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## The CTM: then and now, and why national trade mark registrations are still important

By [Rachel Havard](#)

In January 1996, to much excitement in the European trade mark attorney profession, the Office for Harmonisation in the Internal Market (OHIM) opened its doors for receipt of European Community trade mark (CTM) applications for allocation of application dates of 1 April 1996. Here came the ability to seek a unitary trade mark registration having equal effect in all of the then 15 member states of the European Union (EU): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom with the CTM register sitting alongside the national trade mark registers, and the unitary trade mark register of Benelux (Belgium, Netherlands and Luxembourg).

### Seniority and Conversion

A significant benefit of the CTM system was to be the ability to maintain the earlier effective dates of national trade mark registrations in EU member states by "claiming seniority" from them, provided triple identity requirements were satisfied of (i) matching trade mark, (ii) matching trade mark owner and (iii) matching goods/services of the earlier registration with the CTM application or registration in which seniority was claimed. The national registrations could, upon next due renewal, be allowed to lapse into the CTM registration without any loss of their earlier effective dates for the member state(s) concerned. The CTM registration could then be renewed at 10 yearly intervals and maintaining with it, without incurrance of any national renewal fees for the privilege, the benefit of the earlier rights of those national registrations from which seniority was validly claimed.

Should the CTM registration later fall, there would be the option to convert it into individual national applications with the original CTM application date or, in the case of an EU member state for which seniority had been validly claimed, the original application date for that member state. Should the fall of the CTM registration be due to non-use of the CTM for a 5 year period, then conversion would not be possible in a country where there had been a failure to prove genuine use of the mark for a 5 year period, and without proper reasons for non-use.

### Genuine use (then)

In any CTM registration, regardless of whether seniority was claimed, another advantage of the system was that use of the registered mark in just one EU member state was considered to be enough to preserve the registration against successful challenge on non-use grounds.

In practice, it would be necessary to show that the mark had been used in its registered form, or in a form differing in elements which did not alter the distinctive character of the mark in the form in which it was registered, and in relation to the goods and services the subject of the CTM registration. Should use not have occurred on all goods/services, then partial revocation would be possible, leaving the CTM registration intact for those goods/services for which satisfactory proof of use could be adduced.

## **EU enlargement**

An attractive feature of the CTM system was that, as and when new countries joined the EU, CTM applications and registrations would automatically extend to those countries, subject to certain provisions which would respect national rights in the “new” EU member states which had existed before the EU enlargement which led to those countries being covered by the CTM. There have been three rounds of EU enlargement since the commencement of the CTM system in 1996; with Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joining in 2004; then Bulgaria and Romania in 2007; and Croatia as the most recent joiner in 2013. There are a number of other candidate countries for EU membership, so the territory is ever changing.

## **Now**

Clearly, here is a very different EU from the 15 member states of which it comprised at the birth of the CTM system. With the number of EU member states rising from 15 to 25, then from 25 to 27, and more recently to 28, could it really remain correct that use of a registered CTM in just one of these countries should be sufficient to sustain the entire registration across such a large geographical area? Could it be fair that retail services provided under a CTM in, say, Malta alone should be sufficient to sustain a CTM registration which could then be wielded to prevent use of the same or a similar mark in any of the other member states, including geographically distant ones? This has now been the subject of EU case law which shows that the tide is turning.

## **Genuine use (now)**

The decision handed down by the Court of Justice of the European Union (CJEU) in the *ONEL/OMEL* case (*C-149/11 Leno Merken B.V. v. Hagelkruis Beheer B.V.*) focused on the scope of geographical use necessary to defend registration of a CTM from revocation for non-use.

Following *ONEL/OMEL*, use in one EU member state may not necessarily be sufficient to maintain a CTM. The CJEU held that the territorial scope of use is only one consideration to be taken into account when determining whether sufficient use of a CTM had been made. Territorial borders within the EU may be disregarded when assessing whether genuine use has been made of a mark. It will be for OHIM and the national courts to assess on a case by case basis whether the use made of a mark serves to create or maintain market share with all relevant factors being taken into account, 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.”

Trade mark owners now need to consider whether they are sufficiently protecting their trade marks by virtue of CTMs if it is questionable whether the use made or intended to be made will constitute genuine use. For some, it may be beneficial to review their trade mark filing strategy in light of the *ONEL/OMEL* decision and consider whether it may be more appropriate to secure national trade mark registrations in lieu of CTMs or seek supplementary national trade mark protection in addition to CTMs if there is doubt as to whether the use made or intended to be made of the mark would meet use requirements should their CTM rights ever be challenged.

## **And why national trade mark registrations are still important**

There are many points in favour of maintaining national trade mark registrations independently from CTM registrations. Some are listed below, but this list is by no means exhaustive, and much will be dependent upon a particular trade mark owner’s

market of interest and individual circumstances.

1. In the future, it remains to be seen to what geographical extent within the EU a CTM owner would need to be able to prove use of their mark in the face of a non-use attack. If maintaining a national registration, then the geographical area for which use would need to be shown would be clear.
2. Although older effective dates can be preserved within a CTM registration by means of a seniority claim from a national registration, allowing the lapse of the national registration could still carry some risk. OHIM presently only examine one aspect of the triple identity test, i.e. that the trade mark the subject of the national registration is identical to that the subject of the CTM in which seniority is claimed. It is therefore up to the CTM owner or its representative to be satisfied when applying to claim seniority that the other elements have identity, namely the trade mark owner and the goods/services of both the national registration and the CTM in which seniority is claimed. Should the owner of the national registration differ from that of the CTM in which seniority has been claimed, the seniority claim could fail if there were the need to later rely upon it. This is especially so in a situation where the CTM registration falls and there is the wish to convert back to the earlier effective date of a national right within an the EU member state.
3. Even if seniority is validly claimed in a CTM and the national registration allowed to lapse, use would still need to be made in that member state for the benefit of that seniority claim to continue.
4. Should a CTM be challenged, a standalone national registration (if maintained) would be available to enforce against infringers, without needing to await the outcome of the challenge upon the CTM or, should that attack be successful, the outcome of conversion of the CTM registration into a national right capable of enforcement against others.
5. Although a CTM registration could be relied upon in registered trade mark infringement proceedings in the UK, just as a UK registration could, to rely only upon a UK registration would guarantee the forum in which the case would be heard.
6. There may be circumstances in which there is a wish to rely upon a registered trade mark "with a reputation". Production of evidence of said reputation would be less onerous in respect of, say, the United Kingdom for a UK registration, as opposed to having to show that a CTM has reputation.

## Conclusion

The CTM system still provides excellent value for the money. To seek EU wide registration is relatively inexpensive compared with the cost of filing individual national trade mark applications in 28 countries. There is also ease of maintenance of a unitary registration to cover the whole geographical area, rather than having to manage different renewal deadlines and pay fees in numerous jurisdictions. National seniorities can in principle be maintained within the CTM registration and, again, without having to attend to national renewal fees. However, more recent developments in European case law and the continually increasing size of the EU have implications. Where trade mark applicants do not expect to trade in a substantial part of the EU or of whatever larger territory that may become, national trade mark registrations with less burden to prove their validity and so to enjoy enforceability could be the better way forward. ■

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