

To
Gerechtshof Den Haag



in the case of:

Leno Merken B.V.
and
Hegalkruis Beheer bv
regarding
Benelux trademark application no. 1 185 770 “OMEL”

AMICUS CURIAE submission by the MARQUES Association

The MARQUES Association (MARQUES) through its *Amicus Curiae* team, respectfully makes this submission to the Court of Appeal in relation to the proceedings involving *Leno Merken B.V. v Hagelkruis Beheer bv* MARQUES wishes by this letter to bring to the attention of the Court the views of its members in relation to certain issues addressed in the case.

MARQUES does not seek to make a formal intervention in the case, but would be prepared to attend by Counsel at the hearing to answer any questions which the Court may wish to ask in relation to any of the points made in this submission

MARQUES does not seek any contribution to its costs from any party to the case, and assumes that the provision of this submission will not involve any of the parties in additional costs. MARQUES believes that it is in the public interest for third parties interested in a matter which has an impact beyond the dispute between the parties to be able to contribute to the debate and hopes that its submissions will be seen in that light and will be of assistance to the Court in coming to its decision.

1. Background of MARQUES

MARQUES was founded in 1987 and is incorporated in the United Kingdom as a not for profit company limited by guarantee. It has no shareholders, issues no dividends and its directors are expressly prohibited from being paid for their services. MARQUES represents the interests of European trade mark owners in the protection and utilization of trade marks as essential elements of commerce. Its current membership of trade mark owners and legal practitioners representing trade mark owners is in excess of 600 members in 84 countries. Membership crosses all industry lines.

840 MELTON ROAD
THURMASTON, LEICESTER
LE4 8BN
TEL: +44 116 264 0080
FAX: +44 116 264 0141

email: info@marques.org
Internet Home Page:
<http://www.marques.org>

An important objective of MARQUES is to safeguard the interests of the public by ensuring the proper protection of trade marks and to safeguard the interests of trade mark proprietors with regard to the regime of trade mark protection. MARQUES attempts to achieve this objective by advancing the cause of trade mark laws which protect the public from deception and confusion. MARQUES is an accredited association before OHIM and an official non-governmental observer to the World Intellectual Property Organisation (WIPO). MARQUES is managed by an elected Council and external relations teams are appointed to monitor trade mark issues affecting European brand owners, identifying issues and problems and proposing responsive action. These teams include an *Amicus Curiae* team with a brief to intervene in legal proceedings where deemed appropriate and where permissible in cases considered to involve important trade mark issues likely to have a significant impact on trade mark owners and the public.

The submission of *amicus curiae* briefings by MARQUES is governed by the current Policies and Procedures of the *Amicus Curiae* Team as approved by the Council of MARQUES on 28 June 2008. A copy of these Policies and Procedures is attached for the easy of reference of the Court. Under the terms of these Policies, MARQUES must adopt a position of neutrality with respect to the case at stake and

- not contest the facts of a case but address points of law only,
- make comments regarding general principles of the law,
- address points of general interests of trademark owners,
- explain the relevance and consequences of the points of law concerned for the protection of trademarks, trade names and trade dresses and justified interests of their proprietors;
- take a neutral approach independent from the question whether the supported party is a member of MARQUES or not.

Accordingly, the fact that the present case has been brought to the attention of the Amicus Curiae Team of MARQUES by any interested party under the terms of the Policies and Procedures does not affect the neutral position that MARQUES takes with respect to the specific resolution of the dispute at stake. MARQUES only goal is to make a comment regarding the interpretation of Art. 15 (1) of the Council Regulation (EC) No. 207/2009 dated 26 February 2009 on the Community Trade Mark (hereinafter referred to as "CTMR") on behalf of the constituency of trade mark owners it represents.

The present submission has been approved by the Executive Committee of MARQUES on 28 April 2010.

2. Rationale in MARQUES making this submission

MARQUES recognizes that there is an issue in this case which concerns trade mark owners generally, including MARQUES members. This issue involves a substantive question on the protection of Community trade marks (hereinafter referred to as “CTM”) and their maintenance. The Court’s ruling is likely to have a considerable impact in the relation between national and Community trade marks.

MARQUES trusts that its comments will be helpful in adding to, reinforcing or developing the submissions made by the parties to the case, reflecting as they do the views of the wide constituency of trade mark owners represented by the Association.

3. MARQUES' submission

The matter deals with the interpretation of Art. 15 (1) of the Community Trade Mark Regulation (hereinafter referred to as “CTMR”), in particular with the territorial extent to which a CTM must be used to maintain its registration. The proper interpretation of this provision is of high importance to all trade mark owners.

The interpretation of Art. 15 (1) CTMR is of importance in particular for small and middle size enterprises when making their decision whether to register a CTM or to seek trade mark protection via national trade mark registrations. It will have an impact on the role of the CTM system in relation to the system of national trade marks and thereby the number of future national trade mark applications. Finally, it will influence the extent to which the principles of a single, internal market in the EU can apply to trade mark protection within the EU.

Therefore, it is the belief of MARQUES that the following should be borne in mind when looking to the proper interpretation of Art. 15 (1) CTMR.

4 Background and wording of Art.15 (1) CTMR

The CTM was introduced in 1996 to cover the whole of the European Union for the purpose of going one step further in completing an internal market. Insofar, the second, third and sixth recitals in the preamble to the CTMR point out:

“(2) It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to

create a market of this kind ..., legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community,

(3) For the purpose of pursuing the Community's said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this Regulation.

(6) The Community law relating to trade marks nevertheless does not replace the laws of the Member States on trade marks. It would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as Community trade marks. National trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level."

A trademark right offers a monopoly. In order to justify that monopoly and to fulfill its essential function and aside from a certain grace period, the mark must be used. A monopoly that goes much further than the territory in which the mark is used, may form an obstacle for the free movement of goods as well as the freedom to provide services within the internal market. Therefore, Art. 15 (1) CTMR provides:

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

5 Interpretation of Art. 15 (1) CMTR

Neither the CTMR nor their Implementation Regulation provide for a definition of the term "genuine use in the Community".

5.1 The Joint Statements

Instead, when the CTMR was established, notably its predecessor (Council Regulation (EC) no. 40/94 dated 20 December 1993 on the Community Trade Mark), the following was considered in the so-called Joint Statements:

“The Council and the Commission consider that use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community.

(Joint Statements by the Council and the Commission of 20. October 1995, No B. 10 to 15, OJ OHIM 1996, 615).

However, insofar MARQUES concurs with the Benelux Office for Intellectual Property in that it correctly pointed out in its decision of 15 January 2010 that the view contained in the Joint Statements, stating that genuine use in one single country by definition results in genuine use in the Community, cannot be regarded as binding and prejudicing the assessment whether a CTM has been put to “genuine use in the Community”.

However, the question is which consequences to draw from the above conclusion.

5.2 Conclusion of the BOIP

As far as the BOIP is drawing the conclusion that

“use in only the Netherlands can, given these facts, not be classified as normal use of the invoked right”,

this language seems to suggest that the BOIP interprets Art. 15 (1) CTMR in a way that “genuine use in the Community” requires, in any case, use in more than one member state of the EU.

However, it is already questionable whether the BOIP intended to make a general statement as its conclusion was drawn on the basis of the *given facts*, i.e. that

- the services for which the invoked CTM is registered are destined at a large public throughout the entire Community and
- the CTM had undisputedly been made “genuine use” of in the Netherlands, a fact that was not reviewed for lacking dispute; genuine use in the Netherlands may be genuine also from the perspective of the CTMR as to its way of use (as registered, on the product, in the course of trade, etc.). However, as regards the question whether the use is “genuine” also to its *extent*, a reference to the Netherlands is irrelevant as the territory decisive for a sufficient use is not the Netherlands, but the Community. So, as regards the extent of the use, admitting genuine use “in the Netherlands” can only mean

- either that it does not contain any statement as to a sufficient *extent* of use but only that the use exclusively occurred in the Netherlands,
- or that the extent of use was complied with the requirements of sufficient use for Benelux trade mark.

Thus, the BOIP had to decide on a case that included the possibility of a use the extent of which just took the hurdle of genuine use for a Benelux trade mark. Such a genuine use in terms of the Benelux trade mark law does not necessarily correspond to the use required to constitute genuine use of a CTM. Even the Joint Statements, irrespective of their lacking binding effect, do not read:

“The Council and the Commission consider that use which is genuine within the meaning of its national law constitutes genuine use in the Community.”

but correctly refer to the CTMR only.

If, however, it was the intention of the BOIP to interpret Art. 15 (1) CTMR in a way that “genuine use in the Community” is to be defined by reference to member states and their political boundaries, requiring, *in general*, use in more than one member state of the EU, this interpretation of Art. 15 (1) CMTR along a certain number of member states to be covered by the trade mark use would, in the view of MARQUES, not be the correct approach.

5.3 Decisions of the ECJ

The ECJ has already pointed out that

- *“when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark. ...*

Assessing the circumstances of the case may thus include giving consideration, inter alia, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark.”

(Dec. of 11 March 2003, C-40/01 - “Ansul BV v. Ajax Brandbeveiliging BV”, para. 38, 39),

- *“the territorial scope of the use is only one several factors to be taken into account in the determination of whether it is genuine or not.”*

(Dec. of 11 May 2006, C-416/04P - “The Sunrider Corp v OHIM (VITAFRUIT)”, para. 76 and dec. of 10 September 2008, T-325/06 – “Boston Scientific Ltd. v. OHIM (CAPIO)”),

- *“it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A ‘de minimis rule’ ... cannot therefore be laid down.”*

(Dec. of 27 January 2004, C-259/02 – La Mer Technology, Inc v. Laboratoires Geomar SA, para 25, and dec. of 11 May 2006, C-416/04P - “The Sunrider Corp v OHIM (VITAFRUIT)”, para. 72),

- *“genuine use means that the mark must be present in a substantial part of the territory where it is protected.”*

(Dec. of 12 December 2002, T-39/01 - “Fernandes v OHIM (HIWATT)”, para. 37),

- *“when assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark”*

(Dec. of 25 March 2009, T-191/07 - “Anheuser-Busch Inc. v. OHIM (BUDWEISER)”, para. 101).

6 Position of MARQUES

6.1 Unitary character of CTM

“Genuine use” includes qualitative and quantitative requirements. While the qualitative requirements refer to the way of use of a trademark (as registered, on/for the product, in the course of trade), the quantitative requirements refer to the quantities of sold goods or service performances, the territory of sales or performances and the time of use of a trademark.

As regards the territory of use, the only relevant circumstance is use “in the Community” – as opposed to any use made outside the Community. The CTMR treats the EU like only single territory, as follows from the unitary character of the CTM. For a CTM, geographical or political boundaries and national frontiers do not exist. This requires that the examination of use must not refer to member states of the EU at all, be it to find use in one state sufficient, be it to request use in more than one member state. “The Community” is more than the mere sum of its member states; by the unitary character of the CTM “the Community” has achieved, at least as far as Art. 15 (1) CMTR is concerned, the quality of an “aliud” over against its members..

The ECJ already pointed out:

“Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.”

(Dec. of 11 March 2003, C-40/01 - “Ansul BV v. Ajax Brandbeveiliging BV”, para. 38)

Using trade marks is about addressing markets, not states. Asking about the number of member states covered by the use would disregard this finding and therefore be the wrong question.

6.2 Relation between the part and the entirety of the EU

The crucial question is how to deal with the natural tension between protection of a trade mark in the *entire* EU and its use in only a *part* of that entirety “EU”.

As a part, by logic, obtains its existence and identity only from its reference to the entirety of which it is a part, it can be qualified only in relation to that entirety, but not in relation to other parts of another nature (extent of state as opposed to extent of market) of that entirety. Genuine use needs to be assessed using the whole single market of the EU as a reference. If a minimum was to be set up as regards the territorial extent of the use of a CTM to maintain its protection, it could therefore follow only from the tension between part and entirety of the EU, i.e. be established as a certain proportion between part and entirety.

The proportion may vary depending, for example, on

- the quantitative extent of the use, in that the “part” may have to constitute a larger share of the “entirety” the smaller the quantitative extent of use is, and vice versa.,
- the product concerned, if the trade mark is used for a typical national product and thereby, on first sight, addressing a national market only; even then, the conclusion to be drawn from this circumstance could be different, either requiring use beyond the national market to show that it addresses the entire Internal Market, or not requiring use beyond that national market as, in such a case, the Internal Market consisted of that national market only.

The fact that the system of national registrations exists and can be used for protection must not be allowed to influence how we look at genuine use of a CTM. It is unacceptable to suggest that a company must be obliged to use one system rather than another simply because the system exists. The free choice of rights owners must be guaranteed, and rights owners must take responsibility for their choices even if it means that they may in fact stand to lose their right because of a change in the market conditions resulting in a change in the use of a trade mark.

If the circumstances lead to the conclusion that the use is mere token use for the sole purpose of preserving the rights conferred by the mark, it is without relevance whether such use had been made in various member state of the EU. Likewise, if a use is sufficiently intensive and wide-spread, it may be sufficient to constitute “genuine use in the Community” even if, by chance, the territory covered is part of one EU member state only. Otherwise, use of limited, regional extent but covering two or three member states, e.g. in border regions like the border triangle of The Netherlands, Belgium and Germany, might be held sufficient, while use in the same way and to the same or even larger extent would be held insufficient only because it is made, by chance, entirely in Germany, France or the UK. It is quite obvious, that this result cannot be in line with the idea of a unitary CTM and “genuine use in the Community”, and can therefore not be desired.

The only relevant criterion must therefore be the relation between the extent of the trade mark use and the extension of the EU territory in its entirety before the background of the characteristics of the particular market concerned. The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case by case assessment. Use in one member state may be sufficient in the one case, and may not be sufficient in the other case, like use in more than one case may be sufficient in the one case, and may not be sufficient in the other case.

As a result, the reference to national borders does not add any value in the examination of “genuine use in the Community”.

6.3 Reference to a “substantial part of the Community”

Defining the territory within which the trade mark has to be used as “a substantial part of the Community” (General Court, dec. of 12 December 2002, T-39/01 - “Fernandes v OHIM (HIWATT)”, para. 37) does not help as it only shifts the question to the definition of “a substantial part of the Community”.

While insofar the “PAGO” decision of the ECJ (Dec. of 6 October 2009, C-301/07 - “Pago International GmbH v Tirolmilch (PAGO)”) shows that under certain circumstances the territory of one member state can qualify as a “substantial part of the EU”, this decision does not prejudice the definition of a “genuine use in the Community” according to Art. 15 (1) CTMR. The “PAGO” decision addresses another case that is not comparable with the case at hand. In a situation like the “PAGO” case, the protection of the trade mark to the extent that it reaches beyond the member state in which the basis for the protection could be found (Austria), will hardly obstruct any competitor:

- Maintaining the “basic” trade mark protection (against confusion) by use of the CTM in only one EU member state (“ONEL” case) will make competitors abstain from using an identical or similar trademark for identical or similar goods or services, as such use in itself would necessarily lead to a trade mark infringement.
- Maintaining the “special” trade mark protection of a well-known trade mark (against exploitation or detriment of the trade mark’s reputation or distinctiveness) by use in only one EU member state (“PAGO” case) will *not* make competitors abstain from using an identical or similar trademark for dissimilar goods or services, as such use in itself would *not* necessarily lead to a trade mark infringement. In this case, a trade mark infringement would require in addition that such use is taking unfair advantage or detrimental to the trade mark’s reputation or distinctiveness. However, if a trademark that is well-known in one EU member state is not used or hardly known in another EU member state, it is quite unlikely that there will be an exploitation or detriment of the trade mark’s reputation or distinctiveness in that other state. Without or with only limited use there will hardly be a reputation that could be exploited or impaired. So, in the “PAGO” situation, there may be *protection* outside Austria but no *infringement*. If, in exceptional cases, the use in Austria

alone will constitute a brand awareness and reputation also in other states that could justify the special protection of a well-known trade mark (so that there could also be an infringement), the trademark will most likely be notorious according to Art. 6^{bis} of the Paris Convention – and thereby constitute separate protection in the respective country, anyway.

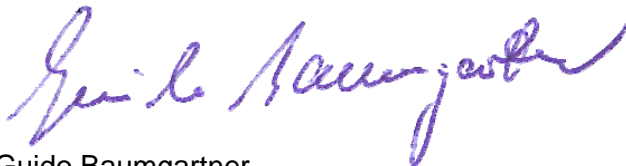
Accordingly and different from what has been mistakenly drawn from the “PAGO” decision by its critics, the “PAGO” decision does not seem to lead to a “protection overspill” as it is the concern in the discussion of the “ONEL” case. Consequently, the “PAGO” decision does not qualify for a reference case in the proper interpretation of a “genuine use in the Community”.

7. Conclusion

Art. 15 (1) CTMR should be interpreted in a way that it does not depend on the use of the trade mark in a specific number of EU member states but takes into account all facts and circumstances of the individual case and will therefore have to be assessed by the national court in each individual case. The opposite interpretation would affect the main principles of the CTM system.

MARQUES remains at the disposal of the Court for any further information or elaboration of the above arguments which the Court may desire and hopes that its comments will prove to be of assistance to the Court in the determination of the matters before them in this Appeal.

Yours sincerely



Guido Baumgartner
Chair
MARQUES