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What is genuine use of a CTM? - the OMEL/ONEL case in the Benelux

Are there implications for trade mark filing strategy in the EU and for the validity and enforceability of CTMs?

A recent decision of the Benelux Intellectual Property Office in the OMEL/ONEL case could have profound consequences for the owners of CTMs. The case has provoked significant debate which is far from resolved. The purpose of this note is to inform CTM owners as to the potential implications of the decision and actions that need to be considered.

The issue - what constitutes “genuine use” of a CTM?

This concerns whether a CTM that has been used in only one of the 27 EU member states is valid and can be enforced against third party rights.

Most commentators, as well as OHIM (the CTM Registry) and MARQUES (the industry trade mark organisation), argue that use of a mark on a more than minimal level in only one EU country will constitute genuine use and that this validates the CTM across the EU. This means registration/use of a conflicting third party mark can be prevented anywhere in the EU. This would include situations where the CTM is used in one country, say the UK, and the third party right is in another member state.

This approach is consistent with the principles underlying the CTM system, namely, that the EU is a single market and that a CTM is a unitary right effective across all 27 member states - provided genuine use is made of the mark.

The OMEL/ONEL decision

In the OMEL/ONEL case, this position has been challenged. The Benelux Registry held that the use of the CTM ONEL in only one EU member state, the Netherlands, was insufficient to show that the CTM had been put to genuine use in the EU. The CTM could not be relied upon and the opposition against OMEL was lost (Hagelkruis Beheer B.V. v Leno Merken B.V., 15 January 2010).

Does OMEL/ONEL set a higher standard to establish genuine use?

This decision seeks to set a higher standard as to what constitutes genuine use of a CTM sufficient to maintain its enforceability. Presumably it will be necessary to demonstrate use of a mark in, at least two and possibly more EU countries if the CTM is to be relied on.

The rationale behind the Benelux decision appears to be that a CTM protecting a mark across 27 EU member states and a population of 500 million should not be maintained if only limited and narrow territorial use is made of it. The Hungarian Registry has also issued a statement generally supporting the Benelux position.

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A word of caution – the position is uncertain

It is too early to say what the true impact of OMEL/ONEL will be. It may prove to be a “rogue” decision effectively limited to the Benelux (and Hungary?). Also the more stringent requirements to prove genuine use in, at least, two or more territories may be set aside by a higher court. It is understood there will be an appeal.

In addition, it is OHIM and national trade mark courts that decide cancellation actions on the basis of (non-)use against CTMs, not the Benelux Office - although it would be a highly unsatisfactory position if OHIM were to maintain a CTM on the basis of use in just one country but a national Registry then refuses to enforce the CTM in an opposition on the basis such use is considered insufficient!

Why is this important?

The decision, although there remains uncertainty, is a challenge to the CTM system which has proved an efficient and cost-effective means to obtain EU wide protection. A perceived attraction of a CTM is that it is an EU wide right which reserves the owner’s position to expand its business anywhere in the EU - even if the mark is currently only used in one EU country.

As a result, many trade mark owners have abandoned national trade mark applications and replaced them with CTMs. This dynamic could change if the Benelux decision is followed by other national Registries of EU states. It may be advisable to maintain national registrations in parallel with CTMs.

This leads to uncertainty for brand owners regarding the enforceability of CTMs in opposition/invalidity proceedings.

What should you do?

- Owners of CTM registrations should identify the marks which are only used in one member state, especially the Benelux, and which are only protected by CTM registrations over five years old. Consideration should be given to filing a new CTM (to take advantage of the five year grace period in which the mark is free from attack on the basis of non-use) and/or filing national trade mark applications in the state where the mark is used.
- If you are about to file a CTM application, you should determine where the mark is to be used in the EU. If the mark is not to be used in more than one member state in the next five years e.g. not beyond the UK, consider whether you should file a national trade mark application in the state where you are to trade, possibly in parallel to a CTM.
- If you are considering claiming seniority in relation to national registrations as regards a CTM registration and allowing the national rights to lapse make sure the mark is used in several member states before allowing the national rights to lapse.

- If you are considering opposing a CTM or national application based on a CTM registration which is over five years old, at least consider the fact that your registration might be open to challenge if limited territorial use has been made of it.
- If your application for a national mark or a CTM has been opposed on the basis of a CTM only used in one state consider using the Benelux decision as a basis to attack the prior CTM.

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