

# EIP



## CJEU decides on “business as usual” after ONE-L of a fight

### **Leno Merken BV v Hagelkruis Beheer BV (ONEL / OMEL)**

A test case cooked up by Benelux attorneys called into question one of the central tenets of the CTM system - that use of a CTM in just one member state was sufficient to sustain the registration against an attack for non-use.

Fortunately for the many CTM owners currently operating in just one EU country, the CJEU held that the precise territorial extent of the use within the Community was not material to the question of whether it was “genuine”. Far more important was the intention to sustain a market in the products within the Community, rather than merely “token” use designed purely to validate a trademark registration. Ultimately the test is a qualitative rather than a purely quantitative one as it was not intended to be a test of commercial success.

The CJEU declined to set out any sort of de minimis test, but maintained that it is necessary to assess the use claimed in the context of the EU market in the products in question. This does not completely rule out courts finding that, on the facts, very minimal use shown in just one country is insufficient to constitute genuine use in an EU context. However, it would be a bold judge indeed who took this view in relation to any undertaking with a reasonable commercial business, merely because it happened to be trading only in one member state.

One important selling point for the CTM system, particularly in the USA, was the principle that the unitary CTM right could nevertheless be sustained against revocation by use in just one EU member state. This was both a comfortably achievable target for companies seeking to enter the EU market and a none too onerous evidential task

The principle was set out in a joint statement of the EU Council and Commission prior to the launch of the CTM in 1996. Although widely relied upon, the statement was not referred to in the implementing legislation and so was not material to its construction.

By deliberately only substantiating the ONEL CTM registration with evidence relating to use in one country, the attorney owner forced the Dutch courts to make a referral for guidance from the CJEU.

Set against the interpretation suggested by the joint statement was the fact that CTM legislation specifically considered the possibility of conversion of a CTM registration revoked for non-use into a national registration in a country where use had nevertheless been established according to local standards. This at least pointed to the theoretical possibility of genuine use in one member state being insufficient to sustain a CTM as a unitary right.

In addition, a number of cases had already been considered relating to the territorial extent of use required for a mark to benefit from an enhanced reputation when considering the infringement / opposition tests. Cases such as PAGO and General Motors indicated that such an assessment of reputation would need to relate to a substantial part of the community to be relevant.

Given the increasingly crowded nature of trademark registers around the world (not least the highly successful CTM register), there is some force to the argument that marks with a merely national reach should be removed from the CTM register (particularly given the availability of conversion to a national registration).

Some commentators argue that otherwise the limited use of a mark in one small member state such as the Island of Malta will effectively monopolise a particular brand name through the entirety of continental Europe.

However, on the other hand the forcing of an owner of a slowly developing brand to pay conversion fees seems unnecessarily draconian. Equally, any lack of encouragement for a Community-wide trademark system would seem to undermine the central aims of a common market.

Perhaps unsurprisingly the CJEU chose to largely follow AG Sharpstone's earlier opinion and acknowledge the need for use to be genuine in terms of the essential function of a trademark in the context of the EU market as a whole, without in any way closing the door on use in one country being sufficient to sustain a CTM registration.

The question of whether the use in the ONEL case was sufficient was passed back to the

Dutch courts to decide on the basis of the guidance given by the CJEU. Although it is clear that there is no longer any absolute certainty that “use in one country will sustain a CTM”, it would take a number of surprising court decisions to put this basic principle in any real doubt in any but obvious token use cases.

By Simon Stanes