

Use Requirement for European Union Community Trademarks Defined by Relevant Market

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Legal Update

The Court of Justice of the European Union (CJEU) recently established that use of a Community trademark within one European Union (“EU”) Member State is not, by itself, sufficient to constitute “genuine use in the Community.” Community trademarks are an economic alternative to national trademarks that provide protection across all twenty-seven EU Member States. One requirement for obtaining protection is that the mark must be put “to genuine use in the Community” within five years of registration.

Previously, under the prevailing interpretation of “in the Community,” use of a mark in one EU Member State was sufficient to establish the requisite “genuine use.” That interpretation was challenged in January 2010 by the Benelux Office of Intellectual Property (BOIP) in *Leno Marken BV (Leno) v. Hagelkruis Beheer BV (Hagelkruis)*. Leno, the proprietor of the Community trademark “ONEL,” challenged an attempted registration of “OMEL” as a Benelux trademark by Hagelkruis. Hagelkruis countered that “ONEL” did not merit protection as a Community trademark and the BOIP agreed, holding that evidence of the use of “ONEL” within the Netherlands was not sufficient to show “genuine use in the Community.” Leno appealed, and the question of whether use of a trademark within a single Member State was sufficient to constitute “genuine use in the Community” was referred to the CJEU.

In July 2012, the CJEU responded in the negative, holding that “use of a Community trademark within the borders of a single Member State is not, of itself, necessarily sufficient to constitute genuine use of the trademark.” Rather, the CJEU held, a mark meets the requirement of “genuine use in the Community” if, “when account is taken of the particular characteristics of the relevant market, the mark is sufficient to maintain or create market share in that market for the goods and services covered by the Community trademark.” This question must be answered on a case-by-case basis, considering many dynamic factors, of which territorial scope of the use is only one. The territorial scope of the use should be assessed without respect to national boundaries; however, where the internal market is concentrated within a particular Member State, use of a mark solely within that Member State would not “preclude” a finding of “genuine use in the Community.” Other examples of factors to be considered in assessing “genuine use” include the characteristics of the internal market for the goods or services involved, such as demand or access to the goods or services, and the impact that the use may have in one territory on the knowledge of inhabitants of other territories.

Although the opinion confirmed that Community trademarks can defeat national trademarks of a Member State, the substitution of a bright-line rule with a multi-factor analysis for assessing “genuine use” may reduce the attractiveness of Community trademarks as compared to national trademarks. At the very least, the new standard will enhance uncertainty surrounding the validity of existing Community trademarks. To help mitigate this uncertainty, applicants planning to register a Community trademark should clearly define the market in which they plan to distribute the goods or services with which their mark is connected and ensure that they either create or maintain a market share within that market. Since various factors of the new analysis may be dynamic, it is important that owners of a Community trademark continually monitor changes in the relevant market and the status of their mark. However, as a fallback position, owners of a Community trademark may be able to rely on conversion to a national trademark. As the CJEU pointed out, Community trademarks that do not meet the new standard for “genuine use in the Community” may be converted to national trademarks of a Member State if they meet the requirements for that Member State.

This advisory was prepared by Nutter's Intellectual Property practice. For more information, please contact your Nutter attorney at 617.439.2000.

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