

Question Q218

National Group: the Netherlands

Title: **The requirement of genuine use of trademarks for maintaining protection**

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Is genuine use a requirement for maintaining protection? What is the purpose of requiring genuine use? Is it to keep the register uncluttered and to thereby allow for new proprietors to make use of a "limited" supply of possible marks? Is the purpose of requiring genuine use to protect consumers from confusion as to the source of origin of the goods or services? Or are there multiple purposes?

Article 2.26 (2)(a) of the Benelux Convention on Intellectual Property ("BCIP") provides for the requirement of genuine use, which is based on art. 15 (1) and 51 (1) (a) of the Community Trademark Regulation 207/2009 ("CTMR") and art. 10 (1) and 12 (1) of the Community Trademark Directive 2008/95/EEC ("CTMD"). Article 2.26 (2)(a) BCIP states that the right to a trade mark will (upon request) be declared lapsed if the mark has not been put to genuine use during an uninterrupted period of five years. Genuine use should concern use of the trade mark within the territory of the Benelux for the goods and services for which it has been registered. (the CTMR/CTMD contains a similar provision, albeit that the relevant territory is of course broader)

In the recitals of the CTMD (recital 9) it is declared that the requirement of genuine use is set in order to reduce the total number of trade marks registered and protected and therewith reduce the number of conflicts which arise between them. In Dutch literature it is further outlined that (the available) trade marks are scarce as a consequence of the many registrations, which situation, theoretically, can be limited by clearing the register of trade marks that do not meet the requirements of genuine use.

In his opinion of 2 July 2002 in the case *Ansul/Ajax*, the late Advocate General Colomer has added that trade mark registers must faithfully reflect the reality of indications used by undertakings in the market to distinguish their goods and services.

Benelux trade mark law is not familiar with the purpose of requiring genuine use to protect consumers from confusion as to the source of origin of the goods or services.

2. What constitutes genuine use of a trademark?

In the Netherlands the question what constitutes genuine use of a trade mark has been answered on the basis of various ECJ case law.

In its decision of 11 March 2003 (ECJ, 11 March 2003, *Ansul/Ajax*, C-40/01), where genuine use was assessed on the basis of the CTMD, the ECJ first of all emphasizes that the interpretation of the concept of genuine use should be harmonized with the CTMR. Furthermore, the ECJ refers to the recitals of the CTMD (recital (9)) where it is stated that registered trade marks should actually be used. It concludes that genuine use should therefore entail actual use. Token use, merely to preserve the monopoly position of the proprietor, does not constitute actual use. Actual use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. According to the ECJ genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. In addition, all the facts and circumstances must be taken into account that are relevant to determine whether the commercial exploitation of the mark is real, in particular whether such use is considered justified in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark. According to the ECJ, such circumstances include the nature of the goods and services, the characteristics of the market concerned and the scale and frequency of use of the mark. The criteria for genuine use set out in the aforementioned judgement were adopted in the decisions of the ECJ of 27 January 2004 (*La Mer Technology/Laboratoires Goemar* C259-02) and of 11 May 2006 (*The Sunrider/OHIM* C-416/04 P).

The requirement of use of the mark in order to find or maintain a market share for the goods or services protected by the mark was previously set in 1981 by the Benelux Court of Justice ("BCJ") in the judgment of the BCJ of 27 January 1981 (*Turmac/Reynolds*). Therein the BCJ also included the size of the enterprise as one of the circumstances to be taken into account.

3. Is use "as a mark" required for maintaining protection? Is use as a business name, use in advertising or use on the Internet sufficient? Is use of a mark in merchandising genuine use for the original products? (For instance, is use of the movie title *Star Trek*, registered for clothing and used on the front of a T-Shirt, genuine use of the mark for clothing?)

Yes, the trade mark concerned must be used as a trade mark, i.e. to indicate the origin of the goods and/or services involved, in order to maintain protection.

Use of a sign as a business name cannot be considered to constitute use of the sign as a trade mark (CFI, 12 December 2002, *Fernandes/OHIM-Richard John Harrison*, T-39/01, paragraph 44). The purpose of a business name is not, of itself, to distinguish goods or services. Accordingly, where the use of a business name is limited to identifying a company or designating a business which is being carried on, such use cannot be considered as use 'in relation to goods or services'. Conversely, there is use 'in relation to goods' where a third party affixes the sign constituting his business name to the goods which he markets. In addition, even where the sign is not affixed, there is use 'in relation to goods or services' within the meaning of that provision where the third party uses that sign in such a way that a link is established between the sign which constitutes the company of the third party and the goods marketed or the services provided by the third party. Consequently, when consumers are liable to interpret the use of a business name as designating the origin of the goods or services in question the use of the sign can be regarded as use as a mark (Benelux Court of Justice 20 December 1996, *Europabank/Banque pour l'Europe*, BIE 1998, 58, ECJ 11 September 2007, *Céline*, C-17/06, IER 2007, 102).

Use of the trade mark in advertising or on the Internet can be sufficient under the condition that it results in real commercial exploitation of the trade mark in the Benelux (or, where CTMs are concerned, the EU). Commercial exploitation of the trade mark in the course of trade is in particular real when such use is viewed as warranted in the economic (business) sector concerned to maintain or create a share in the market for the goods or services protected by the trade mark. Criteria which have to be taken into account to determine whether use of a trade mark on a website can be considered as genuine use of trade mark are *inter alia*: the use of Dutch, Belgian and/or Luxembourg top-level domains (<.nl>, <.be> <.lu>), the languages used/available on the website, the business address of the website owner, the currency used and the reference to Benelux countries on the website. The sole use of a trade mark in a domain name was not considered sufficient genuine use 'in relation to goods or services' of the trade mark concerned (Court of Appeal the Hague, 26 May 2005, *Targa*, BIE 2005, 85).

Whether use of a mark in merchandising constitutes use for the original products (or even for the merchandise itself, such as T-shirts), depends on the circumstances of the case. In the Netherlands, there is case law noting that if the trade mark is affixed to merchandise, such as T-Shirts, in the context of sales to consumers it can be considered as use in relation to the goods concerned in the event such use can create the impression that there is an actual link between the goods marketed and the proprietor of the trade mark concerned (Court of Appeal The Hague, 31 March 2009, 105.000.470/01 (*Ragdoll productions (UK) Ltd. - Jadnanansing (Teletubbies)*)). However, there is also case law indicating that the use of a movie name ("DISNEY'S MULAN") does not constitute use to distinguish goods, as it will not be perceived as an origin denotation but as a reference to the movie or the character 'Mulan' (District Court The Hague, 16 February 2000, *IER 2000/32*).

4. What degree of use is required for maintaining protection? Is token use sufficient? Is minimal use sufficient?

The BCIP does not include any quantitative requirements as to the minimum level of use that is required to maintain a trade mark. Article 10 of the CTMD

which formed the basis for article 2.26 BCIP does not include such requirements either.

For the purpose of maintenance it is not necessary to prove that the trade mark has been used for a continuous and uninterrupted period of five years. Genuine use during part of the relevant five year period is sufficient (CFI, 8 November 2007, Charlott/OHIM-Charlo - *Confecções para Homens, Artigos de Lã e Outros*, T-169/06).

In its *Ansul/Ajax*-decision the ECJ considered that genuine use must be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark.

In that context the ECJ carried on considering that there is 'genuine use' of a trade mark where the mark 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, in order to create or preserve an outlet for those goods or services.

In its *La Mer Technology/Goemar* and *Sunrider/Vitafruit* decisions the ECJ considered that it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A de minimis rule, the court considers, which would not allow to appraise all the circumstances of the use cannot be laid down. Thus, when use serves a real commercial purpose, even minimal use of the trade mark can be sufficient to establish genuine use

The Dutch Supreme Court decided in this respect that in the case of mass products still a quantitatively rather limited number of goods sold under a trademark can be considered to be not mere token use but sufficient genuine use if - for example - this is the result of the fact that the trademark owner is a new player in that market or re-entering the market and not (yet) a company of long standing (Dutch Supreme Court 23 December 2005, NJ 2007/281 (*Sidoste/Donnie Boon*)).

5. Is use in the course of trade required? Does use by non profit-organisations constitute genuine use? Does use in the form of test marketing or use in clinical trials constitute genuine use? Does use in form of free promotional goods which are given to purchasers of other goods of the trademark owner constitute genuine use? Does internal use constitute genuine use?

Use in the course of trade is indeed required.

Internal use does not constitute genuine use (ECJ, *Ansul/Ajax*). Use of a trade mark by a non-profit-making association during purely private ceremonies or events, or for the advertisement or announcement of such ceremonies or events, constitutes an internal use of the trade mark and not 'genuine use' for the purposes of the CTMD.

The fact that goods or services are offered on a non-profit-making basis is not decisive though. The fact that a charitable association does not seek to make profit does not mean that its objective cannot be to create and, later, to preserve an outlet for its goods or services (ECJ, 9 December 2008, *Verein Radetzky-Orden/Bundesvereinigung Kameradschaft 'Feldmarschall Radetzky'*, C-442/07). Where non-profit-making associations register as trade marks signs

(in this particular case badges of honour) which they use in public, for example in public announcements for demonstrations, advertisement material or when collecting donations, this may constitute genuine use of such trade marks.

Likewise the fact that products are given away for free is not necessarily an indication that there is no genuine use, as it is decided by the ECJ that, even if part of the services for which a mark is registered are offered by the trademark owner free of charge, that does not of itself mean that that commercial company will not seek, by such use of its trade mark, to create or maintain an outlet for those services in the Community, as against the services of other undertakings (ECJ, 12 March 2009, *Antartica / Nasdaq*, C-320/07).

However, the mere use of a trademark on promotional products that are given away as a free bonus to purchasers of other goods of the trademark owner, can not result in genuine use of that mark in respect of the class covering those promotional items (ECJ January 15, 2009, *Silberquelle GmbH v Maselli-Strickmode GmbH (Wellness)*, Case C-496/07).

The use of a trade mark in the scope of clinical trials in itself will not easily result in genuine use. (see Opposition Division of OHIM, MUCOS/Genzyme Corporation, Decision 421/1999, 1 July 1999, ruling on opposition no. B2255 “*CEREZYME*”; ruling that clinical trials did not result in genuine use of the particular trade mark:

The Office finds that use of a trade mark in the mere scope of the clinical trials at stake, which new drugs must pass in order to be approved and which trials normally take more than five years to complete, cannot be considered as use of the earlier mark under the terms of Article 43(2) and (3) of the CTMR and Rule 22(2) of the Implementing Regulation. *“The trials do not show that the trade mark has actually been used in Germany, to what extent the trade mark has been used and how the mark has been used. However, such trials are an example of a circumstance which could justify non-use of a registered trade mark. The trials show that the owner has the intention to use the registered mark. Under normal circumstances the non-use is not due to the owners intent to use the mark or not, but rather to national legislation on approved drugs.”*)

6. What is the required geographic extent of use? Is use only in one part (or a state in the case of confederation) of the country sufficient? Is use of the CTM in only one EU member state sufficient? Is use only in relation to goods to be exported sufficient? Is use in duty free zones considered to be genuine use?

Whereas the Benelux consists of three countries, use in one of the Benelux countries may be sufficient for genuine use of a trademark in the Benelux (Court of Appeal The Hague; 3 April 2008 (*Playboy / Laporte*)), even if this use targets just one population group or region within the Benelux.

In respect of Community Trademarks, it is noted that the (EU) legislation itself says nothing about the territorial scope of use that is necessary for it to be considered genuine except that it must be use “in the Community”. However, when the CTMR was being adopted the Commission and the Council agreed in their (non binding) Joint Statement that use which is genuine within the meaning of article 15 in one country constitutes genuine use in the Community.

On 15 January 2010 the Benelux Office for Intellectual Property (“BOIP”) dismissed an opposition since it was found that the opponent (proprietor of a CTM) had genuinely used its trademark in the Netherlands, but not beyond (BOIP 15 January 2010, No. 2004448, Leno Merken B.V. vs. Hagelkruis Beheer B.V. (*ONEL / OMEL*)). Therefore, the BOIP was of the opinion that the opponent had not demonstrated genuine use of its CTM.

The Onel/Omel decision by the BOIP has been criticized widely, amongst others by OHIM.

On 27 January 2010 OHIM published an official statement on the Onel vs Omel decision on its website stating: *'A recent ruling by the Benelux Office for Intellectual Property (BOIP) has attracted controversy in IP discussion groups on the web. The Opposition Decision of 15 January 2010 (Leno Merken B.V./Hagelkruis Beheer bv) states that use of a CTM in one EU Member State (in the specific case, the Netherlands) is insufficient to constitute genuine use in the EU. This contradicts the Joint Statement of the Commission and the Council, which establishes that use of a Community trade mark within the meaning of Article 15 of the CTM Regulation in one EU Member State is sufficient to constitute genuine use in the EU.'*

Pending any possible appeal of the BOIP Decision, OHIM - applying the principle of the unitary character of the CTM - continues to consider that boundaries of Member States should not play a part in assessing “genuine use” within the EU Single Market, as recently outlined in its contribution to the European Commission study on the overall functioning of the trade mark system in Europe”.

Meanwhile the opponent appealed the decision and the Appeal Court of The Hague recently referred to the ECJ for a preliminary ruling on four questions on the interpretation of article 15(1) Regulation (Appeal Court of The Hague, 1 February 2011, Leno Merken B.V. v. Hagelkruis Beheer B.V. (*ONEL / OMEL*)).

The mere affixation of a trademark on goods to be exported (use as an ‘export mark’) in the Benelux territory can be sufficient to assume genuine use of the trademark in the Benelux which is explicitly stipulated in article 2.26(3)(b) BCIP, which was based on article 10(1)(b) CTMD. For such use to be taken into account for the assessment of genuine use, the goods branded in this way must be put into circulation, even if this is done outside the Benelux (as such already recognized by the Benelux Court of Justice (BCJ, 13 June 1994 (*Champion*)). This applies mutatis mutandis to Community Trademarks (article 15 (2) (b) CTMR).

The use in taxfree-shops in the Benelux and the use that is not explicitly targeted at Benelux-residents can be sufficient for genuine use as well (see Court of The Hague 27 February 1991, Swatch AG v. Switch International Hi-Fi Ltd. (*SWATCH / SWITCH*): sale in tax free shops at the airports of Brussels and Luxembourg can be sufficient for accepting genuine use.)

7. Does genuine use have to take place in the exact form in which the mark is registered? Is use in a different form sufficient? What difference is considered permissible? What if (distinctive) elements are added or omitted? Is use of a mark in black and white instead of colour sufficient (in case of marks with a colour claim) and vice versa?

Article 2.26(3)(a) BCIP explicitly states that for genuine use as described in paragraph 2(a) of that article, the use of the trade mark shall also be understood to mean the use of the trademark in a form that differs in elements which do not alter the distinctive character of the mark in the form in which it has been registered. This is an elaboration on article 5C(2) Paris Convention.

Case law shows that the use of the altered trade mark is generally designated as use of the trade mark as registered, as long as the differences are minor spelling adjustments or figurative modifications that are only minor in visual terms. If the so-called “upgrading of the trademark” is substantial, this may, however, alter the distinctive character of the trade mark as registered. Although Dutch case law on this point is highly casuistic, it may be concluded that Benelux courts are frequently lenient in the event of a word mark that is registered in a certain lay-out, but used in a different lay-out (for example different type face, size letters, using colours and shadows). In case text is added to a figurative mark, or if a figurative element has been added to a word mark, genuine use is also often accepted by the courts. However, in case of the last example, if the visual elements become more dominant than the original word mark, genuine use is usually not assumed. Genuine use usually also does not hold if words in word marks are changed. This is different in case words are added to word marks and the original mark can still be recognized as an independent part.

Although case law shows that use of a mark in colour instead of black and white (as in its registration) might be sufficient, the Dutch group is of the opinion that this has to be decided on a case by case basis since the distinctive character of a mark may follow from the (combination of) colour(s) and that a black and white filing does not automatically indicate that the trademark can be used in all possible colours.

8. Does the mark have to be used in respect of all of the registered goods and services? What if mark is used in respect of ingredients and spare parts or after sales services and repairs, rather than registered goods and services? What is the effect of use which is limited to a part of the registered goods or services? What is the effect of use limited to specific goods or services?

In the Netherlands, when deciding upon genuine use a court will assess whether genuine use has been made of a mark for each and every good or service for which the mark has been registered. If a mark is registered for goods and services in several classes, the proprietor will have to prove genuine use of the mark for all the goods and services for which it was registered. If not, the mark can be revoked for all the goods and services for which the mark has not been genuinely used. Revocation may therefore be limited to one or more of the goods or services for which the trademark is registered (article 2.30(2) BCIP, art. 51(2) CTMR). If the mark is genuinely used with respect to specific goods or services (e.g. socks) that fall within a fairly broad description of

goods/services (e.g. clothing), it depends on the goods/services concerned whether or not such is sufficient to maintain the registration for the broader description or just for the specific part for which the mark has been used. Furthermore, it is noted that genuine use for a specific type of goods or services within one class can result in the mark also being upheld for similar goods or services in other classes.

The requirement of genuine use can also be met by use of the mark on spare parts if the mark is used for parts which are integral to the make-up or structure of the goods previously sold (ECJ, 11 March 2003, C-40/01(*Ansul / Ajax*)). The same may apply to after sales services and repairs, where the trade mark proprietor makes actual use of the mark, under the same conditions, for goods and services which, though not integral to the make-up or structure of the goods previously sold, are directly related to those goods and intended to meet the needs of customers of those goods.

9. Evidence of use: How does one prove genuine use? Is advertising material sufficient? Are sales figures sufficient? Is survey evidence required? Are the acceptable specimens for proving genuine use different for goods and services? Who has burden of proof for genuine use?

Genuine use may be proven by any suitable means. When assessing whether use of the trade mark is genuine, all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real must be taken into account, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark (BCJ, 27 January 1981 (*Turmac / Reynolds*)). Token use is not sufficient for proving genuine use.

Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market (ECJ, 11 March 2003, C-40/01(*Ansul / Ajax*)). Sales figures may be sufficient. Advertising material or merchandising articles can be understood by the public as advertising for the mark for the goods and service for which it was registered and thus will be taken into account when assessing genuine use. Survey evidence is not required.

The specimens that may be acceptable for proving genuine use, may vary in accordance with the relevant facts and circumstances of the case, including whether the mark was registered for goods or services. The burden of proof for genuine use lies with the trademark proprietor (which is contrary to the usual burden of proof), in case the plaintiff has provided more than the mere assertion of non-use (presumption of non-use / prima facie evidence must be provided). Article 2.26(2)(a) BCIP gives the court the possibility to place all or part of the burden of proof regarding the non-use with the trademark proprietor – in case of litigation.

10. If the trademark owner has a proper reason for not having put his mark to genuine use, will he be excused? What constitutes a proper reason for non-use? If the non-use is excusable, is there a maximum time limit? If so, is the time limit dependant upon the nature of the excuse?

Yes, art. 2.26(2)(a) BCIP and art. 51(1)(a) CTMR only apply if there is no such proper (or valid) reason (see also art. 15 CTMR).

Neither the CTMR nor the BCIP clarifies what constitutes a proper reason for non-use. However, the TRIPs Treaty defines such as follows in art. 19(1): "*Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use.*"

The requirement that the circumstance should be independent of the will of the owner of the trademark has also been recognized in the EU, the latter defining proper reasons for non use as "obstacles having a direct relationship with a trademark which make its use impossible or unreasonable and which are independent of the will of the proprietor of that mark" (ECJ, 14, June 2007, C-246/05 (*Armin/Häupl*)). The Dutch Group notes that this is a different test than that set earlier by the Benelux Court of Justice (see in particular BCJ January 27, 1981, BIE 1983/33 (*Whiston*)), which did not require a direct relationship of the obstacles with the trade mark, but did require that the obstacles were outside the regular commercial risk of the trade mark owner).

In view of the TRIPs Treaty, import restrictions or other government requirements for goods or services protected by the trademark will likely be deemed to constitute a valid reason. A question presently pending (after a reversal of the original decision by the Dutch Supreme Court, see Dutch Supreme Court January 11, 2008, BIE 2008/21 (*Hugo Boss/Reemtsma*)), is whether there is a valid reason in a situation where based on European and Dutch law tobacco advertising has been severely restricted (or such restrictions are imminent), which could also extend to use for other goods than tobacco in case the trademarks are also used for tobacco products.

There is no set maximum time limit for invoking non-use, or for the duration of the non-use.

11. Within which period of time does use have to take place?

The trademark can be declared lapsed if, without a valid reason, after the date of registration it has not been put to genuine use for a continuous period of five years (art. 2.26(2)(a) BCIP, art. 51(1)(a) CTMR).

12. Does use of the mark by licensee or distributor constitute genuine use for maintaining protection? If so, does the license have to be registered? If so, are there any requirements to be met by the trademark holder (the licensor) to maintain the trademark (e.g. quality controls, inspections or retaining a contractual right to control or inspect)?

Art. 2.26(3)(c) BCIP provides that use of a Benelux trademark by a third party with the consent of the trademark owner constitutes use of the trademark (without stipulating further requirements, such as registration or a written document). Also, according to art. 15(2) CTMR, the use of a Community trademark with the consent of the proprietor shall be deemed to constitute use of the proprietor. Whether such constitutes *genuine* use must be assessed in accordance with the principles set out above in response to question I.2.

Therefore, use of a mark by a licensee or distributor constitutes use for maintaining protection, provided such use indeed took place with prior consent of the trademark owner and is not merely tolerated (compare also the decision of the Dutch Supreme Court 13 September 1996, NJ 1997, 312, (*Le Lido/Exploitatie*) which concerned use on behalf of ("namens") the trademark owner, which according to the court requires that the use takes place with the consent of the trademark proprietor or its licensee in order to qualify as 'genuine use'). The burden to prove prior explicit consent lies with the trademark owner (*Le Lido/Exploitatie*). The license does not have to be registered and does not need to be put in writing (Court of Appeal of The Hague 6 October 2009, *Betinjaneh/Khalaf*). There are no requirements to be met by the trademark proprietor to maintain the trademark such as quality controls, inspections etc.

13. What are the consequences if a mark has not been put to genuine use? Who may apply for a cancellation and in what circumstances? Is a defendant in opposition proceedings entitled to challenge the opponent and demand proof of genuine use of the earlier mark? If so, under what circumstances?

The main consequence of a trademark not being genuinely used for a consecutive period of 5 years, is that any third party can invoke the cancellation of the trademark registration (art. 2.26 (2) and art. 2.27 (1) BCIP; art. 15 (1) and 51 (1) CTMR). The BCIP refers to 'any interested party', but this is a requirement which as such is not set by the CTMR. Therefore it is generally accepted in the Benelux that the term 'any interested party' must be interpreted broadly.

The cancellation of a Benelux trademark is effected in the Netherlands by a court decision following a cancellation action before a Dutch national court, determining the cancellation and subsequently ordering the withdrawal of the registration from the trademark register (art. 2.27 BCIP and art. 4.5 (3) BCIP). The trademark proprietor must take part in such proceedings.

The cancellation of a CTM registration is effected either upon an cancellation action before OHIM or through a counterclaim in legal proceedings against an infringement action before the district court of The Hague being the national Community trademark court (art. 51 (1) and art. 96 (d) CTMR).

Another consequence of a trademark not being genuinely used for 5 consecutive years, is that under the BCIP the trademark proprietor that in the meantime has cured his non-use ("*Heilung*"), nonetheless cannot oppose the application, registration or use by a third party of an identical or similar trademark that has been registered within the period that the prior trademark was open to a cancellation action (the vulnerable period) (art. 2.27(3) BCIP). This second consequence of non-genuine use therefore may result in the coexistence of such trademarks of different proprietors.

In opposition proceedings

A defendant in opposition proceedings may indeed, provided that use requirements apply (and cancellation due to non use can thus be invoked), challenge the opponent and demand proof of genuine use of the earlier mark on which the opposition is based. That means that if the genuine use by the opponent is questioned by the defendant/applicant, and the opponent cannot provide evidence of genuine use for the classes of goods and/or services on which the opposition is based, then the BOIP resp. OHIM will ignore the opposition for all such classes concerned (art. 2.16(3) BCIP resp. art. 42(2) CTMR). However, the cancellation of the opponent's mark cannot be effected in such opposition proceedings.

14. Assuming a trade mark owner has not made genuine use of his mark within the prescribed period, can he cure this vulnerable position by starting to use in a genuine way after this period and will he then be safe against requests for cancellation or revocation? Is it allowed to re-register a trade mark that has not been genuinely used in the prescribed period of time?

Yes, the trademark proprietor can cure his lack of genuine use by (re)starting his use of the trademark ("*Heilung*") (art. 2.27(2) BCIP). In principle this will cure the vulnerable position he was in; he will not lose his trademark rights and will be protected against future cancellation actions by third parties. There is, however, one exception. If the trademark proprietor (re)starts his use after the vulnerable period, but within a period of three (3) months following the announcement by a third party of its intention to invoke the cancellation of the prior trademark, the restart of the use of his trademark cannot help the proprietor in its defence in such cancellation action, provided that the cancellation action is actually initiated within those three months after the announcement thereof to the trademark proprietor.

It is allowed to re-register a Benelux trademark that has not been genuinely used for the 5-years period, as a new registration.

II. Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules as concerns the requirement of genuine use for maintaining protection. More specifically, the Groups are invited to answer the following questions:

15. What should the purpose of the uniform rules be? Should the rules address either or both purposes of protecting the consumers from confusion and of keeping the register uncluttered for new/potential trademark registrants?

The Dutch Group is of the opinion that the final purpose of the requirement of genuine use should be to guarantee that the register reflects the reality of trade marks actually used in the market and therewith keeping the register uncluttered for new/potential trademark registrants and preventing the register from becoming clogged with trade marks registered for other purposes than the objectives of trade mark law, such as for defensive and strategic purposes.

At the same time, the Dutch Group notes that the justification for granting the legal benefits related to trade mark rights lies therein that the trade mark proprietor is required to pursue the purpose or so called *raison d'être* of trade mark law, being to guarantee the identity of the origin of the product or service identified by the sign, in order for the consumer to distinguish that product or service from products or services with a different origin. However, such use of a trade mark in line with its *raison d'être* is more a consequence of the abovementioned purpose of the genuine use requirement, than a purpose in itself.

As set forth in our answer to question I.1, Benelux trade mark law is not familiar with the purpose of protecting consumers from confusion in the context of the requirement of genuine use. Moreover, it is noted that article 2.26 sub 3 (b) BCIP states that affixing the trade mark to goods solely for export purposes can constitute genuine use. Thus such use of a trade mark is not visible for consumers in the Benelux and can therefore not serve as protecting the consumer from confusion, although it can constitute genuine use of such trade mark.

16. Should there in your opinion be a threshold to the “genuine use”, such as a *de minimis rule* for a trade mark? If so, what would be suitable threshold? Should the rule be construed differently for large co-operations than for small businesses?

No, in the opinion of the Dutch group it is not possible to determine what quantitative threshold should be chosen in order to determine whether use is genuine or not. A *de minimis rule*, which would not allow the judge to appraise all the circumstances of the dispute before him, therefore should not be laid down. Thus, when it serves a real commercial purpose, even minimal use of the trade mark can be sufficient to establish genuine use (see also ECJ, 11 May 2006, *The Sunrider Corp/OHIM*, C-416/04, paragraphs 70-72, with which the Dutch Group agrees).

17. To what extent should it be possible to use a mark that differs from the representation in the register and maintain protection? Should it even be possible to add or omit elements of a registered figurative mark and maintain the trademark? How should the system ensure that registers are reliable for third parties and yet provide some flexibility for the trademark holder when using the mark in commercial activities?

In the Dutch group's opinion only use of a mark in a form that differs in elements which do not alter the distinctive character of the mark in the form in which it has been registered can constitute use of the trade mark. If not, the information contained in the register would no longer be clear, precise, self-contained, easily accessible, intelligible, durable and objective. One should be able to add elements to a mark, save that maintenance depends on the question whether the registered mark is perceived to be put to genuine use. In our

opinion the courts are the appropriate forum to judge whether a mark is put to use and whether the use meets the requirements of genuine use.

18. Should the requirement of genuine use deemed to be met if the use is limited to one product or service out of several registered? Is it in your opinion reasonable that a trademark holder can “block” an entire product category by using the mark for only one type of product within the category? If not, what kind of standard should be adopted?

The proprietor should prove genuine use of the mark in respect of each of the goods and services for which it was registered and thus the requirement of genuine use should not be met if the use is limited to one product or service out of several registered.

Moreover the Dutch group is of the opinion that it would not always be reasonable that a trademark holder can “block” an entire product category by using the mark for only one very specific type of product within that category. Regarding the kind of standard that should be adopted the Dutch group refers to (and agrees with) Benelux case law that shows that, in principle, use of a trademark will be assumed for the goods or services for which it is registered if the trade mark is used for goods and services that fall within the scope of the broader term used in the registration. However, this may differ if this description of the goods or services is so broad that general customary and general sub-categories can be easily distinguished within the description.

19. What would be a suitable grace period for genuine use?

The Dutch group is of the opinion that the current period of five years to make genuine use of a trademark is a suitable grace period.

If a "valid reason" (or due cause) for the non-use is invoked, the Dutch group is of the opinion that the suitable grace period for genuine use should depend on the nature of the due cause that the proprietor of the trade mark has put forward for not having used the trade mark in the relevant period, so that a (standard) fixed suitable grace period cannot be established.

20. What circumstances should justify non-use? Should different criteria apply for different industry sectors (e.g. pharmaceuticals and other industries where authorities typically require particular market approvals which could delay the use of a trademark)? Should the criteria be more stringent the longer the period of non-use is?

Non-use can be justified when the trade mark proprietor has a valid reason for not genuinely using his trade mark. The Dutch group agrees with the valid reasons set out above under I.10 .

The Dutch group is of the opinion that no difference in criteria should apply to different industry sectors. However, the question whether the criteria for justification of the non-use have been met depends on the facts and circumstances of the case and may therefore vary between various industries.

The criteria should not be more stringent depending on the length of the non-use period: the reason is either valid or it is not. By way of illustration, it is noted that in the pharmaceutical sector a product name is to be provided when applying for a marketing authorisation (Directive 2001/83 as amended by Directive 2004/27/EC, article 8(3)(j) jo. Directive of the Dutch MEB). During the authorisation process, the products under the trademark cannot be marketed and it is arguable that this constitute a valid reason for not genuinely using a trademark, however, if so, the trademark owner should not be 'punished' for the length of such authorisation process.

21. Should any use of a trademark by entitled third parties be attributed to the proprietor? Should there be a difference between licensees and independent distributors and will registration of a license be necessary?

Yes, provided that such use indeed takes place on behalf or with the consent of the trademark owner and is not merely tolerated. The Dutch Group sees no reason to differentiate in this respect between licensees, independent distributors or other third parties. To the extent the use takes place further to a license, there should not be a requirement to register it. Not only would this constitute an inconsistency vis-à-vis other 'entitled use', but also would it create a formality in a situation where the actual situation in the marketplace is what really matters.

22. Should there be an exception from the genuine use requirement in some cases ?

The Dutch group is of the opinion that under specific circumstances an exception from the genuine use requirement is justified, namely in the circumstances mentioned above under question I. 10 and II.20.

23. Should there be uniform rules addressing the issue whether the cancelled trademark should be eligible for re-registration immediately upon the cancellation decision? Should other parties' interests than those of the new registrant be taken into account, e.g. consumers' interests in avoiding confusion as to the nature and quality of goods and services that might be expected under a particular mark?

The Dutch Group sees no reason to have uniform rules addressing the issue whether a cancelled trademark should be eligible for re-registration immediately upon the cancellation decision. If the trademark has not been used for a consecutive period of five years, it does not seem likely that consumers will be confused in case it would be re-registered and used.

Summary

Benelux and European law require genuine use of a trade mark for maintaining trade mark protection. The purpose is mainly to reduce the total number of trade marks registered and protected and therewith reduce the number of conflicts which arise between them. The scope of the required genuine use and the exception(s) to that rule has been further clarified in Benelux and European case law, of which the European decisions in Ansul/Ajax, La Mer Technology/Laboratoires Goemar, The

Sunrider/OHIM, and Armin/Häupl, as well as the Benelux decision in Turmac/Reynolds are the most striking decisions, whereas on a national level, also the Dutch Supreme court decision Sidoste/Donnie (on quantities) and Boon/Hugo Boss/Reemtsma (on valid reasons for non-use) play a role.

The Dutch Group believes that presently the existing rules provide for a justified level playing field regarding genuine and non-use of trade marks, whereas the justification of non-use is always to determine also in the light of the factual circumstances of the matter at stake.