

**DEFINING GENUINE USE  
REQUIREMENTS OF  
COMMUNITY TRADE MARKS IN  
LIGHT OF AN EXPANDING  
EUROPEAN UNION**

*Emily Bolton*

University of Connecticut School of Law

# Trademark Law within the EU

- Trademark law has an integral role in the development of a single Internal Market
  - Important for establishing the free movement of goods and services
  - Particularly as the EU expands

# The Community Trademark

## Unitary in Nature

- Grants exclusive rights throughout the EU
- Applicants may use a single procedural system to obtain uniform protection
  - Rights are also surrendered, revoked, or invalidated throughout the entire Community

# The CTM: Establishing the Free Movement of Goods and Services

- Avoids disparities between Member States and prevents the distortion of competition within the Common Market
- Ensures unity of law
- Promotes the harmonious development of economic activities and balanced expansion
- Offers conditions similar to those obtained in a national market

# Other Advantages of the CTM

- Offers ideal protection for TM owners seeking to offer products in several Member States
- Broad geographical protection
- Simple and economical procedure
  - Single registration
  - Lower administrative burden
  - Lower registration costs

# Genuine Use Requirements

- Art. 15 – a proprietor must “put the Community trade mark to genuine use *in the Community* in connection with the goods or services in respect of which it is registered”

# The Dilemma:

How to interpret “in the Community?”

- Use of a TM in one Member State is sufficient to demonstrate genuine use of a CTM and warrants protection throughout the EU
- Use of a CTM in a substantial part of the EU is necessary to warrant such broad protection

# Enlargement of the EU

**1996**

- EU = **12** Member States
- Community Trademark Regulation became operational

**2011**

- EU = **27** Member States
- Expansion will continue into the future

# *Leno Merken BV v. Hagelkruis Beheer BV*

## Benelux Office for Intellectual Property

- OMEL: registered as Benelux mark
  - Services offered in Norway and Sweden
  - Benelux application filed as basis for filing an international application
- ONEL: registered as CTM
  - Mark was solely used in the Netherlands

# *Leno Merken BV v. Hagelkruis Beheer BV*

## Benelux Office for Intellectual Property

- “In order to successfully base a trademark claim on a European trademark, [a] trademark should be used in more than one country alone.”
- In a “territory (currently) covering more than four million square kilometers and a (current) population of almost 500 million people, use in one member state only may essentially boil down to local use only.”

# *C CITY HOTEL*

Hungarian Patent Office

- C CITY HOTEL: registered in Hungary
- CITY INN: registered as a CTM
  - Mark was solely used in the UK

# *C CITY HOTEL*

## Hungarian Patent Office

- The phrase “in the Community” should be read as the broadest term possible
- The term refers to the entire Community, not merely a part of it
- “It is not justified that an applicant wishing to obtain trademark protection only in Hungary should lose the opportunity for doing so because another party is using a similar mark in one single member state of the European Union.”

## Office for Harmonization of the Internal Market (OHIM)

- “[B]oundaries of member states should not play a part in assessing ‘genuine use’ within the EU single market.”

## International Trademark Association (INTA)

- “So long as use is ‘genuine,’ it should suffice to defeat a claim for revocation on grounds of non-use, even . . . if the use has been confined to a single Member State.”

# Recent Developments

- ECJ has not reached the specific issue of territorial extent of use
- *Alder Capital Ltd. V. OHIM* (April 13, 2011)
  - OHIM Board of Appeals continues to uphold view that use in one Member State is sufficient to warrant CTM protection

# Use in only one Member State = NOT sufficient

- Marks only used in one country may block economic activities throughout the EU
- Small and medium businesses only seeking local protection may be precluded by businesses that have a CTM, despite use in only one Member State
- Register cluttering

# Use in only one Member State = sufficient

- The low burden for its use requirement has had a significant role in making the CTM the most powerful and attractive option for TM protection in Europe
- Growth and economic activity of SMEs is facilitated
  - SMEs can establish their brand strategies to move from purely national activity to wider activity throughout the EU

# US Trademark Law

- Use in commerce is required to obtain TM rights
  - Common law rights
  - Federal registration
- Senior user = the first to use a TM as such in the sale of goods or services
  - Senior user obtains the exclusive rights to the mark

# Priority

- The owner of a registered mark may be precluded from expanding into a market where a common law user has already established use
- Federal registration provides constructive notice nationwide
- Concurrent use: different users may use the same mark in wholly remote markets

# Market Penetration Analysis

- Volume of sales
- Growth trends in the area
- Number of persons actually purchasing the product in relation to the potential number of customers
- Amount of product advertising in the area
- Other considerations: zone of reputation

Applying the US approach within  
the EU...

# The Need for a Shift in the CTM Framework

- Important to uphold the societal and practical advantages of the CTM system
- Need a clear, practical, and workable solution
  - Proof of genuine use requires real evidence

# A Market-Penetration Approach

- The focus of analysis should shift from a quantitative approach based on national borders to a market approach based on penetration of the Community as a whole
- Individual Member States' territorial lines should be disregarded – the market should be considered as a unitary whole

# Alternatives

- Penetration of territorial zones
  - Rather than individual Member States' lines
  - Provides some level of breakdown within the internal market

# Criteria to be Considered

- Apply the factors considered in the US
- Zone of reputation
  - High chance that the goods themselves or their reputation will cross the borders of Member States
  - Business of one Member State may attract consumers from other Member States

# Application of the Analysis

- Fact intensive analysis, applied on a case-by-case basis
- Must consider the size of the enterprise holding the mark and the type of product
- Bar should not be set unreasonably high
  - SMEs should be encouraged to broaden their activities and provided with opportunities to do so

# Maintaining a Role for National Trademark Systems

- Marks that do not sufficiently penetrate the internal market may still enjoy local protection under the national systems
- Doctrine of seniority
  - National TM rights may be transferred over to a CTM once the requisite use in the Community is established

# Limiting Issues of Register Cluttering

- Only providing protection for distinctive marks
- Member States exhibit a multitude of languages and cultures – reflected in TMs
- Distinguish between classes of goods
- Allowing concurrent use

Potential for Co-existence?

# Thank You

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