

## Europe determines when use is use

### Summary and implications

The EU General Court has recently handed down a judgment that for the first time properly lays down hard guidance on what constitutes genuine use of a trade mark in the EU sufficient to keep a registration alive.

This judgment will have a strategically significant effect on the trade mark position across the EU.

- The EU will now take a stricter position on genuine use so that the register does not de facto grant an inactive proprietor a legal monopoly for an indeterminate period. The general principle is now that the register must faithfully reflect what companies actually use on the market to distinguish their goods and services in economic life.
- Trade mark proprietors must make genuine – not token - use of their trade marks to keep them alive, and face losing their monopolies if they do not.
- Competitors have now been given a real weapon with which to clear the way for their own registrations, and should no longer be subject to trade mark hold-up by what may in practice be no more than a defensive registration backed up by little actual use. As a result cancellation actions will become a significantly more important weapon in the strategic armoury.
- A premium will now be placed on a proper and sophisticated forensic consideration of evidence in cancellation proceedings.

### The evidence of use and its defects

It is important to note the precise character and extent of the evidence for genuine use in this case, as this is critical to understanding the boundaries of genuine use established by the EU General Court's decision.

In defending an OHIM cancellation action against its Community word mark CENTROTHERM for non-use, the trade mark proprietor filed the following evidence

to demonstrate genuine use; fourteen digital photographs of pallets and boxes of goods; four invoices with the trade mark on the letterhead; and a sworn declaration from its manager.

The OHIM Cancellation Division decision revoked the CENTROTHERM mark on the basis that this evidence was insufficient to demonstrate genuine use of the mark. This had been reversed by the OHIM Board of Appeal on the basis that the photographs demonstrated the nature of the mark's use and that the invoices showed that the goods had been marketed under the mark.

The General Court overturned the Board of Appeal's ruling. The General Court held that genuine use of a trade mark has to be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the relevant market. The Board of Appeal had not carried out a proper forensic examination of the evidence adduced to prove genuine use. In particular -

- Only seven of the fourteen photographs actually showed the trade mark clearly, on the other photos it was either impossible or extremely difficult to make out the whole mark.
- It was impossible to infer from the photographs (or indeed from the invoices) exactly what goods were on the pallets or in the boxes bearing the CENTROTHERM mark.
- None of the photographs was dated and, moreover, during the course of the proceedings the applicant had conceded that they had been taken after the relevant period in question (and were not therefore contemporaneous).
- None of the article numbers shown on the photographs corresponded to article numbers on the four invoices.
- The four invoices spanned a very short space of time (one month) and only amounted to 0.03% of the turnover of the goods under the CENTROTHERM mark in the relevant period.

- It is critical to check the probity and veracity of the account contained in sworn written statements against the actual evidence (here, the 14 photographs and the invoices), all the more where there was a clear link between the maker of the statement and the proprietor. Neither the photographs nor the invoices corroborated the statement submitted by the individual acting in his capacity as manager of the proprietor, so an overall assessment of the evidence was that there was no genuine use of the CENTROTHERM mark.

## Guidance on genuine use from the General Court

The general principle on use of a trade mark is that it will be revoked if it has not been put to genuine use within the EU for a continuous five year period in connection with the goods or services with which it is registered, and there are no proper reasons for its non-use.

The General Court stated in terms that the rationale for this rule is that the trade mark register is not to be treated as some kind of a strategic and static depository conferring an unlimited legal monopoly on an inactive proprietor. The opposite is the case. The trade mark register must faithfully reflect what companies actually use on the market to distinguish their goods and services in economic life.

The General Court held that ‘genuine use’ should mean use in accordance with the essential function of a trade mark, namely to guarantee the identity of the goods or services for which it is registered, in order to create or preserve an outlet in the market for those goods or services. Genuine use did not mean token use for the sole purpose of preserving the rights conferred by the registration, and genuine use had to be use of the trade mark publicly and outwardly.

The concept of genuine use therefore excludes all minimal and insufficient use. It is clear from the evidence in this case that the boundary of genuine use is higher than the evidence filed to support use of the CENTROTHERM mark.

Proprietors must therefore be able to adduce evidence that goes beyond even this low threshold. In doing so the General Court made it clear that the requirement of genuine use does not seek to assess commercial success or review the proprietor’s economic strategy, nor is it intended that trade mark protection should be restricted to situations where large-scale commercial use has been made of a trade mark.

But, the smaller the commercial volume of the trade mark’s exploitation the more necessary it is for the proprietor to adduce proper evidence to dispel any doubts as to the genuineness of its use. It is not enough to rely on probabilities or supposition. What has to be demonstrated is solid and objective evidence of effective and sufficient use of the mark in the relevant market.

The correct approach is a holistic one based on an overall assessment of all the relevant evidence and of the market for the relevant goods or services. The General Court was careful to state that there is no limit to the methods and means of proving genuine use of a mark. It had no sympathy with the argument from the unsuccessful proprietor that it was excessive to require proprietors to maintain a precautionary archive of evidence of use, as it considered that the proprietor had chosen to put forward weak and poor quality evidence.

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