



EUROPEAN UNION COURT OF JUSTICE’S DECISION IN THE “ONEL/OMEL” CASE—HOW MUCH USE IS “GENUINE”?

The European Court of Justice, recently renamed the Court of Justice of the European Union (“**CJEU**”), released on December 19, 2012 its much anticipated decision in the case *Leno Merken BV v. Hagelkruis Beheer BV* (Case C-149/11, “**ONEL/OMEL**”). The issue in the case is whether genuine use of a Community trademark (“**CTM**”) in just one of the Member States suffices to establish genuine use for this CTM throughout the entire European Union. Owners of CTMs frequently need to prove such genuine use in order to successfully overcome the defense of non-use, routinely raised by applicants or infringers in the course of oppositions or litigation, respectively, as justification against a cancellation motion. In a larger context, the decision also contains guidance regarding the criteria generally applicable for establishing genuine use within the meaning of Art. 15 CTMR.

THE FACTS OF THE CASE IN A NUTSHELL

Hagelkruis Beheer BV (“**Hagelkruis**”) filed an application in the Benelux Office for Intellectual Property

(“**BOIP**”) for the registration of a national Dutch word mark “**OMEL**”. Leno Merken BV (“**Leno**”), proprietor of the earlier CTM “**ONEL**”, opposed this application. Hagelkruis resorted to the defense of non-use and requested that Leno provide proof of use of its CTM. Leno, in return, provided proof of use of the earlier mark “**ONEL**” only for the Netherlands, but in no additional Member State. Referring to such limited use, Hagelkruis requested revocation of “**ONEL**”. The parties did not dispute the marks’ similarity, that they were registered for identical or similar services, and that there was a likelihood of confusion. Such setting gave rise to the suspicion the litigation had been staged in order to obtain a decision on the underlying question of sufficient use.

The BOIP accepted Hagelkruis’ defense, Leno appealed and the Dutch Court of Appeal referred the case to the CJEU, asking it to respond to questions concerning interpretation of the term “*put to genuine use in the Community*” contained in Article 15 (1) of the CTMR. These originally very complex questions

were summarized by Pieter Veeze, the BOIP's rapporteur in the original case as follows:

1. Is use in one country always enough?
2. If not, is it never enough?
3. If it is never enough, what is needed?
4. Should the assessment of genuine use in the Union be done in the abstract, without reference to the borders of the territory of the individual Member States?

THE CJEU'S DECISION

In the past, the question of whether use of a CTM in just one EU Member State was enough to maintain the registration was discussed at length. While the Office for Harmonization in the Internal Market (OHIM) had always opined that use in one Member State should be sufficient, others took the opposite point of view. In her advisory opinion to the CJEU, Advocate-General Sharpston indicated that the protection granted to a CTM may not be appropriate if the mark is intentionally used on a national scale only. In essence, the Advocate General recommended that national borders should be ignored and that the determination of genuine use should focus on the question whether the use in question is sufficient to maintain or create market share within the EU for the goods and services covered by the mark and whether it contributes to a commercially relevant presence of the goods and services in the common market.

The CJEU affirmed the Advocate-General's opinion that the territorial borders of the individual EU Member States should not be decisive in the assessment of "genuine use in the Community", and that neither the OHIM Guidelines, nor the Joint Statement by the EU Council and Commission of December 20, 1993 stating that "[t]he 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" are binding on the CJEU for the purpose of interpreting provisions of EU law.

The CJEU held that a CTM is "put to genuine use" within the meaning of a Article 15 (1) CTMR when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the EU for the goods or services covered by it. The CJEU also held that it is for the referring courts to assess on a case by case basis and in the main proceedings whether the conditions are met, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trademark, and the territorial extent and the scale of the use, as well as frequency and regularity. The court expressly refused to lay down a de minimus threshold as to what territorial scope will satisfy the use requirement.

With regard to the use within a single Member State, the CJEU stated, inter alia,

"Whilst there is admittedly some justification for thinking that a CTM should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as "genuine use", it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a CTM has been registered is in fact restricted to the territory of a single Member State. In such a case, use of a CTM on that territory might satisfy the conditions both for genuine use of a CTM, and for genuine use of a national trade mark".

and

"Second, whilst it is reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it is not necessary that the mark should be used in an extensive geographic area for the use to be deemed genuine, since such a qualification will depend on the characteristics of the product or service concerned on the corresponding market."

(PRACTICAL) CONSEQUENCES OF THE DECISION

The most important message of the decision is certainly that when assessing genuine use “*the territorial borders of the Member States should be disregarded*” and that a court will have to take into account “*all relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trademark and the territorial extent and scale of the use, as well as its frequency and regularity*”. According to the CJEU, genuine use requires the CTM owner to consider (1) whether he uses the mark to its full essential function (i.e. to identify the source of goods and services) and (2) whether he uses the mark for the purpose of maintaining or creating market share.

It is not surprising that the CJEU rejected the concept of statically associating genuine use to the borders of the Member States, particularly in view of the fact that the Member States differ greatly in size. A strict application of a rule that use in one Member State is *per se* sufficient would have put the CTM owners in bigger Member States in a disadvantageous position. The court’s flexible approach avoided that.

It not yet clear, however, what the CJEU thinks about cross-border use. The decision’s wording indicates that cross-border use is of importance and that it certainly is a good argument in favor of genuine use of a CTM, in particular, in view of the court’s enhancement of the conceptual

differences between a CTM and a national trademark. CTM owners will appreciate that genuine use of their marks will not be tied to a minimum geographical area and that the assessment takes into account the particularities of their home markets. On the other hand, the CJEU’s decision also allows for consideration as to whether use of a mark in a single Member State should be enough to block the mark for all 26 other Member States. For single market use, national marks are still available. CTM owners cannot rely on the doctrine that the use within one Member State is sufficient.

LAWYER CONTACTS

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