EU trade marks resting in removal of the barriers of territoriality.\textsuperscript{175} Therefore, the assessment of genuine use should be done regardless the territorial borders of the Member States.\textsuperscript{176}

Even though the CJ expressed that it cannot provide any de minis rule about the territorial scope which should be chose in order to determine whether a use of an EU trade mark is genuine or not, since such rule would preclude the courts from appreciating all the facts and circumstances of each single case\textsuperscript{177}, the CJ made a specific comment about the use in a single Member State. The CJ pointed out that whilst it is justifiable to think that, in order to constitute genuine use, an EU trade mark which has wider protection than national one should be used in a larger area than the territory of a single Member State, it cannot be precluded that, in certain circumstances, the market for the goods or services covered by an EU trade mark is in fact restricted to the territory of a single Member State and thus a use only in that one Member State might be sufficient.\textsuperscript{178} Therefore, the characteristics of the product or service concerned on the corresponding market are of significant importance.\textsuperscript{179}

3. 2. 2. 4. Subsequent Interpretations

As it can be seen, unsurprisingly, the CJ provided quite open conclusion in its decision. One possible interpretation of the decision in Case C-149/11 Leno Merken, can be found in the United Kingdom Case The Sofa Workshop Ltd v Sofaworks Ltd\textsuperscript{180}. Before the Intellectual Property Enterprise Court the Judge Richard Hacon summarized the factor consisting in the territorial extent of use in the way that in general genuine use in the Union requires a use in more than one Member State. However, where the market for the relevant goods or services is restricted to the territory of a single Member State, an exception to that general requirement comes into being\textsuperscript{181}. I understand that interpretation in a way that the crucial part in assessing purely the territorial scope rests in the relevant goods or services and their market. If an EU

\textsuperscript{174} Case C-149/11 Leno Merken, p. 36.
\textsuperscript{175} Ibid., p. 42.
\textsuperscript{176} Ibid., p. 44.
\textsuperscript{177} Ibid., p. 55.
\textsuperscript{178} Ibid., p. 50.
\textsuperscript{179} Ibid., p. 54.
\textsuperscript{180} Case The Sofa Workshop Ltd v. Sofaworks Ltd [2015] EWHC 1773 (IPEC).
\textsuperscript{181} Ibid., p. 25.
trade mark covers goods which are sold throughout the EU (e.g. clothes), meaning that their relevant market is broad, then that mark should be used in more than one single Member State. On the other hand, it is possible to imagine goods which are so specific to the territory of a single Member State (e.g. kilts) that an EU trade mark registered for them and used only in that Member State (United Kingdom) should be considered as used genuinely.

However, there can also be found different interpretations of this issue that are not so strict in terms of required cross-border use of EU trade marks. This can be demonstrated on other two decisions connected with the United Kingdom. In Case T-278/13 Now Wireless the GC upheld the conclusion of the Board of Appeal of the EUIPO that the EU trade mark had been put to genuine use in the Union by its use in the limited territory of London and the Thames Valley, although the trade mark in question was registered in relation to services which are not territorially limited at all, particularly in relation to computing and internet services. In this judgment, the GC emphasized the part of the decision in Case C-149/11 Leno Merken which provides that for the purpose of assessing genuine use the territorial borders of the Member States should be disregarded. The conclusion is then based particularly on the argument that the territorial extent of use is only one of many other factors which need to be taken into account, as it has been previously stated in Case C-149/11 Leno Merken. This interpretation of the GC was subsequently confirmed in another Case T-398/13 TVR Automotive.

Subsequently, the interpretation of the decision in Case C-149/11 Leno Merken presented by the CJ was also followed by the Intellectual Property Office in the United Kingdom. In its recent decision this authority provided that it would continue to entertain the possibility that a use of an EU trade mark in an area of the EU corresponding to the territory of one Member State may be sufficient to constitute genuine use, regardless of existence of special factors, such as the market for goods or services being limited to that area of the EU.

It follows from the above-mentioned decisions that even though the judgment in Case C-149/11 Leno Merken should have brought clarity to the place of use criterion, the approaches toward the interpretation of this criterion still differ. Although certain justification can be found for both of them in the decision in Case C-149/11 Leno Merken, from my point of view the

182 Case T-278/13 Now Wireless Ltd v OHIM - Starbucks (HK) Ltd.
184 Ibid., p.46.
185 Ibid., p. 47, p. 53.
186 Case T-398/13 TVR Automotive Ltd v OHIM - TVR Italia Srl.
187 Case O-001-16 Intuit Inc. v The Royal Bank of Scotland Group Plc., p. 27.
latter approach is more reasonable. Strict requirement of cross-border use of EU trade marks might lead to the situation that a concurrent use of an EU trade mark in Belgium and Luxemburg would fulfil this requirement, whereas a use solely in Germany would be found insufficient, despite the fact that the market in Germany is generally bigger. Moreover, I believe that such artificial division of the internal market is inconsistent with the principle of the unitary character of EU trade marks.

3.2.3. Use on the Relevant Market

Trade marks must be used in the territory where they are protected, that is in the Union in case of EU trade marks and in the relevant Member States in case of national trade marks.\(^\text{188}\) As it follows from the decision in *Case C-149/11 Leno Merken*, a use of a mark in third states cannot be taken into account.\(^\text{189}\) Traditionally, cross-border trading practices such as export or import of goods are used. How does the concept of genuine use deal with these practices?

Both the EU TM Directive 2015 and the EU TM Regulation 2017 include a special provision dealing with a use of trade marks in export trade.\(^\text{190}\) Pursuant to these provisions, which have similar meaning in both legal instruments, affixing of a trade mark to goods or to the packaging thereof in the relevant territory solely for export purposes constitutes the use in the relevant territory for purpose of establishing genuine use. In his Opinion provided for *Case C-40/01 Ansul* the Advocate General stated that the reason behind this rule rests in the need to protect undertakings whose main activity is the export and who would otherwise run the risk of forfeiting their marks for non-use.\(^\text{191}\) However, he also expressed an opinion that such use has the relevance only under exceptional circumstances.\(^\text{192}\)

Such opinion seems to me surprising as it appears to me nowise supported by the wording of the relevant provisions. Nevertheless, there are no indications that such approach was adopted by the competent European authorities. In *Case T-254/13 Stayer Ibérica, SA*\(^\text{193}\) the GC recognised genuine use based only on a use of the trade mark for the export to a single operator located outside the relevant territory. Moreover, in these circumstances, no proof of

\(^{188}\) Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 19.

\(^{189}\) Case C-149/11 Leno Merken, p. 38.

\(^{190}\) See Article 16(5)(b) EU TM Directive 2015 and Article 18(1)(b) EU TM Regulation 2017.

\(^{191}\) Case C-40/01 Ansul, Opinion of Advocate General, p. 57.

\(^{192}\) Ibid.

\(^{193}\) Case T-254/13 Stayer Ibérica, SA v OHIM - ZAO Korporaciya ‘Masternet’. 
putting the products on the market in the third country of import is required. On the other hand, there can also be found a decision originating from a national court, namely from the Dutch Court of Appeal in The Hague, which provides much more limited approach. The court basically stated that a use of a trade mark for exporting goods outside the EU only qualifies as a trade mark use if there is a risk the goods could be placed on the market in the EU. Therefore, the decision-making practice seems slightly inconsistent at this point.

Import of goods represents a quite different situation. However, depending on the circumstances of the case, evidence that merely relates to the import of goods in the relevant market may suffice as a proof of use in this area. On the other hand, a mere transit of goods through a Member State cannot constitute genuine use of the mark affixed to these goods in that Member State.

3.3. Use of a Trade Mark in the Altered Form

3.3.1. The Altered Form Equals the Original Form?

In certain circumstances the proprietor of a trade mark is required to adjust his or her trade mark, in order to effectively avail himself of the use of that trade mark. Such situation might be rendered by current trends in marketing and promotion requirements peculiar to particular trade or business practices. However, it can be argued that the adjusted trade mark is always different from the original trade mark and therefore any use of the adjusted mark cannot constitute genuine use of the original one. Therefore, in order to enable such adjustments without the consequence resulting in a loss of a trade mark on the ground that it has not been genuinely used in its original form, both the EU TM Directive 2015 and the EU TM Regulation 2017 provide that the use of a trade mark in a form differing in elements which do not alter the distinctive character of that mark in the form in which it was registered, constitutes the use of the registered trade mark. Following the opinion earlier expressed in the case-law of the

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194 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 21.
196 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 21.
197 Ibid.
CJEU\textsuperscript{199}, the relevant provisions provide that this rule applies regardless whether or not the trade mark in the used form is also registered in the name of the proprietor.

3. 3. 2. Way to Defensive Trade Marks?

Although it might not be apparent, this rule might eventually facilitate upholding of strategic and defensive trade marks, which I find inconsistent with the European trade mark law, and particularly with the concept of genuine use. As it has already been mentioned, the European Commission held that defensive and strategic registrations which extend the scope of protection of primary trade mark without the intention to actually use these trade marks must be refused. However, the more benevolent the principle under consideration is interpreted and applied, the higher number of variations of and the more divergent forms of actually used trade mark is covered by the real use of that one trade mark.

This can be illustrated by Case C-252/12 Specsavers\textsuperscript{200} where the CJ accepted that the use of a figurative trade mark (A) may be constituted by the use of another figurative trade mark (B) composed of the figurative trade mark (A) and word mark which is superimposed over that figurative trade mark.\textsuperscript{201} The subject matter of the above-mentioned preliminary ruling was subsequently discussed by the England and Wales Court of Appeal which came to conclusion corresponding to the decision of the CJ. It was found that genuine use of the very general wordless figurative trade mark (A) which had been mostly used only as a background of the figurative trade mark (B) had been constituted by the use of the latter mentioned mark.\textsuperscript{202} Consequently, although the proprietor of the trade marks in question used the latter trade mark (B), that use simultaneously constituted genuine use of the trade mark (A) which is more general than the mark (B) and which therefore provides the proprietor wider protection.

I understand the reason behind this rule. Furthermore, the necessity of this principle follows from the international treaties. However, with regard to the possible consequences mentioned above, I believe that each case should be assessed with the highest caution and the rule should be applied rather restrictively. Nevertheless, the position of the CJEU seems clear

\textsuperscript{199} Case C-553/11 Bernhard Rintisch v Klaus Eder, p. 30.
\textsuperscript{200} Case C-252/12 Specsavers International Healthcare Ltd, Specsavers BV, Specsavers Optical Group Ltd, Specsavers Optical Superstores Ltd v Asda Stores Ltd.
\textsuperscript{201} Ibid., p. 31.
\textsuperscript{202} Case Specsavers International Healthcare Ltd, Specsavers BV, Specsavers Optical Group Ltd, Specsavers Optical Superstores Ltd v Asda Stores Ltd. – Registrar of Trade Marks.
as it has expressly rejected the interpretation that the rule under consideration does not apply to defensive trade marks.\textsuperscript{203}

3. 3. 3. The Importance of Distinctive Character

The question arises, how far can a proprietor go in the adjustments so that the use of the altered form still constitutes genuine of the original trade mark? The application of the provision in question requires that the used form of the trade mark differs from the registered version in elements which do not alter the distinctive character of the mark in the registered form. Accordingly, this requirement represents with respect to the differences a certain border beyond which the altered sign cannot constitute a use of registered trade mark. In order to more or less precisely determine that border, it is necessary to analyse the relevant case-law of the CJEU and the decision-making practice of the EUIPO.

According to the interpretation provided by the GC the provision accepting the use in slightly different form does not necessarily require a strict conformity between the sign as used and the sign as registered.\textsuperscript{204} However, these signs still have to be broadly equivalent, meaning that they can differ merely in negligible elements.\textsuperscript{205} Consequently, first, it is necessary to determine which elements are negligible and which not.\textsuperscript{206} With respect to this, the GC has previously stated that the evaluation of the distinctive or dominant character of one or more components of a complex trade mark must be based on the intrinsic qualities of each of those components, as well as on the relative position of the different components within the arrangement of the trade mark.\textsuperscript{207}

The degree of trade mark’s distinctiveness also influences the assessment whether the variation of that trade mark meets statutory requirements under consideration or not. Changes made in relation to trade marks of limited distinctiveness are more likely to affect their distinctiveness than in case of marks which are strong distinctive.\textsuperscript{208} As it follows from the case-law of the CJEU, the assessment is not influenced only by the overall distinctiveness of a trade

\textsuperscript{203} Case C-553/11 Bernhard Rintisch v Klaus Eder, p. 33.
\textsuperscript{204} Case T-194/03 Il Ponte Finanziaria SpA v OHIM - Marine Enterprise Projects – Società Unipersonale di Alberto Fiorenzi Srl, p. 50.; Case T-397/15 PAL-Bullermann GmbH v EUIPO - Symaga, SA, p. 23.
\textsuperscript{205} Ibid.
\textsuperscript{206} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 28.
\textsuperscript{207} Case T-135/04 GiK AG v OHIM – BUS – Betreuungs- und Unternehmensberatungs GmbH, p. 36; Case C-84/16 P Continental Reifen Deutschland GmbH, Compagnie générale des établissements Michelin v EUIPO, p. 51.
\textsuperscript{208} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 28.
mark, but also by the distinctiveness of individual elements which the trade mark is composed of. Consequently, if the distinctive element which have render the mark as a whole registrable is affected by the variation, the distinctive character of that mark is generally altered.  

3. 3. 4. Types of Alternations

Generally, trade marks can be changed in three possible ways – by addition, omission or other alternation of certain element making up the trade mark.

3. 3. 4. 1. Additions

In respect of additions, two different situations should be distinguished. First situation is a simultaneous use of several signs (e.g. trade marks, company names, geographical indications) with a registered trade mark. With respect to that, the GC stated that such signs may be used simultaneously without altering the distinctive character of the registered sign, regardless whether the registered trade mark is used as part of another composite mark or in conjunction with another mark, including the situation when that trade mark is superimposed by another mark. It is a common business practice to affix independent marks in various typefaces and sizes to indicate that these marks are used simultaneously but autonomously. However, according to the practice of the EUIPO, it is the responsibility of the trade mark proprietor to provide evidence that the additional sign is in fact an independent mark or sign. Moreover, it should be borne in mind that the above-mentioned does not apply under all circumstances, as the fact that the registered trade mark is perceived as a mere decorative element may put the genuineness of its use in question.

The second situation deals with other additions of an element to a trade mark. The distinctive character of the registered trade mark is not altered when the addition is not distinctive, is weak and/or is not dominant. Regarding additions consisting in a change in words or letters, these are generally considered by the EUIPO as altering the distinctive character of the registered trade mark. However, certain exceptions may exist corresponding

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209 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 28.
211 Case C-12/12 Colloseum Holding AG v Levi Strauss & Co., p. 36.
212 Case C-252/12 Specsavers, p. 31.
213 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 30.
214 Ibid., p. 33.
215 Ibid., p. 33.
216 Ibid., p. 28.
217 Ibid., p. 33.
to the general principles mentioned above. Therefore, the alternation of the distinctive character is generally not rendered when the addition rests in non-dominant elements (for instance word elements typed in a smaller size under the dominant mark), elements consisting of generic indication of product (such as an appellation of origin) or descriptive term (for example the term “line” denoting a particular line of products), insignificant elements such as punctuation, type of enterprise, or in the change of the element from singular form to the plural one or vice versa. The addition of a figurative element does not alter the distinctive character, and thus is accepted, in cases where such element is merely decorative.

3. 3. 4. 2. Omissions

The general principles mentioned in relation to the act of addition can be similarly applied with respect to the omission of certain trade mark’s element. Like the case of the addition, it is important whether the omission pertains to a non-distinctive element or not. If the element under consideration is not distinctive and is in a secondary position, then its omission does not affect the distinctive character of the mark. It follows from the decision-making practise of the EUIPO that the differences in words or even letters are generally considered as causing an alternation of the distinctive character of the mark. However, like in case of the addition, there can be found certain exceptions, particularly in case of non-dominant, generic or descriptive verbal elements, insignificant prepositions, or transliteration of a word element when a trade mark includes such word element in two writing systems and one of them is omitted.

3. 3. 4. 3. Other Alternations

Regarding the other alternations, it can be said that word marks are strongly resistant against them. Their distinctive character is generally not affected by changes in the letter size or upper

218 Case T-353/07 Esber, SA v OHIM - Coloris Global Coloring Concept.
219 Case T-489/13 La Rioja Alta, S.A. v OHIM - Aldi Einkauf GmbH & Co. OHG.
220 Case T-258/13 Matratzen Concord GmbH v OHIM - KBT & Co. Ernst Kruchen agenzia commerciale societá in accomandita.
221 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 36.
222 Case T-132/09 Epcos AG v OHIM - Epco Sistemas SL.
223 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 36.
224 Case T-551/12 Coppenrath-Verlag GmbH & Co. KG v OHIM - Sembella GmbH.
225 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 40.
226 Ibid., p. 38-40.
and lower case, as such practices are common.\textsuperscript{228} Even though word trade marks are registered in black and white, it is customary to use them in colour. Therefore, such use is also a use of the registered word trade mark.\textsuperscript{229} However, even the other alternations of word marks may result in the altered distinctive character. This may happen when a word trade mark is used in highly stylised typeface.\textsuperscript{230}

On the other hand, it can be said that figurative trade marks are significantly more sensitive to these alternations. Whereas changes of figurative marks which do not contain any word elements are usually considered as rendering unacceptable alternations, the modifications of figurative elements in a composite trade marks do not normally affect their distinctive character, particularly when these figurative elements are mostly descriptive.\textsuperscript{231}

One interesting issue pertaining to the genuine use which has been recently discussed is whether a use of a colour version of a trade mark registered in black and white and/or greyscale (or vice versa) can be considered as not alternating distinctive character and therefore as a use of that mark. The EUIPO and several national intellectual property offices of the Member States\textsuperscript{232} have adopted a common practice\textsuperscript{233} which is in line with previous decision of the GC\textsuperscript{234} and under which a change only in colour does not alter the distinctive character of the trade mark provided that following four requirements are met:

1. The word/figurative elements coincide and are the main distinctive elements.
2. The contrast of shades is respected.
3. Colour or combination of colours does not have distinctive character in itself.
4. Colour is not one of the main contributors to the overall distinctiveness of the mark.\textsuperscript{235}

\textsuperscript{228} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 43.
\textsuperscript{229} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 44.
\textsuperscript{230} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 43.
\textsuperscript{231} Ibid., p. 44-45.
\textsuperscript{232} Except Swedish, Danish, Italy, France and Finland. See Common Practice of the Scope of Protection of Black and White („B&W“) Marks, p. 5.
\textsuperscript{233} Common Practice of the Scope of Protection of Black and White („B&W“) Marks.
\textsuperscript{234} Case T-152/11 TMS Trademark-Schutzrechtsverwertungsgesellschaft mbH v OHIM - Comercial Jacinto Parera, S.A.
\textsuperscript{235} Common Practice of the Scope of Protection of Black and White („B&W“) Marks, p. 12-13.
3. 4. Use of a Trade Mark by a Person Differing from the Proprietor

It is the proprietor of the trade mark who usually uses his or her mark on the market. However, it is common that the proprietor allows other persons to use his or her trade mark. In that case European trade mark law recognises that such use made by a person different from the proprietor is deemed to constitute the use by the proprietor236, as far as the proprietor has given the consent prior to such use.237 It follows from the decision-making practice of the EUIPO that unless there are doubts on the part of the EUIPO about the proprietor’s consent or unless such consent is contested, it is sufficient for the proprietor to only present evidence that a third party has used the mark. Therefore, unless the above-mentioned circumstances occur, the proprietor is not required to also prove that he or she has given the consent prior the use of the trade mark.238

Typically, such person differing from the proprietor is a licensee. However, regarding the license agreements, it should be borne in mind that mere grant of a license is not a sufficient evidence of genuine use.239 Thus, the licensee must use the licensed trade mark. Besides that, the case-law expressly recognises two other situations when the use of a trade mark by a third party is considered as the use of the mark by its proprietor, namely where the mark is used by a company economically related to the proprietor of that mark240, particularly when they belong to the same group of companies241, and where whereas the goods are produced by the proprietor of the trade mark, they are placed on the market by the distributors at wholesale or retail level.242

3. 5. Proper Reasons for Non-Use

3. 5. 1. What Does Constitute Proper Reason?

As it has previously been mentioned, both the international and European legal framework recognise certain reasons whose occurrence prevents the existence of non-use of a trade mark from resulting in the adverse consequences expected by the legislation. Such “proper reasons” may be constituted only by obstacles having a sufficiently direct relationship with the trade mark, making its use unreasonable or impossible, and which arise independently of the will of

237 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 58.
238 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 58-59.
240 Case T-324/09 J & F Participações SA, p. 32.
241 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 58.
242 Case T-308/06 Buffalo Milke Automotive Polishing Products, Inc. v OHIM - Werner & Mertz GmbH, p. 73.
the proprietor of that mark. The TRIPS Agreement mentions two particular situations which should be recognised as a valid reason for non-use, namely import restrictions on or other government requirements for goods or services protected by the trade mark. The relevant EU legislation is not so explicit and thus it is again necessary to rely on the case-law of the CJEU, from which it follows that each situation must be assessed on a case-by-case basis whether a change in the strategy of the undertaking to circumvent the alleged obstacle would make the use of that mark unreasonable. As an example, the CJ mentioned that the proprietor of a trade mark cannot reasonably be required to sell its goods in the sales outlets of its competitors.

Consequently, cases of force majeure hindering the normal functioning of the owner’s enterprise may be considered to be proper reasons for non-use. Another example consists in a trade embargo relating to the goods protected by the trade mark, a state prohibition of the sale of goods for reasons of health or national defence, or clinical trials and an authorisation for new medicines. An interim injunction prohibiting the trade mark owner from transferring or disposing of the trade mark may also be found as a sufficient reason for non-use of that mark, because the owner is obliged to refrain from using the mark in the course of trade and failure to comply with this obligation would make the owner liable to damage claims. On the other hand, the mere threat of litigation or a pending cancellation action against the trade mark do not constitute proper reasons for non-use, as it is for the proprietor of the trade mark to make proper assessment of his or her chances to prevail in the proceeding and to draw an appropriate conclusion whether to continue to use that mark or not.

Typically, a proprietor contends that he or she has not put his or her trade mark to genuine use, because he or she has been facing financial difficulties and thus the use of the mark would be unreasonable or even impossible. However, if such difficulties are a result of an economic recession or general financial problems of the proprietor, they constitute a natural

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244 See Article 19(1) TRIPS Agreement.
245 Case T-250/13 Naazneen Investments Ltd, p. 63.
246 Case C-246/05 Armin Häupl v Lidl Stiftung & Co. KG, p. 28.
247 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 60.
248 Ibid., p. 61.
249 Ibid., p. 61.
part of running a business and therefore cannot be considered to be a proper reason for non-use.\textsuperscript{251}

3. 5. 2. A Defensive Trade Mark as a Proper Reason

The issue of defensive trade marks was already mentioned in the part concerning the use of trade marks in altered forms. However, it also played a certain role with respect to the proper reasons justifying non-use of a trade mark. There was a dispute\textsuperscript{252} before the GC where a proprietor of several Italian trade marks invoked an Italian legal principle pursuant to which defensive trade marks never expires for non-use as far as their proprietor is at the same time proprietor of one or more other similar marks still in force, of which at least one is actually used to distinguish the same goods or services.\textsuperscript{253} According to that party, recognition of defensive trade marks at the national level can constitute a proper reason for non-use.\textsuperscript{254} Consequently, the defensive trade marks would be enforceable against the application for a similar trade mark without the necessity to prove their use.

However, the GC pointed out that there is no concept of “defensive trade mark” in the protection of EU trade marks\textsuperscript{255} and taking into account of them is not compatible with the system of protection of EU trade marks.\textsuperscript{256} Furthermore, the CJ later expressly stated that the concept of “proper reasons” refers essentially to circumstances unconnected with the proprietor of a trade mark preventing him or her from using that mark, rather than to the national legislation which makes an exception to the requirement of genuine use.\textsuperscript{257}

The issue of defensive trade marks was discussed in relation to EU trade marks. Consequently, the CJEU did not examine compliance of this concept with the harmonized trade mark law of the Member States constituted by the EU trade mark directives. Even though its conformity to the requirement imposed by the EU legislation is doubtful, such principle can still be found in the Italian legislation.\textsuperscript{258}

\textsuperscript{251} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 60.
\textsuperscript{252} Case T-194/03 Il Ponte Finanziaria SpA v OHIM - Marine Enterprise Projects – Società Unipersonale di Alberto Fiorenzi Srl.
\textsuperscript{253} Case T-194/03 Il Ponte Finanziaria SpA, p. 42.
\textsuperscript{254} Case C-234/06 P Il Ponte Finanziaria SpA v OHIM - F.M.G. Textiles Srl, p. 91.
\textsuperscript{255} Case T-194/03 Il Ponte Finanziaria SpA, p. 42.
\textsuperscript{256} Ibid., p. 45.
\textsuperscript{257} Case C-234/06 P II Ponte Finanziaria SpA, p. 102.
3. 5. 3. The Consequence of Existence of a Proper Reason

If the proprietor of a trade mark successfully proves the existence of a proper reason preventing him or her from a use of the trade mark, the adverse legal consequences will not occur. Nevertheless, this situation must be discerned from an actual use of the trade mark. Whereas an actual use of a trade mark results in a new grace period beginning after the end of the period of genuine use, a justified non-use only stops that period from running.\(^{259}\)

3. 6. Partial Conclusion

The assessment of genuine use represents a sophisticated issue. There are many relevant factors which have to always be taken into account. Generally, genuine use occurs when a trade mark is used in accordance with its essential function, which is to guarantee the identity of goods or services in order to create or preserve an outlet for them. To fulfil this essential requirement, the trade mark must be used publicly and in a specific relation with the goods and the services for which it is registered. Furthermore, the goods or the services bearing the trade mark must be offered commercially. Moreover, it is always necessary to evaluate whether there is a real commercial exploitation of the mark in the course of trade. In order to answer this question, all the relevant facts and circumstances must be considered. These can be divided into qualitative factors (such as place of use, nature of goods or services, characteristics of the relevant market) and quantitative ones (scale and frequency of use of the mark). Only overall assessment of all these factors can render the decision which is in compliance with the requirements provided by the legislation and the case-law.

\(^{259}\) Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 62.
4. Proving Genuine Use

4.1. Variability of the National Procedural Rules

The preceding chapter demonstrated what kind of criterions a use of a trade mark needs to fulfil to be considered as genuine. Nevertheless, it is always necessary to prove that the trade mark has been put to genuine use. Even though the proprietor has actually been using his or her trade mark in a way which is considered as genuine, if he or she does not have enough evidence confirming such use, the adverse consequences of non-use will nonetheless occur. Therefore, the question of evidence can be similarly important as the issue of requirements of genuine use.

Whereas the substantive rules concerning the concept of genuine use are harmonized through the EU, the same cannot be said for the procedural rules. Regarding national trade marks, it was an intention of European legislator to lay down general procedural principles, leaving the Member States free to establish more specific rules. Both the EU TM Regulation 2017 and the EU TM Directive 2015 include basic information about procedural aspects and consequences of non-use of a trade mark and its influence on different kinds of trade mark proceedings. Nevertheless, only the former goes slightly deeper into this issue and provides more detailed information which are, however, still rather brief.

Consequently, the procedural aspects might differ between the competent authorities in different Member States. Since the procedural rules are not harmonized too much, the national legislators are free to determine the principles of proceedings concerning the question of genuine use. Furthermore, this issue can be subject of both administrative and court proceedings depending on a nature of proceedings and a national legislation. Accordingly, the requirements imposed on evidence may differ even within the single Member State.

The assessment of genuine use may be made before several types of institutions, particularly before the central industrial property offices of the Member States (mainly in case of opposition, revocation or invalidity proceedings concerning a national trade mark), the EUIPO (in case of opposition, revocation or invalidity proceedings concerning an EU trade mark) or the national courts of the Member States (mainly in case of counterclaim for revocation in infringement proceedings concerning an EU trade mark, or in case of non-use as defence in infringement proceedings). The assessment of genuine use may also be a subject of proceedings

before the CJEU when the decision of the Boards of Appeal of the EUIPO is further appealed to this court.

Because of such divergence, it would be complicated to discuss various national procedural regulations included in many different legal instruments. Therefore, for the purpose of this thesis, the relevant procedural regulation of proceedings held before the EUIPO is discussed. The EUIPO represents a leading industrial property office within the EU trade mark framework. Moreover, it can be assumed that the procedural principles applied before the EUIPO reflect various approaches occurring thorough the EU, as these principles are the result of the legislative procedure reflecting different opinions of the Member States. The relevant provisions concerning proving of genuine use before the EUIPO can be found in the EU TM Regulation 2017 and particularly in the EU TM Delegated Regulation 2017. The following chapters thus focus on these legal instruments.

4. 2. Practice of the EUIPO

4. 2. 1. Requirements on Proof of Use

The relevant provisions of the EU TM Regulation 2017 require the proprietor of a trade mark to furnish proof that his or her trade mark has been put to genuine use.\textsuperscript{261} Accordingly, two substantial consequences follow from this formulation. Firstly, the burden of proof rests with the proprietor of the contested trade mark.\textsuperscript{262} This principle applies both in opposition and revocation proceedings.\textsuperscript{263} The EUIPO cannot determine \textit{ex officio} that the challenged trade mark has been used genuinely, even though the trade mark is well-known.\textsuperscript{264} The EUIPO also cannot play any role in collecting evidence\textsuperscript{265} or in providing the proprietor an indication that the sufficiency of the evidence is doubtful.\textsuperscript{266} Such conduct would be otherwise considered as incompatible with the impartial position of the EUIPO in adversarial proceedings.

Secondly, genuine use must be proved by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned.\textsuperscript{267} Accordingly, a demonstration of

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\textsuperscript{261} See Art. 47(2), 64(2) EU TM Regulation 2017.
\textsuperscript{262} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 73.
\textsuperscript{263} Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 6.
\textsuperscript{264} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 9.
\textsuperscript{265} Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 6.
\textsuperscript{266} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 75.
\textsuperscript{267} Case T-39/01 Kabushiki Kaisha Fernandes v OHIM - Richard John Harrison, p. 47; Case T-25/17 Bernhard Rintisch, p. 54.
genuine use by means of probabilities or suppositions cannot be accepted.\textsuperscript{268} This principle imposes certain requirements on evidence, particularly in terms of their characteristics. It follows from Article 10(3) EU TM Delegated Regulation 2017 that indications and evidence of use shall establish all the crucial characteristics following from the case-law of the CJEU, namely place, time, extent and nature of the use of the trade mark for the goods or services in respect of which it is registered, that is. Therefore, the proof of use must cumulatively concern all these requirements\textsuperscript{269}, meaning that the proprietor is obliged to prove each of these characteristics.\textsuperscript{270}

However, the relevant factors must not be assessed separately as it would be in violation with the requirement of global assessment of a use of a trade mark.\textsuperscript{271} Conversely, it follows from the above-mentioned requirement of global assessment that all the materials submitted by the proprietor of the investigated trade mark must be assessed in conjunction with each other.\textsuperscript{272} Consequently, the question whether the proof of use is sufficient as to the statutory requirements mentioned above must be considered in view of entirety of the evidence submitted.\textsuperscript{273} That also means that there is certain interdependence between the materials submitted by the proprietor. Therefore, weak evidence with regard to one relevant factor might be compensated by solid evidence with respect to another factor.\textsuperscript{274}

Accordingly, it follows that even though certain evidence submitted by the proprietor does not by itself sufficiently prove genuine use of the challenged trade mark, it can contribute to demonstrating genuineness of the use in combination with other materials and information invoked by the proprietor.\textsuperscript{275} Furthermore, although certain piece of evidence does not bear indications of the place, time, extent or nature of use, particularly in case of goods and services whose samples in a particular market sector usually does not include any of these indications, such evidence may still be taken into consideration in conjunction with other materials, in order

\textsuperscript{268} Case T-39/01 Kabushiki Kaisha Fernandes v OHIM - Richard John Harrison, p. 47; Case T-25/17 Bernhard Rintisch, p. 54.
\textsuperscript{269} Case T-92/09 Strategi Group Ltd v OHIM - Reed Business Information (RBI), p. 43; Case T-41/12 LS Fashion, LLC v. OHIM and Gestión de Activos Isorana, SL, p. 19.
\textsuperscript{270} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 10.
\textsuperscript{271} Case T-324/09 J & F Participações SA, p. 31.
\textsuperscript{272} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 10.
\textsuperscript{273} Ibid.
\textsuperscript{274} Ibid., p. 78.
\textsuperscript{275} Ibid., p. 10.
to prove genuine use, provided that the missing indications can be found in such other materials.

4.2.2. Means of Evidence and Their Probative Value

Regarding the possible means of evidence which can be submitted in order to support genuineness of a use, the proprietor is nowise limited. The Article 10(4) EU TM Delegated Regulation 2017 provides that means of evidence shall be limited to the submission of supporting documents and items such as “packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements, and statements in writing”. However, this list is not exhaustive. Consequentially, even though genuineness of a use of a trade mark is usually proved particularly by these means of evidence, it can also be supported by different means, not listed in the above-mentioned provision. Moreover, these pieces of evidence may even be of an indirect nature. Therefore, the share in the relevant market, the import of the relevant goods, the supply of the necessary raw material or packaging to the owner of the mark, or the expire date of the relevant goods can play a decisive role in the overall assessment of the evidence submitted by the proprietor. The same applies to market surveys and quotations of the mark in lists and publications of associations of the relevant profession. However, the probative value of these means of evidence has always to be carefully considered.

The issue of the probative value of the submitted evidence also deserves an attention. The assessment of the probative value of each piece of evidence is an inherent part of the general evaluation of all the materials invoked by the proprietor of a trade mark. It follows from the decision-making practice of the EUIPO that as a general rule a distinction should be drawn between the materials produced by the third parties and those produced by the proprietor of a trade mark or by its representative. Generally, the former is considered as having higher probative value than the latter.

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277 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 10.
278 Case T-92/09 Strategi Group Ltd, p. 43.
279 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 10.
280 Ibid., p. 72.
281 Ibid., p. 10.
282 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 72.
283 Ibid.
This applies particularly to declarations and statements. Such means are expressly admissible as an evidence pursuant to Article 97(1)(f) EU TM Regulation 2017, as far as they are in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up. Consequently, because of its lower probative value, such declaration coming from the sphere of the proprietor of a trade mark cannot, in general, in itself sufficiently prove genuine use.\textsuperscript{284} However, depending on its concrete form and content, it still has a certain probative value which can be, in conjunction with further material supporting the content of the declaration, found sufficient to prove genuine use.\textsuperscript{285} On the other hand, statements originating from an independent source, such as professional organizations, Chambers of Commerce, suppliers or customers of the proprietor are generally considered having more probative value.\textsuperscript{286}

4. 3. Determination of Goods and Services in respect of Which a Trade Mark Is Used

Another procedural aspect of genuine use which I would like to discuss is how the EUIPO assesses whether the goods or services in respect of which a trade mark is used fall within the category of the goods or services in respect of which that trade mark is registered. This issue is of importance as the EU legislation naturally requires a trade mark to be used in relation to the goods or services for which it is registered.\textsuperscript{287} Failure to meet this requirement may result in unenforceability and/or revocation of the trade mark in relation to such goods or services.

4. 3. 1. Goods and Services Falling within Different General Indications

Firstly, it is necessary to evaluate whether the goods or services in respect of which a trade mark has been put to genuine use fall within the category of the registered goods and services. If not, such use is not capable to establish genuine use of a trade mark in relation to the goods or services for which a trade mark is registered. This may for instance happen when a trade mark registered for footwear is used in relation to retail services regarding footwear.\textsuperscript{288} Therefore, in order to avoid such situation, it is a common practice that applicants for registration of a trade mark define the list of goods and services for which they seek protection in a general manner in order to try to secure as wide protection as possible. Particularly, the general indications

\textsuperscript{284} Case T-278/12 Inter-Union Technohandel GmbH v OHIM - Gumersport Mediterranea de Distribuciones, SL, p 54.
\textsuperscript{285} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 74.
\textsuperscript{286} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 75.
\textsuperscript{287} See Article 16(1) EU TM Directive 2015 and Article 18(1) EU TM Regulation 2017.
\textsuperscript{288} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 50.
listed in the class heading of Nice classification, such as clothing, pharmaceuticals or vehicles, are used for this purpose. However, in such cases, it is usually necessary to subsequently deal with a situation when the proprietor put his or her mark in genuine use with more specific goods or services falling within these broad defined categories, such as T-shirts.

The GC pointed out that the principle according to which a trade mark is in opposition proceedings disregarded in respect of goods and service for which it is registered, however, not genuinely used, represents a limitation to the rights conferred by a trade mark and therefore it should not be interpreted disproportionately broadly.289 Furthermore, this principle must be reconciled with the legitimate interest of the proprietor to be able to extend his or her range of goods or services within the confines of the terms describing the goods or services for which the trade mark was registered in the future.290

Subsequently, the decision-making practice has established the following principles. Firstly, when a trade mark, in spite of being registered under several general indications listed in the class heading of a particular class, has been used in relation to goods or services falling under another, not registered, general indication of that same class, that mark will not be considered to be genuinely used for the registered goods or services.291 As an example, a trade mark is registered in respect of two general indications of the class 25, namely clothing and headgear. However, it has been used solely for sneakers, that is goods falling within another general indication of the class 25 – footwear. Consequently, the trade mark in question has not been put to genuine use. Secondly, when a trade mark is used for goods or services falling under one single general indication whereas that mark is beside that also registered under another general indications listed in the same class heading, these another general indication will be disregarded.292 For instance, the trade mark mentioned in the example above has been put to genuine use only in relation to several kinds of clothing. Such use constitutes genuine use of the mark in question only in relation to the general indication clothing, even though headgear fall within the same class and is similar to clothing. The concept of similarity of goods and services cannot be applied within this context.293

289 Case T-126/03 Reckitt Benckiser (España), SL v OHIM - Aladin Gesellschaft für innovative mikrobiologische Systeme GmbH, p. 51; Case T-222/16 Hansen Medical, Inc. v EUIPO - Covidien AG, p. 29
290 Ibid.
291 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 52.
292 Ibid.
293 Ibid.
4. 3. 2. Goods and Services Falling within One General Indication

Even though a trade mark is used in relation to goods or services falling under one general indication, it does not automatically mean that this trade mark has been used for that whole general indication. This depends on the breadth of the category for which a trade mark was registered and particularly whether it is possible to divide this category in a number of sub-categories. If there are several sub-categories identified within the broad category other than in an arbitrary manner, which are capable of being viewed independently, and the mark is used in relation to a part of those goods or services, it has been used only for the sub-categories to which the goods or services for which the trade mark has actually been used belong.294

However, such approach should reflect that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration.295 Accordingly, as the GC stressed out, the concept of ‘used in relation to part only of the goods or services’ cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.296 That also means that when a trade mark is registered for goods or services specified in a relatively precise manner, so that it is not possible, without any artificiality, to make any significant subdivisions within the category concerned, the use of that mark with respect to goods or services falling under that specified category necessarily constitutes the use for that entire category.297

It follows from the subsequent case-law of the CJEU, that when defining sub-categories of general indications, the criterion of the purpose or the intended use of the product or service in question is of fundamental significance.298 In addition, the characteristics of the products or services, such as their nature or their target consumers, can be taken into account.299

295 Ibid.
297 Case T-256/04 Mundipharma AG v OHIM - Altana Pharma AG, p. 29; Case T-222/16 Hansen Medical, Inc., p. 28.
298 Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 54.
5. Genuine Use and Trade Mark Proceedings

So far, the characteristics of genuine use and certain procedural aspects of assessing this concept have been described. At this point, it is appropriate to discuss the consequences of failure to use a trade mark genuinely and how this circumstance can be used in various trade mark proceedings. The relationship between the concept of genuine use and trade mark proceedings can be demonstrated by Recital 32 EU TM Directive 2015 which provides that a registered earlier trade mark should not enable its proprietor to oppose or invalidate a later trade mark if that proprietor has not put his or her trade mark to genuine use. Moreover, similar repercussions of failure to use are provided for invoking of a trade mark in infringement proceedings. Subsequently, both, the EU TM Regulation 2017 and the EU TM Directive 2015 expressly constitute a link between the concept of genuine use and three different trade mark proceedings, namely cancellation proceedings, opposition proceedings and infringement proceedings. These types of proceedings will be further discussed separately.

5. 1. Cancellation Proceedings

The general term “cancellation proceedings” denotes two different types of proceedings which may result in cancellation of a registered trade mark, namely revocation and invalidity proceedings. The concept of genuine use plays a completely opposite role in each of these proceedings. Generally, whereas in the former, the existence of lack of genuine use of a registered trade mark leads to a cancellation of that mark, in the latter, the existence of non-use of an earlier trade mark precludes the registered trade mark from being cancelled.

5. 1. 1. Revocation

Within the EU legal framework, the revocation can be described as a situation when a registered trade mark is cancelled on the ground of the absence of genuine use, of having become generic or of having become misleading indication. Each of these grounds has its origin in a certain circumstance occurring after the registration of a trade mark.

Accordingly, failure to genuinely use a registered trade mark may lead to a declaration of revocation of that mark. It can be said that this repercussion is for the proprietor of a trade mark the most hurtful of all non-use consequences provided by law as the proprietor loses his

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301 Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 1 Proceedings, p. 4.
or her exclusive rights. Moreover, it can also be said that this situation the most corresponds with the main purpose of the concept of genuine which is, as already mentioned, to reduce the total number of registered trade marks.

The EU TM Regulation 2017 provides in its Article 58 that the rights of the proprietor of the EU trade mark can be declared to be revoked on an application to the EUIPO or on the basis of a counterclaim in infringement proceedings. Consequently, revocation proceedings can never be initiated \textit{ex officio} by the EUIPO.\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 1 Proceedings, p. 5.} Conversely, the EU TM Directive 2015 merely provides that the national legislation should secure that any natural or legal person is entitled to file an application for revocation of a registered trade mark on the ground of non-use in administrative proceedings.\footnote{See Article 45(4)(a) EU TM Directive 2015.} However, it does not neither expressly nor implicitly preclude initiating such revocation proceedings \textit{ex officio} on the own motion of the national industrial property office.

Since the proprietor is given a grace period of five years from the registration of a trade mark, an application for revocation based on non-use filed against a trade mark that has not been at the date of application registered at least for five years, is not admissible.\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 1 Proceedings, p. 9.} At this point it is appropriate to mention that instead of the term “registration” the EU TM Directive 2015 uses the term “the date of the completion of the registration procedure” which is considered as the starting point of five years long grace period. This is because the Member States are, due to differing national proceedings, left free to determine when the procedure of registration is to be regarded as having been completed.\footnote{Case C-246/05 Armin Häupl, p. 28.} However, for sake of clarity, it will be further referred to both these terms as “registration”.

In order to avert revocation of a trade mark, its proprietor has to present evidence proving either that he or she has put that mark to genuine use within the five years preceding the date on which the application for revocation was filed\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 7.}, or that there are proper reasons for non-use of that trade mark. Consequently, even if the proprietor had not been genuinely using his or her trade mark for several years, that mark cannot be revoked, as far as the proprietor has started or resumed genuine use of that mark within the interval between expiry

\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 1 Proceedings, p. 5.}
\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 1 Proceedings, p. 9.}
\footnote{Case C-246/05 Armin Häupl, p. 28.}
\footnote{Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 7.}
of the five-year period and filling of the application for revocation. However, such commencement or resumption within a period of three months preceding the filling of the application which began at the earliest on expiry of the continuous period of five years of non-use, is disregarded where the preparations for that commencement or resumption occurred only after the proprietor became aware of the fact that the application for revocation may be filled. Nevertheless, the burden of proof regarding the fact that the proprietor was aware of intention to file an application for revocation rests with the applicant.

If the proprietor does not prove that either the trade mark has been put to genuine use or that there are proper reasons for non-use, that trade mark is revoked. That practically means that the revoked trade mark is deemed not to have the effects specified either in the EU TM Directive 2015 or in the EU TM Regulation 2017 depending on the specific type of the trade mark in question. Generally, the revoked trade mark loses its effects retroactively from the date of the application for revocation. However, at the request of one of the parties, an earlier date, on which the ground for revocation occurred, may be fixed in the decision. Regarding this, the EUIPO nevertheless requires the requesting party to show a legitimate interest in this respect. A revoked trade mark loses its effect in relation to all goods or services in respect of which it was registered or in relation to part thereof, depending on the particular goods and services with respect to which the proprietor does not furnish a proof that the trade mark has been genuinely used.

5. 1. 2. Invalidity

The second type of proceedings falling under the term “cancellation proceedings” can be denoted as invalidity proceedings. The purpose of invalidity proceedings is to remove the trade mark from the registry which was registered even though its registration either should have been refused on an absolute ground for refusal or might have been refused on a relative ground for refusal. Consequently, the provisions governing the grounds for invalidity corresponds to the provisions dealing with grounds for refusal of registration.

312 Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 7.
314 Ibid.
315 Ibid.
316 Guidelines for Examination of European Union Trade Marks, Part D Cancellation, Section 2 Substantive Provisions, p. 4.
The EU TM Directive 2015 includes two lists containing such grounds in Article 4 (absolute grounds) and in Article 5 (relative grounds) which are applicable both to the refusal of a trade mark application and the invalidity of a registered trade mark. The EU TM Regulation 2017 governs these issues in its different parts. Accordingly, whereas the grounds for refusal are provided in Article 7 (absolute grounds) and in Article 8 (relative grounds), the question of invalidity is addressed in Article 59 (absolute grounds) and in Article 60 (relative grounds). However, similarly as in the EU TM Directive 2015, the grounds for invalidity corresponds to the grounds for refusal, with a slight exception that the relative grounds for invalidity contains in addition several rights to indication other than trade marks, such as a right to a name or a copyright, on ground of which a registered trade mark can be invalided.\(^{318}\)

One of the relative grounds for invalidity of a registered trade mark consists in the existence of an earlier trade mark which is identical or similar to the contested trade mark and covers identical or similar goods and services or is reputed. Even though the grounds for invalidity are not subject of this thesis, it can be briefly mentioned that, as far as the competent authority finds a double identity, a likelihood of confusion, or a specific adverse effect on an earlier trade mark which has a reputation, the contested trade mark is invalided.\(^{319}\)

However, when an earlier trade mark is invoked, the proprietor of the contested trade mark can decide for a non-use defence and asks the proprietor of the earlier trade mark to furnish a proof that the earlier trade mark has been put to genuine use, provided that the earlier trade mark has been registered for not less than five years at the date of the application for a declaration of invalidity.\(^{320}\) According to the EU TM Regulation 2017, such requirement can be demanded by the proprietor of the contested mark in relation to both an EU trade mark and a national trade mark of a Member State.\(^{321}\) Pursuant to the EU TM Directive 2015, such defence is available in invalidity proceedings based on a registered trade mark\(^{321}\), which can also be both an EU trade mark and a national trade mark of a Member States.\(^{322}\)

The proof of use has to be furnished only if the proprietor of the contested trade mark demands it.\(^{323}\) Interestingly, in the first proposal for the regulation concerning EU trade marks, the proposed provision granted the right to demand a proof of use not only to the proprietor of

\(^{318}\) See Article 60(2) EU TM Regulation 2017.
\(^{319}\) See Article 46(1) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\(^{320}\) See Article 64(2) and Article 64(3) EU TM Regulation 2017.
\(^{321}\) See Article 46(1) EU TM Directive 2015.
\(^{323}\) See Article 46(1) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
the challenged trade mark, but also to the EUIPO.\textsuperscript{324} However, the enacted wording of the EU TM Regulation 1994 did not provide the EUIPO with such competence.\textsuperscript{325} Therefore, from the beginning of the actual existence of EU trade mark law, it is only the proprietor of the contested trade mark who can demand the proof of use of the earlier trade mark claimed against the validity of the challenged trade mark.

With comparison to the other mentioned trade mark proceedings, a significant difference in terms of relevant period within which genuineness of a use of a trade mark has to be proved can be found. In invalidity proceedings, there are two relevant points in time in respect of which the proprietor of an earlier trade mark has to demonstrate genuine use of that mark. It must be proved that the earlier trade mark has been put to genuine use during the period of five years preceding not only the date of the application for a declaration of invalidity\textsuperscript{326}, but also either the date on which the application for the contested trade mark was filed or the date of priority of that trade mark application, as far as the earlier trade mark had been, on that date, registered at least for five years.\textsuperscript{327}

The second period corresponds with the purpose of invalidity proceedings which is, as mentioned above, to remove trade marks registered in spite of the existence of a ground for refusal from the register. If the earlier trade mark could not be used to prevent a registration of the registered trade mark due to its non-use, it would be absurd if it could be later invoked in the invalidity proceeding. This is expressly acknowledged by the recitals of the European legislation which basically provide that the proprietors of earlier trade marks should not be entitled to oppose the use of a later trade mark if the latter trade mark was acquired at a time when the earlier trade mark could not be enforced against the latter mark.\textsuperscript{328} These two periods may overlap, either completely or partially. However, each of them needs to be considered individually.

The goods and services in respect of which the proprietor of an earlier trade mark must prove its genuine use are these for which that trade mark is registered, and which are simultaneously cited by that proprietor as justification for the application for a declaration of invalidity.\textsuperscript{329} Failure to furnish a proof of genuine use results in rejection of the application for

\begin{itemize}
\item \textsuperscript{324} See Article 47(4) Proposal for a Council Regulation on Community trade marks published in Official Journal of the European Communities, C 351, 31 December 1980, p. 17.
\item \textsuperscript{325} See Article 56 EU TM Regulation 1994.
\item \textsuperscript{326} See Article 46(1) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\item \textsuperscript{327} See Article 46(2) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\item \textsuperscript{328} See Recital 30 EU TM Directive 2015 and Recital 23 EU TM Regulation 2017.
\item \textsuperscript{329} See Article 46(1) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\end{itemize}
a declaration of invalidity.\textsuperscript{330} If the earlier trade mark has been genuinely used in respect of only part of goods or services for which it is registered, it shall be deemed to be registered only in relation to that part of goods or services.\textsuperscript{331} However, this effect applies only with respect to that particular invalidity proceeding.\textsuperscript{332} Accordingly, the validity of that trade mark is not affected, as long as an application for revocation is not filled.

5. 2. Opposition Proceedings

Opposition proceedings are procedures which are commenced by an opposition to a registration of a trade mark based on the existence of specific earlier rights which can be altogether denoted as the relative grounds.\textsuperscript{333} As it has already been mentioned, the relative grounds for invalidity of a registered trade mark correspond to the relative grounds for refusal of a trade mark application. Thus, it is not surprising that the issue of genuine use also plays a certain role in opposition proceedings.

Same as in invalidity proceedings, EU trade mark law recognises a non-use defence in opposition proceedings. However, there used to be certain differences between the regulation applied in relation to EU trade marks and to trade marks of the Member States. On one hand, already the EU TM Regulation 1994 enabled a non-use defence in opposition proceedings in its Article 43(2). On the other hand, both the EU TM Directive 1989 and the EU TM Directive 2008 recognised certain effect of lack of genuine use on registration proceedings, however, they merely stated that any Member State may provide that a registration of a trade mark may not be refused on the ground that there is an earlier conflicting trade mark if the latter does not fulfil requirements of genuine use.\textsuperscript{334} Therefore, according to these directives, it was not clear who and when could demand a proof of use of an earlier trade mark. Moreover, the Member States were not even required to introduce this legal principle into their legislations. This difference might seem even more surprising when one considers that the first proposal for a directive harmonizing trade mark laws of the Member States included a provision dealing with a non-use defence in opposition proceedings in a way very similar to that provided by the EU TM Regulation 1994.\textsuperscript{335}

\textsuperscript{330} See Article 46(3) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\textsuperscript{331} See Article 46(4) EU TM Directive 2015 and Article 64(2) EU TM Regulation 2017.
\textsuperscript{332} Ibid.
\textsuperscript{333} See Article 43 EU TM Directive 2015 and Article 46 EU TM Regulation 2017.
This difference has recently been overcome at the level of the EU legislation, as the EU TM Directive 2015 has expressly recognised non-use as a defence in opposition proceedings and it imposes an obligation on the Member States to transpose this defence to their national legislations. However, since the Member States still have time to transpose the provisions of the EU TM Directive 2015 until 14 January 2019, there are still national legislations which do not include such mechanism at the moment. Despite this fact, the regulation provided by the EU TM Directive 2015 will be covered below.

Like the case of invalidity proceedings, initially it should have been both the applicant for a registration and the competent industrial property office entitled to require a proof of use of an earlier trade mark. However, also in these proceedings the industrial property offices are not endowed with such power. Consequently, it is own decision of the defendant whether or not he or she demands the proof of use of invoked earlier trade mark. The required extent of such proof is again similar as in case of invalidity proceedings. Pursuant to the EU TM Regulation 2017, the proprietor of the earlier trade mark must prove that his or her trade mark has been genuinely used in relation to the goods or services in respect of which it is registered, and which are cited as justification for the opposition. The EU TM Directive 2015 mentions only the former category of goods and services, that is, the goods or services in respect of which the earlier trade mark is registered.

Regarding the time period within which genuineness of a use must be demonstrated, there is, unlike in case of invalidity proceedings, only one relevant point of time. This point is connected with the date of the application for a registration of a trade mark. Accordingly, it must be proved that the earlier trade mark has been put to genuine use during the period of five years preceding the date on which the trade mark application was filed or the date of priority of that trade mark application. Failure to furnish a proof of use results in rejection of the opposition. If the earlier trade mark has been used only in respect of only part of the goods
or service for which it is registered, it is deemed to be registered in relation to that part of goods or services only.343

5. 3. Infringement proceedings

Finally, the concept of genuine use plays an important role in infringement proceedings as well. Both the EU TM Directive 2015 and the EU TM Regulation 2017 expressly recognise a certain connection between the concept of genuine use and infringement proceedings. Even though the systems are similar in both above-mentioned legislative instruments, the terminology differs.

5. 3. 1. Infringement of an EU Trade Mark

Regarding an infringement of an EU trade mark, it follows from Article 58(1)(a) in connection with Article 128 EU TM Regulation 2017 that the argument of lack of genuine use of an allegedly infringed EU trade mark can be invoked as a counterclaim in infringement proceedings. Accordingly, the allegedly infringing party may bring such counterclaim instead of applying for a declaration of revocation at the EUIPO. Subsequently, the court with which such counterclaim has been filled may either decide about the counterclaim or, on application by the proprietor of challenged EU trade mark, it may request the defendant to submit a respective application for revocation to the EUIPO.344 If the defendant fails to submit such application within a time limit determined by the court, the counterclaim shall be deemed as withdrawn.345

However, it should be borne in mind that the court has to comply with the principle of rei iudicata. Therefore it shall reject a counterclaim if a decision granted by the EUIPO relating to the same subject matter and the same cause of action involving same parties has already become final.346 If the application for revocation had been filled before the EUIPO before the counter claim was filed and this application is still pending, the court shall stay the proceeding until the decision on the application is final or the application is withdrawn.347 On the other hand, the pending counterclaim for revocation renders, unless there are special grounds for continuing the hearing, stay of several types of subsequently initiated proceedings at an EU trade mark court, namely proceedings concerning infringement action, action against acts occurred between date of publication of an EU trade mark application and publication of the

344 See Article 128(7) EU TM Regulation 2017.
345 Ibid.
346 See Article 128(2) EU TM Regulation 2017.
347 See Article 128(4) EU TM Regulation 2017.
registration of that trade mark, and counterclaims for revocation or for a declaration of invalidity.\textsuperscript{348}

The same substantive provisions apply to a revocation regardless whether it is claimed by an application to the EUIPO or by a counterclaim.\textsuperscript{349} Consequently, if the counterclaim for revocation is justified, the court may decide about a complete or partial revocation of the contested trade mark.\textsuperscript{350} Furthermore, the argument that the allegedly infringed trade mark should be revoked for lack of genuine use is also admissible as a plea submitted otherwise than by way of a counterclaim in infringement proceedings.\textsuperscript{351}

The concept of genuine use also plays one additional and quite a different role in infringement proceedings. Beside a counterclaim for revocation, the defendant can also invoke a counterclaim for declaration of invalidity.\textsuperscript{352} Therefore it can be argued that the allegedly infringed trade mark should be invalided on the ground of existence of an earlier trade mark in infringement proceedings. Subsequently, it follows from Article 128(5) EU TM Regulation 2017, that the proprietor of the trade mark which allegedly should be invalided may ask the proprietor of the earlier trade mark to furnish a proof that that earlier trade mark has been put to genuine use. Regarding the repercussions of failure to demonstrate genuine use of the earlier trade mark, the same rules as the ones applied in invalidity proceedings apply.\textsuperscript{353}

5. 3. 2. Infringement of a National Trade Mark

The relationship between lack of genuine use and infringement proceedings was already expressed in the EU TM Directive 1989. Its Article 11(3) provided that a trade mark may not be successfully invoked in infringement proceedings where a counterclaim for revocation is filed, as far as it is established as a result of a plea that the trade mark could be revoked on the ground of non-use. However, as this provision was not mandatory the Member States were free to decide whether or not it should be transposed to their national legislations.\textsuperscript{354} Whereas this principle was verbatim transferred to the EU TM Directive 2008\textsuperscript{355}, the EU TM Directive 2015 adopted a slightly different wording. Moreover, the EU TM Directive 2015 describes the position of lack of genuine use within infringement proceedings in more details and also

\textsuperscript{348} See Article 132(1) in connection with Article 124 and Article 11(2) EU TM Regulation 2017.
\textsuperscript{349} See Article 58(1) EU TM Regulation 2017.
\textsuperscript{350} Ibid.
\textsuperscript{351} See Article 127(3) EU TM Regulation 2017.
\textsuperscript{352} See Article 128 EU TM Regulation 2017.
\textsuperscript{353} See Article 128(5) EU TM Regulation 2017.
provides that this position must be obligatory recognised by all Member States in their national legislations.\textsuperscript{356}

The EU TM Directive 2015 provides the defendant with a non-use defence in infringement proceedings. That means that, if the defendant requests so, the proprietor of the trade mark shall furnish a proof that the trade mark has been put to genuine use during the five-year period preceding the date of bringing the action, provided that at that date, that mark has been registered for not less than five years.\textsuperscript{357} The proprietor of the mark is required to demonstrate genuine use in relation to the goods or service for which that mark is registered and which are cited as justification for the action.\textsuperscript{358} The EU TM Directive 2015 further provides that the proprietor of a trade mark should be entitled to prohibit its use only to the extent that his or her rights are not liable to be revoked on the ground of non-use at the time the infringement action is brought.\textsuperscript{359} Therefore, it can be concluded that failure to prove genuine use results in rejection of a claim demanding the defendant to refrain from using the sign constituting the trade mark.

5.4. Partial Conclusion

As shown above, the concept of genuine use plays an important role in all substantial trade mark proceedings as it can significantly affect their outcomes. Particularly, it represents one of the most basic defence in those proceedings since demonstrating of genuine use does not require any demanding action from the person asking for a proof of such use. Conversely, it transfers the burden of proof to the proprietor of the invoked trade mark. Consequently, the person intending to initiate an adversarial trade mark proceeding should first make sure that he or she is able to demonstrate genuine use of the invoked trade mark by solid evidence before making an application to the competent authority. Otherwise, that person puts at risk not only the success in the proceeding but also the validity of his or her trade mark.

\textsuperscript{356} See Article 17 EU TM Directive 2015.
\textsuperscript{357} Ibid.
\textsuperscript{358} Ibid.
\textsuperscript{359} Ibid.
6. Genuine Use and Trade Mark License Agreements

Even though it might not be obvious at first glance, the requirement of genuine use plays an important element in negotiations of licenses agreements concerning trade marks. An intellectual property license agreement is a legal contract between two parties in which the licensor grants the licensee a particular intellectual property right, such as a right to use a trade mark.\textsuperscript{360} Basically, a license confers the licensee rights in property without transferring ownership of the property.\textsuperscript{361} An authorization to use certain intellectual property right is usually done under specific conditions. The monetary compensation is probably the most important condition for the licensor, however, there are other elements which should not be overlooked.

As it follows from the preceding paragraph, a trade mark license agreement authorizes the licensee to use a trade mark in a way laid down in the agreement. However, generally, the licensee is not automatically obliged to use that licensed trade mark. Consequently, it is up to the licensee whether he or she uses the licensed trade mark or not. Nevertheless, this situation might be in a direct discrepancy with the interest of the licensor who usually licenses his or her trade mark with the expectation that that mark will be used by the licensee and therefore there will be no risk of cancellation of the licensed trade mark. Since, as already mentioned, the mere grant of a license does not constitute genuine use of the licensed trade mark\textsuperscript{362}, if the licensor wants to support or constitute genuine use of that mark by way of the license agreement, he or she should secure that the licensee will actually use the licensed trade mark.

This is even more important in case of exclusive licenses under which the licensor is obliged to refrain from using his or her trade mark. In such situation the licensor can rely only on the licensee’s use of the licensed trade mark and hope that the use will be of such nature that it will be sufficient to constitute genuine use of that mark. Thus, when such type of license is granted for the whole territory for which the licensed trade mark is registered and for the period of at least five years, the destiny of that trade mark is basically in the hand of the licensee. If the licensee is not legally obliged to use the licensed trade mark and he or she decides not to

\textsuperscript{362} PILA, Justine and Paul TORREMANS, European Intellectual Property Law, p. 430.
use it, the licensor can only difficultly avoid the risk of cancellation of his or her trade mark without breaching the license agreement.

Accordingly, following situation might occur. The licensor for whatever reason provided to other person an exclusive trade mark license for a period of five years covering the complete territory for which that trade mark is registered. Because of the exclusivity of the license the licensor undertook an obligation not to use the trade mark at issue during the existence of the agreement. However, neither the agreement nor the law governing the agreement did not legally obligate the licensee to use the licensed trade mark. Subsequently, the licensee did not use the license, regardless of whether he or she did so intentionally or because of financial difficulties. Whereas the licensing agreement gradually ran, the licensor did not have any legal means which could be used to compel the licensee to use the licensed trade mark. Eventually, after the five years period of non-use the application for a revocation was filled and the trade mark was revoked on a ground of non-use.

6. 1. Contractual Precautions

The question arises, how can the trade mark proprietor avoid such situation? In order to reduce risks, the proprietor of the trade mark should negotiate the licensing agreement with the highest vigilance, as it seems easier to take respective measures in the period of negotiating of the agreement than after such agreement is concluded. Although the licensor can ask for the renegotiation of the agreement, success of such demand will strongly depend on the willingness of the licensee. The licensor can also, in spite of contractual prohibition, use the licensed trade mark. Since the fact that a use may infringe third-party rights is irrelevant from the point of view of genuine use, even the illegal use mentioned above can constitute genuine use and therefore must be taken into consideration.\textsuperscript{363} However, in such case, the licensor will perhaps be liable to damages and the licensee might probably terminate the contract on the ground of the breach of the agreement. Yet, under certain circumstances, such repercussions will be for the licensor still more favourable than the risk of losing his or her trade mark.

Therefore, it seems reasonable to negotiate specific contractual terms and conditions in order to prevent the problems mentioned above. Nevertheless, what kind of security measurements are available to the licensor? Most importantly, the licensing agreement should include a provision which imposes on the licensee an obligation to use the licensed trade mark.

\textsuperscript{363} Guidelines for Examination of European Union Trade Marks, Part C Opposition, Section 6 Proof of Use, p. 59.
Such provision can simply provide that the licensee must use the licensed trade mark. However, since not every use automatically meets the requirements of genuine use, I would recommend to further specify manner in which a use of the licensed trade mark must be done. Consequently, the provision can either in detail describe required characteristics of the use as they follow from the case-law of the CJEU or just provide that the licensee is obliged to use the licensed trade mark genuinely in the meaning of Article 18 EU TM Regulation 2017 or Article 16 EU TM Directive 2015 and the related case-law of the CJEU in order to maintain the licensed trade mark in effect. I believe that the latter variation is more suitable, as it can automatically reflect future development of the relevant case-law and, unlike in the case of the former variation, there is no risk that some essential characteristic of genuine use will be omitted in the wording of that provision.

Accordingly, such provision can be construed as follows: “In order to maintain the licensed trade mark in effect, the licensee shall use the licensed trade mark genuinely in the meaning of the EU legislation, particularly in the meaning of Article 18 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark and the related case-law of the Court of Justice of the European Union.” Moreover, in order to more thoroughly secure that the licensed trade mark will be used genuinely, the license agreement can additionally impose on the licensee an obligation to sell certain number of the goods bearing the licensed trade mark or a duty to spend certain amount on promotion of the trade mark in question.

Although this provision might seem sufficient, I believe that the agreement should additionally include other provisions which would motivate the licensee to comply with the above-mentioned rule and together provide the licensor certain possibilities when the licensee acts in violation of that requirement. Accordingly, the licensor should be entitled to terminate the agreement if the licensee fails to use the licensed trade mark genuinely within the specified time period. Such legal construction might be completed by a contractual fine which the licensee would be liable to pay in case of failure to use the licensed trade mark genuinely. A contractual fine for the revocation of the licensed trade mark as a consequence of licensee’s failure to use it genuinely can also be negotiated. Either the licensee will endeavour to use the licensed trade mark properly in order to avoid liability to pay the contractual fee or the licensor will receive financial compensation.

Furthermore, the licensor should have the possibility to profoundly check whether the licensed trade mark is genuinely used by the licensee or not. Otherwise, it would be difficult to
take appropriate measures, such as termination of the contract. Accordingly, the licensor should either have access to the records pertaining to the use of the licensed trade mark, particularly regarding the sales of goods and services bearing the licensed trade mark and the promotional activities concerning the licensed trade mark, or the licensee should have an obligation to regularly provide the licensor with such documents. Moreover, it is suitable when such documents are available to the licensor at any time so that he or she can use them in trade mark proceedings to demonstrate that the licensed trade mark has been put to genuine use.

As it can be seen the licensor has various possibilities how to induce the licensee to put the licensed trade mark to genuine use and thus preclude that trade mark from being revoked. Rather than separate provisions, the licensor should negotiate complex construction of connected contractual terms and conditions which secures that the key obligation to genuinely use the licensed trade mark will be respected. Anyway, this particular issue should always be subject of close attention and the licensor shall not overlook it.

6. 2. Example of a Statutory Regulation – Czech Republic

Another possible approach to the relationship between the licensing agreements and the requirement of genuine use might be to regulate this issue directly by statutory provisions. Such way of regulation can be found in the Czech Republic, where the Czech Civil Code\(^\text{364}\) in its section governing all kinds of licensing agreements, namely in Article 2359 (1) provides that “A licensee is not required to use the license, unless the maintaining of the right depends on the exercise thereof”. Since, as it has been demonstrated, the maintenance of a trade mark depends on its use, the above-mentioned provision applies to trade mark licensing agreements. Consequently, pursuant to the Czech legislation, if a licensor enters into a trade mark licensing contract with a licensee and the law applicable to such contract is Czech, the licensee is automatically required to use the license, that is, in case of trade marks to use the licensed trade mark.

It should be added that Czech civil law is based on the principle that the parties of a contract are generally allowed to deviate from the statutory rules, unless it is expressly prohibited by a statute.\(^\text{365}\) Furthermore, it is provided that stipulations contrary to good morals, public order or the law concerning the status of persons, including the right to protection of personality rights, are prohibited.\(^\text{366}\) As the relevant article mentioned above does not expressly

\(^{364}\) Zákon č. 89/2012 Sb., občanský zákoník.
\(^{365}\) Art. 1 (2) Czech Civil Code.
\(^{366}\) Ibid.
forbid a stipulation deviating from it, it seems that it is possible to exclude applicability of the rule in question, as far as the contracting parties agree upon that. However, since there is not any court decision commenting on this issue yet, the nature of the provision under consideration is still not authoritatively determined.

The rule in question has a decent history in the Czech legislation as it has been its part since 1992. However, from my point of view, the wording of the provision is ambiguous. Even though the licensee shall use the license, it is not expressly provided how the licensee should use the license. As it was demonstrated above, pursuant to the European legislation not every kind of a use of a trade mark results in genuine use. Consequently, compliance with the provision at issue does not automatically secure maintenance of the licensed trade mark in effect. For example, the licensee uses the licensed trade mark in such a small extent that it does not fulfil the requirements of genuine use, yet he or she still undoubtedly uses the licensed trade mark. Therefore, I believe that the article should expressly provide that a licensee is required to use the licensed trade mark in a manner constituting genuineness of the use of that mark.

However, I am of the opinion that such statutory provision is superfluous and it should be completely omitted. I believe that legal relationships between private persons, particularly contracts, should be regulated mostly by agreements between the parties to the contract. Thus, the statutory legislation should refrain from intervening, unless there are justifiable reasons for such intervention, such as protection of weaker party or protection of public order. Nevertheless, I believe that none of these reasons requiring such intervention is presented in the situation in question. Generally, trade mark licensing agreements are concluded between undertakings that are professionals in trade matters. I think that law can demand higher degree of knowledge and attention from such persons. Accordingly, I believe that it should be a sole responsibility of a licensor to require a specific contractual provision that would address the question of genuine use. This responsibility should not be substituted by any statute. Therefore, I would be for omitting of the provision in question.
7. Conclusion

The concept of genuine use is one of the essential principles used in EU trade mark law. The importance of this concept has been recognised from the beginning of the existence of EU trade mark law as it was already included in the very first proposals for the EU legislation concerning trade mark law. Moreover, it can be said that its importance will be soon increased as the new EU TM Directive 2015 imposes on the Member States an obligation to extend the effect of this concept to certain trade mark proceedings. Therefore, due to its significance, the concept of genuine use deserves a close attention.

Despite its significance and the fact that the concept of genuine use is mentioned several times in the EU legislation, none of the EU legal instruments precisely describes the essence of this concept, that is, the specific characteristics of a use of a trade mark as required by this concept. Although the EU legislation provides certain particular rules concerning the concept of genuine use, such as permissibility of a use of a trade mark in the altered form, it remains silent on the essence mentioned above. Consequently, in order to understand these characteristics of genuine use, it is necessary to profoundly study rich case-law of the CJEU.

The thesis has presented all these essential characteristics as they follow from the relevant case-law. Most importantly, in order to be used genuinely, a trade mark must be used in accordance with its essential function, which is to guarantee the identity of goods or services in order to create or preserve an outlet for them. Compliance with this crucial condition presupposes that the trade mark is used publicly as a mere internal use does not penetrate the relevant market. The same can generally be said when a trade mark is used in relation to promotional goods. Therefore, genuine use requires that the goods or the services bearing the trade mark are offered commercially.

Besides that, there are other, widely discussed circumstances relevant for the assessment of genuine use, particularly quantitative and territorial extent of use of a trade mark. Regarding the former one, even a use which is not significantly quantitative can be considered to be genuine as the overall outcome of the assessment also depends on other factors. After the discussions concerning use of EU trade marks, it seems that the same can generally be said about the latter circumstance. The territorial extent of use is also one of many factors which are taken into account during the assessment of genuine use. This is particularly important in case of EU trade marks as it means that even a use of a trade mark in a single Member State can be considered to be genuine.
An assessment whether a trade mark is used genuinely must be done on a case-by-case basis taking into account all the relevant facts and circumstances of the case. Beside the factors mentioned above, for example nature of goods and services or characteristics of the market belong among such relevant circumstances. Based on such overall assessment, the competent authority can finally decide whether there is a real commercial exploitation of the mark in the course of trade resulting in genuine use of that mark.

In contrast to harmonized substantive trade mark law, the harmonization of the procedural rules has not reached such high level yet. Consequently, the Member States are left free to determine procedural rules concerning the concept of genuine use, excepting several essential principles laid down by the EU legislation. Regarding the procedure before the EUIPO, two crucial principles should be borne in mind. First, the burden of proof rests with the proprietor of the contested trade mark. Second, genuine use must be proved by solid and objective evidence of effective and sufficient use of the challenged trade mark on the market concerned. Concerning the admissible means of evidence, the proprietor can submit any means which finds suitable. However, not all means of evidence have same probative value. As a general rule, the means produced by the third parties are considered as having higher probative value than those produced by the proprietor of a trade mark or by its representative.

The concept of genuine use plays a significant role in relation to both trade mark proceedings and trade mark license agreements. Regarding the former, the concept of genuine use can completely overturn the expected result of the proceeding. If the proprietor of a trade mark is requested to furnish a proof of genuine use of the mark and he or she doesn’t fulfil this demand, the trade mark in question is eventually either cancelled or deemed to be unenforceable, depending on the type of the proceeding. Therefore, when a defendant is eligible to ask a claimant for such proof of genuine use he or she should avail himself of such opportunity. On the other hand, a claimant should always first make sure that he or she is able to demonstrate genuine use of the potentially invoked trade mark by solid evidence before initiating the respective trade mark proceeding. Otherwise he or she might be surprised at the final result of the proceeding.

Concerning the relation between the concept of genuine use and trade mark license agreements, trade mark proprietors should not overlook the importance of that concept in such contracts. The licensor should always demand inclusion of the condition imposing on the licensee an obligation to genuinely use the licensed trade mark in the license. Furthermore, it is suggested to negotiate other terms securing that the licensee will comply with the obligation
mentioned above, such as a contractual fee or a right to terminate the contract in case of violation of the above-mentioned obligation. Otherwise, the licensor risks that the licensed trade mark will not be used which may subsequently result in the cancellation of that mark.
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