

## Is Use Alone Enough to Defend a Community Trade Mark from Non-Use Challenge?

The Claimant (“Sofa Workshop”) was a retailer of sofas and other furniture. The Defendant (“Sofaworks”) was in the same business. Sofa Workshop alleged that the similarity in their respective trading names was such that Sofaworks had infringed Sofa Workshop’s two Community Trade Marks (“the CTMs”) for the word mark SOFA WORKSHOP and had passed itself off as being associated with Sofa Workshop. Sofaworks counterclaimed for revocation of the CTMs for non-use pursuant to Article 51.

It was not disputed that there had been extensive use of both marks in the United Kingdom for certain of the goods and services in the specifications, but Sofaworks argued that there had been no use outside the United Kingdom and that both CTMs must therefore be revoked in toto.

### Use Must at Least Partly Target Consumers in a Particular Member State, to Qualify as Genuine use in that Member State

The Judge first had to decide whether there had been use outside the United Kingdom. In finding that there had been none, he rejected in particular Sofa Workshop’s contention that use of its CTMs in an advertorial appearing in a magazine (*World of Interiors*) distributed in various EU Member States as well as the United Kingdom, qualified as genuine use outside the United Kingdom. The Judge approached the matter on the footing that genuine use of a trade mark by reason of its use in an article or advertisement in a publication would only qualify as genuine use in a particular Member State if, viewed objectively, the article or advertisement was at least partly targeted at consumers in that Member State, and he found that not to be the case here. To arrive at this legal principle, the Judge applied, by analogy, the approach of Jacob LJ in *Euromarket Designs Inc v Peters* [2000] E.T.M.R. 1025; [2001] F.S.R. 20, an approach he considered to be consistent with what the CJEU subsequently said in *L’Oréal SA v eBay International AG* (C-324/09) [2011] E.C.R. I-6011; [2011] R.P.C. 27, at [61]-[65] and also in *Pammer v Reederei Karl Schlüter GmbH & Co. KG and Hotel Alpenhof GmbH v Heller* (Cases C-585/08 & C-144/09) [2010] E.C.R. I-12527, at [93].

As regards the facts of the case before him, the evidence was that the average monthly circulation for the magazine in the EU and outside the United Kingdom was 15,728 for the latest relevant period and had been at similar levels for earlier periods. But whilst the Judge accepted that thousands of individuals within the EU but outside the UK would have read the issues of *World of Interiors* in question, and was prepared to assume that a significant number of those individuals had read the Sofa Workshop advertorial, he found that, viewed objectively, the advertorials had not been targeted at readers outside the UK. The phone numbers given and the invitation to ‘pop into one of their

shops’ were not consistent with targeting anyone except UK consumers. The non-UK reader would in each case have regarded the entire page, at best, as an interesting insight into the sort of furniture and other household products that were on offer to consumers in the UK.

### “Genuine Use in the Community” will in general require use in more than one Member State

The Judge’s conclusion that use in one Member State alone (here, the United Kingdom) would generally be insufficient to defeat a non-use attack was based on his interpretation of the decision of the CJEU in *Leno Merken BV v Hagelkruis Beheer BV* (C-149/11) [2013] E.T.M.R. 16.

The point at issue in *Leno Merken* was whether establishing genuine use depended on the geographical extent of the use, particularly whether the mark had to have been put to use in more than one Member State. It was common ground that Leno had put its mark to genuine use in the Netherlands throughout the relevant five years, but there was no evidence of use outside the Netherlands. The *Gerechtshof ‘s-Gravenhage* (Regional Court of Appeal, The Hague) asked the CJEU, broadly, whether use of a mark in one Member State qualified as use in the Community as a whole; if it did not so qualify, the referring court asked the CJEU to identify the territorial area of the Community in which a mark had to be used in order to avoid the sanction of non-use, or alternatively to state whether territoriality was relevant at all. The answer given by the CJEU was hardly very clear:

“Article 15(1) of Regulation 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of art.15(1) of Regulation 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

Nonetheless, the Judge felt that earlier in its Judgment the CJEU had given implicit guidance to the effect that, in general, genuine use required use in more than one Member State. He referred in this respect to paragraphs 50 and 54 of the Judgment:

“[50] Whilst there is admittedly some justification for thinking that a Community trade mark should - because it enjoys more extensive territorial protection than a national trade mark - be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

“[54] Secondly, whilst it is reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it is not necessary that the mark should be used in an extensive geographic area for the use to be deemed genuine, since such a qualification will depend on the characteristics of the product or service concerned on the corresponding market. (see, by analogy, with regard to the scale of the use, *Ansul* [2003] E.T.M.R. 85 at [39]).”

The Judge summarised the effect of the ruling in *Leno Marken* as follows:

(1) The question of whether there has been ‘genuine use in the Community’ is not to be approached from the perspective of whether there has been use of the mark in more than one, two or any other particular number of Member States. Territorial borders are to be disregarded.

(2) A Community trade mark is put to genuine use in the Community where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, and used for the purpose of maintaining or creating market share within the European Community for the goods or services covered by the mark.

(3) Whether the mark has been so used will depend on all relevant facts and circumstances, including the characteristics of the market concerned, the nature of the relevant goods and services, the territorial extent and scale of use, and the frequency and regularity of use.

(4) Purely in relation to the territorial extent of use, genuine use

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in the Community will in general require use in more than one Member State.

(5) An exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State.

He recognised that this involved a difference between national marks and CTMs when it comes to genuine use:

“26. If I am right about the effect of the Court’s judgment, it means that there is a distinction between national marks and Community marks when it comes to assessing genuine use. For national marks the geographical extent of use is a factor to be taken into account, but it is apparently of no great weight - see *Sunrider*. In respect of Community marks the geographical extent of use is, in the general run, crucial: it must extend at least beyond the boundaries of one Member State. By way of a non-exhaustive exception to the general rule, this does not apply where the market for the goods or services is confined to one Member State.”

Indeed, the Judge felt that the logic of disregarding territorial borders even suggested that in some circumstances it might be necessary to have used the mark in more than two Member States, depending on the size of the market for the relevant goods or services in the States concerned when compared to the market in the Community as a whole.

### Significance of the Decision

The implications for the case before him were limited because the Judge in any event found in the Claimant’s favour on the basis of passing off. Perhaps in part because of this, the Judge also declined to make any finding directed to whether the CTMs could be converted to UK national marks, or indeed to make any comment in that respect, other than to note that no application had yet been made to convert.

The wider implications of the decision, if followed in other cases, are significant. One fundamental attraction of a CTM, at least as perceived by many, has been that it could be “validated” so as to maintain rights extending across the EU, by using in a single Member State. The decision indicates that the commonly held perception is wrong. It is not presently known whether the decision will be appealed.

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