

The Trademark Reporter®



The Law Journal of the International Trademark Association

TRADEMARK USE ISSUE

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EDITOR'S NOTE

From time to time in the course of human events, *The Trademark Reporter* (TMR) publishes a theme issue. This is one such time. The theme is trademark use.

As the TMR has become increasingly international in focus in recent years, it gives us special pleasure to include in this issue articles focusing on not only United States law but also European law, Chinese law, Brazilian law, and Canadian law, as well as the unique insights and perspectives that come from comparing and contrasting the differing legal regimes. The issue includes articles addressing practical considerations arising from new methods of using trademarks in new media environments; comparing the differing legal structures (common law and use-based on the one hand and civil law and non-use-based on the other) in the United States and Europe; examining the ways in which these differing legal systems have regulated (or not) often highly controversial keyword advertising that forms the backbone of Internet commerce; describing emerging trends in China, particularly regarding what is fair use; elucidating use and registration requirements under Brazilian trademark law (including new developments there); defining trademark use and how the manner of use affects registration, enforcement, and cancellation in Canada (again including new legal developments); analyzing the leveling effects of the Internet in establishing trademark use and trademark rights under U.S. law and the consequences of non-use—namely, abandonment. How “use in commerce” is treated by the Trademark Trial and Appeal Board as distinct from the United States district courts is even at the heart of a case currently pending before the United States Supreme Court.

This summary barely scratches the surface of the use-related issues presented on these pages. On behalf of all of the editors, I hope it sparks timely and topical insights and is, of course, eminently useful.

Jonathan E. Moskin
Editor-in-Chief

THE CONCEPTS OF USE OF A TRADEMARK UNDER EUROPEAN UNION AND UNITED STATES TRADEMARK LAW

By Tara M. Aaron and Axel Nordemann***

I. INTRODUCTION

Beyond ethics and regulations, there are very good reasons for U.S. and European lawyers to refer cases back and forth. The name “trademark law” can give one the false impression that competence in one region of the world would translate, even a little, elsewhere. As between the United States and the European Union (“EU”), even the stated goals are different. The United States eyes the dual prizes of consumer protection and promoting an environment in which brands can develop goodwill;¹ the EU, through the Community Trade Mark Regulation (“CTMR”),² wishes to promote a harmonious development of economic activities by creating an internal market and removing barriers to free movement of goods and services.³ And in the details, the devil plays. For every new application, the U.S. Patent and Trademark Office (“USPTO”)⁴ surveys the landscape of possible senior trademark registrations or applications; the Office for Harmonization in the Internal Market (Trade Marks and Designs) (“OHIM”)⁵ does not, while some national European Trademarks Offices do.⁶ Opposition deadlines are not extendible in the same

* Attorney-at-Law, Partner, Aaron Sanders PLLC, Nashville, Tennessee, Associate Member, International Trademark Association.

** Rechtsanwalt, Dr. jur., Partner, Boehmert & Boehmert, Berlin, Germany, Associate Member, International Trademark Association; Honorary Professor at the University of Konstanz, Germany. The author would like to thank his research assistant Ines Meri Duhanic, LL.M., very much for her great input and work in connection with this article.

1. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 855 (1982).

2. Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community Trade Mark, codified version of previous Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark (hereinafter CTMR).

3. See Recital 2 CTMR.

4. The USPTO is located in Washington, D.C.

5. OHIM is located in Alicante, Spain.

6. *Ex-officio* examination for earlier trademarks exists in twelve national offices: Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Ireland, Malta, Poland, Portugal, Slovakia, and Sweden. See ECTA's Survey on *Ex-officio* examination of trademark applications on relative grounds by the National Offices [2012], p. 3. Trademark opposition procedures are currently available in all Member States except Malta. See Max Planck Institute for Intellectual Property and Competition Law, Munich—Study on the Overall Functioning of the European Trade Mark System, final version of February 15, 2011 [hereinafter *Study of the Max Planck Institute*], p. 18, 19, available at

way in every jurisdiction, and Europeans filing at the national level or in OHIM are spared the arduous discovery process of opposition proceedings and trademark litigation to which U.S. lawyers are so accustomed. Most notably, “use in commerce,” a requirement absent from the European initial registration process, is a bedrock principle of U.S. trademark law.

The U.S. and EU systems are not totally devoid of philosophical similarities. Both the civil law and the common law approaches see protection of trademarks as an intrinsic part of undistorted competition. Trademarks not only identify goods and services, but also create a distinction between the sources of those goods and services.

Nevertheless, the laws of the EU and the United States treat use differently. The legal differences between the concept of use in the United States and in the EU are not merely technical. While in the United States, generally, “the owner of a mark may not monopolize markets that his trade has never reached,”⁷ this may be possible in the EU. In this article, we will look at the European and U.S. treatments of “use” as a trademark concept and consider which (if either) is better, and why.

II. UNDERLYING IDEAS AND CONCEPTS OF TWO DIFFERENT SYSTEMS

A. European Union

Calling it the “EU approach” is an oversimplification—we need to introduce the underlying concepts and structure of the Community and national trademark systems to explain how members of the EU understand trademark use. The CTMR allows for the registration of trademarks across the Community. The CTMR applies Community-wide, and Article 1[2] CTMR explicitly states that a Community Trade Mark (“CTM”) shall have a unitary character and equal effect throughout the Community. The Court of Justice of the European Union (“CJEU”) has further settled the issue by stating in case law that Community law must be uniformly interpreted throughout the Member States.⁸

This does not mean, however, that the conditions for trademark protection—including issues surrounding use—for national marks and for CTMs are necessarily the same. One of the core elements in European trademark law is the principle of coexistence and coherence. CTM law does not replace the national

http://www.ip.mpg.de/de/pub/aktuelles/trade_mark_study/synopses_tms.cfm (last visited Nov. 21, 2014).

7. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416 (1916).

8. *See, inter alia*, CJEU, judgment of September 22, 2011, in case C-482/09, *Budějovický Budvar v. Anheuser-Busch* [Budějovický Budvar], para. 29.

trademark law of the Member States.⁹ National trademarks continue to be necessary, particularly for small and medium-sized enterprises (“SMEs”) that do not need or want protection for their trademarks on the Community level. The national and the supranational trademark systems exist alongside each other. At the same time, they were brought into full harmony with each other through the EU Trade Marks Directive,¹⁰ and are also congruent.¹¹ The CTM system reflects the concept of the Community as a unitary territory with a single market.¹² Every single legal provision and legal concept refers at the end to the European Community’s goal to remove barriers to free movement of trade and competition by harmonization. The creation and maintenance of one internal market remains a guiding principle. Another increasingly important goal of the system is to provide a harmonizing trademark model that is open and flexible for transnational businesses. Especially as the European Union continues to expand,¹³ the market is continuously opening itself to more competition by enabling businesses and citizens to benefit from a wide choice of goods and services.¹⁴

The EU is working toward simplifying the regulations to allow for this “single marketplace” concept to come to full fruition. The CJEU reflects this goal in its opinions,¹⁵ continuously allowing for what the Max Planck Institute has referred to as “undistorted competition.”¹⁶ This competition-centered approach keeps a balance between protecting trademark owners from unfair

9. Recital 6 in the preamble to the CTMR.

10. Directive 2008/95/EC of the European Parliament and of the Council of 24 October 2008 to approximate the laws of the Member States relating to Trade Marks, codified version of the previous Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to Trade Marks (hereinafter “TMD”).

11. *See*, in particular, CJEU, judgment of March 11, 2003, in case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV* [Ansul], para. 44.

12. Article 26[2] of the Treaty on the Functioning of the European Union (TFEU) states that “the internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured.”

13. Croatia was the last new Member State to join the EU on July 1, 2013. Currently, the EU is negotiating about membership with Iceland, Montenegro, Serbia, and Turkey. Macedonia has applied for membership in 2004, but negotiations have not started yet.

14. *See*, in particular, Communication of the European Commission (COM) (2013) 74, p. 1.

15. *See*, in particular, CJEU, judgment of November 11, 1997, in case C-349/95, *Loendersloot Internationale Expeditie v. George Ballantine & Son Ltd and others*, [Loendersloot/Ballantine], paras. 22 and 24; CJEU, judgment of September 29, 1998, in case C-39/97, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, [Canon/ CANNON], para. 28; CJEU, judgment of June 18, 2002, in case C-299/99, *Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd.*, [Philips/ Remington], para. 30.

16. *See Study of the Max Planck Institute*, *supra* note 6, p. 51, of the Final Report of the Study, available at http://www.ip.mpg.de/files/pdf2/mpi_final_report_with_synopsis.pdf (March 2011).

competition while at the same time keeping the market free of deceptive signs. As the Max Planck Institute identifies in its recently released Study on the Overall Functioning of the European Trade Mark System,¹⁷ “the concept of undistorted competition as a guiding principle for interpretation of European trade mark law is not a one-way approach toward a protection scheme being faced with limiting effects only. Undistorted competition requires a basically strong and firm protection of trademarks that takes into account both the interests of the trade mark holders and the interests of competition.”¹⁸ Even though trademark law grants owners a monopoly that may appear antithetical to this principle, the European understanding of free competition considers such monopolies in harmony with competition law’s goal of promoting consumer welfare.

Under the umbrella of the principle of undistorted competition, the EU system levels the playing field for new and emerging companies who have not yet established an actual commercial presence. Enterprises seeking a CTM registration are not obliged to prove *bona fide* intent or actual use before filing an application and do not have to submit proof that they are active in the marketplace before getting the application registered. Non-use of a CTM does not operate as an automatic ground for refusal or invalidity. Rather, if a CTM has not been used in the Community within a period of five years, it is no longer enforceable if the user or owner of a junior mark raises the plea of non-use in an opposition or court proceeding.¹⁹ The registration may be canceled only upon an application to OHIM or on the bases of a counterclaim in infringement proceedings.²⁰ It is a fundamental principle of EU trademark law that applicants be granted a certain period to establish and grow their businesses without requiring immediate success of their nascent enterprises.²¹ Unlike the U.S. approach, the EU concept of use reflects this understanding by demanding proof of use only *ex post facto*.

17. *Id.*

18. *Id.*

19. Art. 42[2], [3], 99[3] CTMR.

20. Art. 51[1][a] CTMR; the same is true for the national trademark laws of the EU Member States. *See* Arts. 10–13 TMD.

21. The European Jurisprudence has regularly highlighted that “the purpose of that provision is not to assess commercial success or to review the economic strategy of an undertaking, nor is it intended to restrict trademark protection to the case where large-scale commercial use has been made of the marks.” *See*, in particular the ruling from the General Court (“GC”), judgment of September 10, 2008, in case T-325/06, *Boston Scientific Ltd. v. OHIM*, [CAPIO], para. 28.

B. United States

The relationship between Community-wide directives and laws of the Member States of the European Union looks loosely like the relationship between U.S. federal law and the laws of the individual states. But concepts of federalism and state sovereignty mean that state laws are not always harmonized with federal statutes. The U.S. federal government is limited to making laws only with express constitutional authority. The state governments are not so restricted. The comparison of Federal/State to Community/Member is therefore of limited usefulness. The U.S. Congress, however, under its express power to make laws to regulate commerce “among the Several States,”²² has created a federal, nationwide trademark right.²³ The U.S. Trademark Act of 1946 (“Lanham Act”) is the statutory source of the federal nationwide trademark laws and sets out the procedure for the registration of such marks. The Lanham Act is largely a codification of common law trademark rights but also includes a federal registration scheme that is the purview of the USPTO.

On the issue of use, the common law left little for Congress to sort out. Judge Learned Hand, an oft-quoted American jurist, wrote in an opinion in 1937:

A trade-mark is not property in the ordinary sense but only a word or symbol indicating the origin of a commercial product. The owner of the mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trade-mark beyond these.²⁴

In other words, if the mark is not associated with a product or a service, it simply does not exist.

Judge Learned Hand based his opinion on his understanding that Congress can create a federal trademark system only under the powers of the “Commerce Clause” of the U.S. Constitution. Commerce that Congress has the power to regulate must be part of the equation before a federal trademark law could be enacted.²⁵ Congress has the express power to regulate certain kinds of commerce through the Commerce Clause, and the courts’ interpretation of the expansiveness of the Commerce Clause has

22. United States Constitution, Art. 1, Sec. 8, C. 3: “[The Congress shall have Power] [t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.”

23. The Lanham Act, 15 U.S.C. § 1051 *et seq.*

24. *Indus. Rayon Corp. v. Dutchess Underwear*, 92 F.2d 33 (2d Cir. 1937).

25. T.M.E.P. § 901.03. For more on territorial use of a trademark, see Part IV(A) below.

waxed and waned over the course of the last century.²⁶ But it is only by instituting a “use in commerce” requirement that Congress was able to create a national trademark system at all.

The first trademark statute in the United States, the Act of July 8, 1870, did not survive a full decade before it was struck down as unconstitutional. Congress had attempted to regulate trademarks with “An Act to Revise, Consolidate and Amend the Statutes Relating to Patents and Copyrights.” Patents and copyrights, however, are expressly made the purview of Congress under a different clause of the United States Constitution.²⁷ The Supreme Court in 1879 found that “any attempt . . . to identify the essential characteristics of a trade-mark with inventions and discoveries in the arts and sciences, or with the writings of authors, will show that the effort is surrounded with insurmountable difficulties.”²⁸ The Court further found that any legislation Congress attempted to enact would have to pass muster under its Commerce Clause powers, which could regulate activities between citizens of different states but not between citizens of the same state.²⁹ It was not until 1946 when the Lanham Act was enacted that the United States had a trademark regime that could match the realities of modern commerce, but nonetheless the “use in commerce” requirement is rooted in the Constitutional limitations on what the legislative branch can govern.

Without the federal trademark system, trademark owners seeking nationwide protection would find themselves filing fifty trademark applications (possibly using a different lawyer for each one because of state licensure requirements) with no guarantee of success from Maine to Hawaii. So, use in commerce we must show.

This is not to say that states have no capacity to regulate trademarks within their own borders. In fact, all fifty states have their own trademark registries. State trademark registrations are often of little value when a client must prove the validity of its trademark rights rather than merely the fact of its registration.³⁰ But for brands that operate only within the borders of one state, which is not always easy to determine, state registries that often

26. United States Constitution, Art. 1 Sec. 8, Cl. 3. *See* note 22, *supra*.

27. United States Constitution, Art. 1, Sec. 8, Cl. 8: “[Congress has the power] [t]o promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

28. The Trade-Mark Cases, 100 U.S. 82, 25 L. Ed. 550 (1879).

29. *Id.* at 85.

30. *See, e.g.*, Tenn. Code Ann. § 47-25-501 (2013) (“Any certificate of [trademark] registration issued by the secretary under this section or a copy thereof duly certified by the secretary shall be admissible in evidence as competent and sufficient proof of the registration of such mark in any actions or judicial proceedings in any court of this state.”). *But see cf.* Tex. Bus. & Comm. Code § 16.001 *et seq.* (“An owner of a mark registered under this chapter may bring an action to enjoy the manufacture, use, display, or sale of any counterfeits or imitations of [the] mark.”).

have less stringent proof-of-use requirements can be easily overlooked as a viable option. Additionally, the central importance placed on use means that registration is of secondary concern—use is what turns a word or a picture into a trademark. In whatever geographic area a trademark is being used, the trademark owner is establishing common law trademark rights through use of the mark, regardless of whether the mark is registered. Registration of a mark on the USPTO's Principal Register provides several benefits, including constructive notice of claimed rights in a mark and an evidentiary presumption that the registered trademark is valid. But registration is not the genesis of the trademark right. Marks are born from use.

With this in mind, the requirement for use, at least in the initial phase of registration, is not universal. The United States respects its obligations under the Paris Convention, the Pan-American Convention, the Madrid Protocol, and others.³¹ Sections 44 and 66 of the Lanham Act implement these various agreements. Holders of applications or registrations in countries that are members of the relevant treaties, and those seeking extension of protection into the United States through the Madrid Protocol, hold one significant advantage over purely domestic applicants—for those foreign applicants, use is not a prerequisite to registration.

The federal government's prerequisite that commerce (or a treaty obligation) exist before it can be involved in granting trademark registrations does not mean that a company has to produce voluminous sales before any federal protection exists at all. The definition of "use in commerce" was amended by the Trademark Law Revision Act of 1988 ("TLRA"), Public Law 100-667, 102 Stat. 3935, to allow for "the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark." In the legislative history, the House of Representatives expressly recognized that:

"the ordinary course of trade" varies from industry to industry. Thus, for example, it might be in the ordinary course of trade for an industry that sells expensive or seasonal products to make infrequent sales. Similarly, a pharmaceutical company that markets a drug to treat a rare disease will make correspondingly few sales in the ordinary course of its trade; the company's shipment to clinical investigators during the

31. The applicable treaties are the Paris Convention for the Protection of Industrial Property of 1883 and subsequent revisions ("Paris Convention"), Inter-American Convention for Trademarks and Commercial Protection ("Pan-American Convention"), Buenos Aires Convention for the Protection of Trade Marks and Commercial Names ("Buenos Aires Convention"), Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"), the Memorandum of Understanding Between the United States and Taiwan, and a reciprocal agreement with Tuvalu (an island nation with a population of less than ten thousand and served by two flights a week).

Federal approval process will also be in its ordinary course of trade³²

Contingent protection is also available before use in commerce has begun. Section 1(b) of the Lanham Act, 15 U.S.C. 1051(b), provides that an applicant may file an application based on a *bona fide* intention to use a mark in commerce “under circumstances showing the good faith of such person.” The advantage of filing an application on an intent-to-use basis is the ability to obtain an earlier filing date. Provided the registration is granted, the priority date of the registration will date back to the filing date, not the later date of first use.³³ Still, registration will not occur until use has been shown, and an applicant may not reserve a mark forever by claiming an intent to use the trademark.³⁴ Although there is flexibility in the system, use in commerce is what allows the system to exist.

C. Summary

The European registration-based system is a natural result of a philosophy of open and equal competition across the Community. The U.S. use-based system is a direct result of the United States Constitution and the understanding of trademarks as nothing outside of an identifier of source for goods or services and primarily a method of protecting the consuming public from confusion. Both systems require use to a lesser or greater extent, and both systems are flexible in varying degrees. But the differences are stark and only become greater as the trajectories of these different philosophies become clear.

III. THE SIGNIFICANCE OF USE OF A TRADEMARK

A. European Union

1. General

European trademark law confers an absolute monopoly upon the owner of a trademark, allowing the registrant alone to sell the goods or offer the services claimed in the registration under that trademark. Thus, there is a conflict with one of the most important aims of the European Union: to establish a single market compromising the territories of all the Member States and characterized by the abolition, as between Member States, of obstacles to the free movement of goods, persons, services, and

32. H.R. Rep. No. 1028, 100th Cong. 2d Sess. 15 (1988).

33. 15 U.S.C. § 1057(c).

34. 15 U.S.C. § 1051(b).

capital.³⁵ National marks, which are suited to dividing up the market along national boundaries, interfere with the EU's goal to create a single market. An earlier national trademark protected in an EU Member State will either—upon opposition—prevent a CTM application from being registered, or prevent the owner of a CTM from using its mark in that particular territory. This is because national trademark rights are defined by territorial boundaries. Specifically, the creation of Community marks was not meant to displace the national registration system or eradicate the different trademark regulation schemes in various Member States. The European Community legislature has not chosen to resolve this conflict by abolishing the national systems.³⁶ This has led to the result that in *inter partes* proceedings before OHIM, coexistence of national and Community marks in the same territory may be a relevant criterion when assessing whether there is likelihood of confusion in a given market.³⁷ Thus, one might doubt whether the coexistence between two marks from two different “levels” involved in opposition or invalidity proceedings can really observe the principle of the single market as a true internal market with real market and infringement assessment conditions and not just several national markets placed side by side.

According to OHIM's Board of Appeal, coexistence without actual confusion can be persuasive evidence of an absence of likelihood of confusion.³⁸ The first decision to recognize the possible bearing of coexistence of conflicting marks was a dispute in the case *Shield/Goldshield* before OHIM.³⁹ In that case, the Board of Appeal observed that the marks had coexisted in the marketplace for several years, with the opponent making no attempt to challenge the validity of the national registration of the applicant's mark.⁴⁰ In the case of *Hello/Hallo*,⁴¹ the Board of Appeal held that an opponent, relying on national rights, cannot

35. See Articles 34–36 TFEU, which provide the groundwork for the general principle of the free movement of goods.

36. The European legislature has deliberately chosen to keep the national trademark system because it does not appear to be necessary to undertake full-scale approximation of the trademark laws of the Member States. See Recital 4 TMD.

37. According to the principle of coexistence, a CTM does not displace or substitute a trademark that is protected by national law. Instead, the same sign may simultaneously be protected as trademark nationally and on an EU-wide basis, thus enabling coexistent double protection. See, *i.e.*, Recital 6 CTMR.

38. Board of Appeal, decision of November 22, 2006, in case *Sol de Ayala/Ayala*, R 718/2006-1, para. 35.

39. Board of Appeal, decision of September 12, 2000, in case *Shield/Goldshield*, R 415/1999-1.

40. *Id.* para. 22.

41. Board of Appeal, decision of August 5, 2004, in case *Hello/Hallo*, R 132/2002-2, paras. 16-21.

have more rights when it files an opposition at Community level than it has at the national level and dismissed an opposition when the CTM applicant's rights predated the national registration. The CJEU has also confirmed that the coexistence of two conflicting marks may be relevant in assessing the risk of confusion. The *Matratzen Concord* case⁴² illustrates this interwoven relation between the national trademark and the CTM system, with the aggravating circumstance of what is typical in the EU in contrast to the United States: the immense cultural and linguistic diversity throughout the Community. The case involved whether the fact that a national word mark is descriptive in the language of one EU state should prevent its CTM registration in other Member States. In this case, the German company Hukla owned a national Spanish trademark registration for MATRATZEN, which in German means "mattresses," for "beds" in Class 20. A competitor had applied for a CTM in the mark MATRATZEN CONCORD and received an opposition based on the national Spanish trademark for MATRATZEN. It defended the opposition on the grounds that the word "Matratzen" was descriptive in German and could mislead in respect of goods not incorporating mattresses, at the end, however, without success. The CJEU held whether the trademark was not descriptive or non-distinctive had to take into account the perception of the average consumer in the relevant market.⁴³ Considering the linguistic, cultural, social, and economic differences between the German-speaking people and the Spanish-speaking people, one can assume that the average Spanish consumer would not recognize a descriptive meaning when encountering MATRATZEN when used in connection with beds, regardless of how clearly descriptive it was elsewhere and despite the potential impact of the registration on the free movement of goods from Germany and Austria, for instance, into Spain.⁴⁴

Nevertheless, preserving a trademark monopoly at the national and Community levels does impose some obligations on the owner. The trademark owner has a grace period of five years to put the relevant goods or services into the market. The requirement of genuine use is the subject of several provisions in the CTMR, that is, Articles 15, 42, 51, 57, 99, and 100 of the CTMR, and in particular Article 15 of the CTMR, which reads:

If, within a period of five years following registration, the proprietor has not 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, or if such use has been

42. CJEU, judgment of March 9, 2006, in case C-421/04, *Matratzen Concord AG v. OHIM [Matratzen Concord]*, para. 32.

43. *Id.* paras. 26 and 32.

44. *Id.* para. 29.

suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for nonuse.

These rules seek to balance the different overlapping interests. Marks not genuinely used will become free for competing traders to use, thereby establishing a process to eliminate registrations that simply clog up the register and constitute a pointless obstacle for later traders.⁴⁵ Furthermore, Recital 9 of the TMD and Recital 10 of the CTMR, which both concern the same legal notion of genuine use, make it clear that the primary rationale behind the European genuine use concept is to reduce the total number of trademarks that can have a justified existence only when they are actually used.⁴⁶

In practice, however, these rules do not create a system to systematically purge dead marks from the register. OHIM does not inquire *ex officio* whether the earlier mark has been used. In contrast, and unlike the U.S. concept, it is a fundamental principle of European CTM law that trademarks can be registered without actual use. European trademarks are subject to revocation only if no genuine use is made after the lapse of five years following registration, and this examination of use happens only if a third party files a request for revocation based on non-use according to Article 51[1][a] of the CTMR.

2. Application Proceedings / Registration

The European goal of creating a barrier-free Union also hovers over the trademark application procedure. An easily manageable CTM application system where one single application for protection has Community-wide effect throughout all currently existing twenty-eight Member States is a manifestation of this aim. The application and registration procedure for CTMs is governed by Articles 25 through 49 of the CTMR. Applications are filed at OHIM,⁴⁷ the central industrial property office of an EU Member State, or the Benelux Office for Intellectual Property.⁴⁸ According to Article 26 of the CTMR, the application shall contain a request for registration of a CTM, information identifying the applicant, a list of goods and services, and a representation of the

45. GC, judgment of March 12, 2003, in case T-174/01, Jean M. Goulbourn v. OHIM, [Cocoon], para. 38.

46. See, in particular, Recital 10 CTMR ("There is no justification for protecting Community trade marks or, as against them, any trademark which has been registered before them, except where the trademarks are actually used.").

47. Article 25[1][a] CTMR.

48. Article 25[1][b] CTMR.

trade mark. The official fees will also have to be paid;⁴⁹ otherwise OHIM will not start examining the application.⁵⁰ OHIM will examine only whether the application meets the formal requirements⁵¹ and whether there are any absolute bars to protection.⁵² However, these rules do not require OHIM to assess whether the trademark has been put to genuine use.

If not challenged, unused marks will typically remain in the register until the end of the registration period, and they may be renewed without difficulty. This has made the European concept of use the target of increasing criticism, especially from U.S. voices.⁵³ Critics argue that *bona fide* “intent to use” should be an essential precondition for filing a trademark application under the CTM system. They argue that, by failing to exercise authority to require applicants to prove whether they use or intend to use the mark in commerce, the CTMR system fails to provide adequate measures to protect those enterprises that have already put a lot of time and money into launching a new product or service. The issue is closely connected with the topic of cluttering the registry, an issue judged very differently by representatives of the various stakeholders. It has often been argued that registration-based systems like the European CTM system inevitably lead to an “over-claiming” in the registers, since an applicant can register a mark and then allow it to languish indefinitely, or include goods and services in the application that will never be brought to market.⁵⁴ The EU Commission is aware of the issue, although no changes are presently in the works. The EU Commission launched a study via the Max Planck Institute to assess the functioning of the trademark system in the EU, including the *bona fide* intent issue.⁵⁵ The Max Planck Institute Study addressed these issues, including the difficulties of finding conclusive evidence on the cluttering problem, and concluded that there is no current substantial need to change the use requirement on the Community

49. Current official fees are €900 for the first three classes if the application is filed electronically and €1,050 if filed in paper form. Each additional class beyond the fourth is an additional €150 per class.

50. OHIM announced on October 27, 2014, that after November 24, 2014, it will only examine trademark applications and process any mail related to them after the official fees have been paid.

51. Article 26 CTMR.

52. Article 37 CTMR.

53. Daniel R. Bereskin, Miles J. Alexander, & Nadine Jacobson, *Bona Fide Intent to Use in the United States and Canada*, 100 TMR 709, 710 (2010).

54. Cynthia C. Weber, *The U.S. Versus European Trademark Registration Systems: Could Either Learn from the Other?*, available at [http://www.sughrue.com/files/Publication/7f3ad2e7-4832-49e7-a8b9-05c81a6693c1/Presentation/PublicationAttachment/02155b81-c202-4c2d-9d27-0be4253df914/ECTA2005\(1\).pdf](http://www.sughrue.com/files/Publication/7f3ad2e7-4832-49e7-a8b9-05c81a6693c1/Presentation/PublicationAttachment/02155b81-c202-4c2d-9d27-0be4253df914/ECTA2005(1).pdf).

55. *Study of the Max Planck Institute*, *supra* note 6, p. 88.

level.⁵⁶ In fact, the study found that the introduction of a general requirement of having an intent to use the mark at the time of filing would breach a fundamental tenet of the present system.⁵⁷ An intent-to-use requirement is seen to be at odds with the goal of creating a single European market that is attractive to investment and that serves Member States with varying legal and commercial traditions; according to the Max Planck Institute, the EU system “must be appraised as an element forming part of a system which is more strongly geared towards fast and cost-efficient procedures than its American counterpart.”⁵⁸ The EU does acknowledge intent in its prohibitions against “bad faith” registrations,⁵⁹ but the role of intent is a minor one in the overall trademark system.⁶⁰

3. Renewal

A CTM registration is valid for ten years from the date of filing of the application and can be renewed indefinitely for further ten-year periods.⁶¹ As in the application proceedings, actual use is not required to renew a registration. Although the renewal process in multiple national offices can be a costly endeavor, the CTMR allows the holder of a national registration to claim seniority based on an earlier national mark.⁶² Once the CTM is registered, the earlier national trademark can lapse as a result of non-payment of renewal fees without serious consequences, so in effect, only the CTM registration needs to be renewed.

4. Opposition and Infringement Proceedings

After the relative administrative ease of the initial registration process, the piper sooner or later may come to call. Use has to be established to survive a challenge to the registration.⁶³ Trademark rights cannot be enforced or defended if the trademark has not been put to genuine use within the five-year period preceding the assertion of the claims.⁶⁴ This limitation as a result of non-use is not administered by OHIM but must be positively pleaded both in legal proceedings and in opposition proceedings (the so-called “plea of non-use”).⁶⁵

56. *Study of the Max Planck Institute, supra* note 6, p. 34.

57. *Study of the Max Planck Institute, supra* note 6, p. 88.

58. *Study of the Max Planck Institute, supra* note 6, p. 53 *et seq.*

59. *See below* Part IV(F).

60. *Study of the Max Planck Institute, supra* note 6, p. 88.

61. Articles 46, 47 CTMR.

62. Articles 34, 35 CTMR.

63. *See* Article 15[1], 42[2], 51[1][a], 57[2] and [3] CTMR.

64. Article 42[2] CTMR.

65. Article 15[1], 42[2], 99[3] CTMR.

a. In Opposition Proceedings

During opposition proceedings in which a junior applicant has pled that the senior opposer has not used its mark, the opposer must show that it has used the registered mark for the period of five years preceding the date of publication of the opposed CTM application, provided that the opposer's trademark has been registered for more than five years on that date.⁶⁶ If the opposer's time clock for commencing use has not run out before the publication date of the junior applicant's CTM application, then the applicant cannot employ the defense of non-use even if the opposer clearly has not used its registered trademark. In this situation, the junior applicant can only file a separate request for cancellation of the opposing trademark as a result of non-use, parallel to the opposition proceeding. For example, under Article 51[1][a] CTMR (or the corresponding national laws in the case of national opposing trademarks), OHIM will suspend the opposition proceedings.⁶⁷ Once a plea of non-use has been raised, OHIM will create a deadline for the opponent to furnish proof of use.⁶⁸ If the opposer fails to furnish any proof of use within this deadline, the opposition will be rejected.⁶⁹ If, however, the opposer produces proof of use relating only to a portion of the goods or services in the opposer's registration, OHIM will take only those goods and services into account for purposes of the opposition proceeding.⁷⁰ It will not remove the non-used goods or services from the opposition mark, however. In principle, these deadlines are rather strict: OHIM is restricted in its examination to the facts, evidence, and arguments provided by the parties and the relief sought⁷¹ and may disregard facts or evidence which are not submitted in due time by the parties concerned.⁷² Consequently, if the opponent does not file any proof of use at all within the deadline set by OHIM, the opposition will be rejected without mercy.⁷³ However, OHIM has discretion to consider additional evidence to clarify or support genuine use at a later stage during the proceedings.⁷⁴ The CTMR provides that OHIM *may* disregard facts or evidence not submitted

66. Article 42[2] CTMR.

67. Rule 20[7][c], Implementing Regulation of the CTMR.

68. Article 42[1] and [2] CTMR.

69. Article 42[2][2] CTMR.

70. Article 42[2][3] CTMR.

71. Article 76[1] CTMR.

72. Article 76[2] CTMR.

73. See Rule 22[2] of the Implementing Regulation of the CTMR; CJEU, judgment of July 18, 2013, C-621/11 P, *New Yorker SHK Jeans GmbH & Co. KG v. OHIM [FISHBONE]*, para. 28.

74. Article 76[2] CTMR. See CJEU, judgment of July 18, 2013, in case C-621/11 P, *New Yorker SHK Jeans GmbH & Co. KG v. OHIM [FISHBONE]*, paras. 30 and 34.

in the allotted time. OHIM may take into account facts and evidence submitted after the first deadline.⁷⁵ It is therefore prudent to file all evidence by the first deadline.

OHIM may disregard a plea of non-use that has been raised by the applicant and the opponent's contrary evidence only if it rejects the opposition in its entirety on other grounds. If OHIM disregards the plea and fails to analyze the opponent's evidence of use but nevertheless sustains the opposition, this creates an error in law.⁷⁶

b. In Infringement Proceedings

Use of a trademark that legally qualifies as genuine use must be proven during infringement proceedings before the regular courts for the five-year period preceding the filing of the action, if the disputed trademark at that point in time was governed by the requirement of use.⁷⁷ Under German law, if the five-year period of non-use ends only after the filing of the action, then the period is calculated using the five years preceding the completion of the oral hearing.⁷⁸ Other Member States may have different methods of calculating the five-year period—the CTMR does not distinguish between those deadlines in legal actions—and so per Article 99[3] of the CTMR the defense of non-use can be filed at any time during which the CTM is governed by the requirement of use and thus could be revoked due to non-use.

5. Cancellation Proceedings

Cancellation proceedings are never initiated by OHIM itself. The obligation lies with the hopeful junior applicant. The CTMR provides for two procedures that come under the generic term of cancellation proceedings.⁷⁹ The first is a revocation procedure to revoke the rights of the proprietor of a CTM and the second is to declare a CTM invalid. The difference is that revocation applies as from the date of the request,⁸⁰ whereas a declaration of invalidity removes the registration from the Register with retroactive effect.⁸¹ One of the grounds for revocation is non-use, if the mark has not been put to genuine use within a continuous period of five years in the Community without a justification for non-use.⁸² An

75. See CJEU, judgment of July 18, 2013, C-621/11 P, New Yorker SHK Jeans GmbH & Co. KG v. OHIM [FISHBONE], para. 30.

76. GC, judgment of September 26, 2014, T-445/12, Koscher + Würtz GmbH v. OHIM [K W SURGICAL INSTRUMENTS], para. 34.

77. Article 51[1][a] CTMR.

78. § 25[2] of the German Trademark Act.

79. See Articles 51-57 CTMR.

80. Article 55[1] CTMR.

81. Article 55[2] CTMR.

82. Article 51[1][a] CTMR.

application for revocation can be filed with OHIM or brought forward as a counterclaim in an infringement proceeding.⁸³ Any natural or legal person or any group or body that represents the interest of manufacturers, producers, suppliers of services, traders, or consumers that under the terms of the law governing it has the capacity in its own name to sue and be sued, may seek revocation before OHIM.⁸⁴ The party bringing the action, however, is not required to own a conflicting trademark or otherwise have any actual interest in the cancellation proceeding.⁸⁵ Consequently, invalidity proceedings based on non-use of the contested CTM is an *actio popularis*, which requires no actual or potential economic or legal interest in cancellation of the contested mark. In the end, there is a common interest in declaring as invalid CTMs that were never genuinely used or that have not been in use for a period of five years or longer.⁸⁶

If an application for revocation of a CTM registration based on non-use has been filed, then OHIM will serve the cancellation request upon the owner of registration and will impose a deadline to furnish proof of use. If no proof of use is filed, then OHIM will revoke the contested CTM registration. If proof of use has been filed within the deadline set by OHIM, then OHIM will grant the parties further deadlines to respond and reply.⁸⁷ Although the owner of the contested CTM, in principle, has to file a full proof of use by the first deadline, OHIM may take into account other evidence that has been filed at a later stage of the proceedings.⁸⁸ To that extent, OHIM treats the proof of use and the proceedings in the same way as in opposition proceedings.⁸⁹ If the owner of the contested CTM is able to prove genuine use only for a part of the goods and services it is registered for, then the contested CTM will be revoked only for those goods or services for which genuine use has not been established.⁹⁰ The owner of a CTM that has not been used during a consecutive five-year period may cure its revocability by starting or resuming use of the trademark, which

83. *Id.*

84. Art. 56[1][a] CTMR.

85. The CJEU has addressed this issue in its judgment of February 25, 2010, case C-408/08 P, *Lancôme v. OHIM* [Lancôme], para. 39.

86. *See*, with respect to the “sister” provision of an application for a declaration of invalidity of a CTM that has been registered contrary to Article 7 CTMR (absolute grounds for refusal), where the right to file the application is also governed by Article 56(1)(a) CTMR, CJEU, judgment of February 25, 2010, in Case C-408/08 P, *Lancôme v. OHIM* [Lancôme], paras. 41-43.

87. Article 76[1] CTMR.

88. *See* Article 76[2] CTMR; CJEU, judgment of July 18, 2013, C-621/11 P, *New Yorker SHK Jeans GmbH & Co. KG v. OHIM* [FISHBONE], paras. 30 and 34.

89. *See supra* Part III(A)4(a).

90. Article 51[3] CTMR.

allows the registrant to maintain its priority date.⁹¹ If, however, the registrant only starts or resumes use within a period of three months before the filing date of an application for revocation or a counterclaim for revocation in an infringement proceeding, and the registrant was aware of the proceeding, this token use will be disregarded.⁹²

B. United States

1. General

In the EU, the use requirement serves as a filter for the trademark register only upon the successful claim of a challenger. In the United States, the federal register is open only to trademarks that have been in use, because use in commerce is fundamental to the ability for the federal government to implement national trademark laws.⁹³ Further, use is not just the lynchpin of the system—it is the finish line in the race for priority of trademark ownership as well. Under the system of “First-in-Time, First-in-Right” that is in place in the United States (and has been in place in various parts of the world since the sixth century⁹⁴), he who uses first wins, even if he who uses second owns the registration.⁹⁵

2. Application Proceedings / Registration

In the United States, federal trademark applications are filed directly with the USPTO. In order to receive a filing date, an important marker in any battle for priority, the trademark application must include: (a) the applicant’s name, (b) a name and address for correspondence, (c) a clear drawing of the mark, (d) a description of the goods or services, and (e) the appropriate filing fee.⁹⁶ For applications filed under Section 1(a) of the Lanham Act, the applicant must file a specimen of use for each class and the date of first use in commerce, accompanied by a verified statement that the specimens were in use in commerce at least as early as the first use date stated in the application. For intent-to-use applications filed under Section 1(b), the applicant must make a verified statement that the applicant has a *bona fide* intent to use the mark in commerce.⁹⁷ For intent-to-use applications, a specimen

91. Article 51[1][a][2] CTMR.

92. Article 51[1][a][3] CTMR.

93. *Supra* note 25.

94. 3 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 16:1 (4th ed. 2013).

95. Lanham Act § 33(b)(5), 15 U.S.C. § 1115(b).

96. T.M.E.P. § 202.

97. 15 U.S.C. § 1051(a)-(b); T.M.E.P. § 202 and § 806.01(a)-(b).

demonstrating use will need to be filed later in order to secure a registration.⁹⁸ Six months after receiving a Notice of Allowance, the point at which all other aspects of the application have been approved, an applicant must either file a Statement of Use providing those specimens, or request an Extension of Time to File a Statement of Use. Five such Extensions are available, so applications can remain pending without use for three years following the USPTO's issuance of a Notice of Allowance.⁹⁹ If no Statement of Use is filed within the prescribed time, however, the application will be cancelled and will no longer block junior applications from proceeding to registration.¹⁰⁰ The registration prerequisite of a specimen of use applies only to Section 1 Applications—in general, applications originating in the United States. Congress is able to look to its treaty powers and obligations to regulate applications based on foreign or international applications or registrations under Sections 44 and 66 of the Lanham Act.

The USPTO Examining Attorney assigned to a trademark application has both the authority¹⁰¹ and the obligation¹⁰² to “review the specimen to determine whether the applied-for mark appears on the specimen, the specimen shows use for the specific goods/services identified, and the specimen otherwise shows the applied-for mark in ‘use in commerce.’”¹⁰³ Following these guidelines, the Examining Attorney may reject a specimen for any one of several reasons. For example, under the examination guidelines of the USPTO's Trademark Manual of Examining Procedure, a printer's proof of packaging or labels, mere advertising material, mere drawings of the mark, websites showing the mark for goods that do not include ordering information or pricing, or point-of-sale displays that are not associated with the goods or services will all fail to show “use in commerce.”¹⁰⁴ The specimen must also show that the applied-for mark actually functions as a trademark.¹⁰⁵ Specimens showing the mark used solely as a trade name or domain name, as mere ornamentation, or solely to identify a characteristic of the product, will fail to show that the mark functions as a trademark.¹⁰⁶

98. T.M.E.P. § 1103.

99. T.M.E.P. § 1108.01.

100. *Id.*

101. 15 U.S.C. § 1062, T.M.E.P. § 701.

102. T.M.E.P. § 904.07.

103. *Id.*

104. T.M.E.P. § 904.07(a).

105. T.M.E.P. § 904.07(b).

106. *Id.*

What constitutes “sufficient evidence” of use? To qualify for registration, the statutory requirements are clear that the use must fit within a narrow definition:

For purposes of this Act, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.¹⁰⁷

The definition above contains a number of elements in a fairly short paragraph—the mark must be used in close proximity to the goods or services, and affixed to the containers if possible. Practitioners refer to this as the “affixation requirement.” For registration purposes, the specimen must show use of the mark in compliance with the statutory definition. The Trademark Manual of Examining Procedure does give guidance as to the kinds of specimens that are acceptable.¹⁰⁸ If an initial specimen fails, the Examining Attorney will issue an Office Action allowing a substitute specimen.¹⁰⁹ The applicant has a limited number of chances to get it right, though: a second submission that still fails to qualify as an appropriate specimen will result in a final refusal. Upon issuance of a final refusal, unless the applicant is able to file a response sufficient to place the application in condition for allowance prior to the expiration of the period for response, an appeal to the Trademark Trial and Appeal Board is generally necessary to keep an application alive.¹¹⁰

Because the “commerce” in which the mark is used must be the kind that Congress can regulate, it must be “interstate” commerce. Generally, this will require that the goods or services pass over state lines or are offered in more than one state. However, the applicant at the *ex parte* stage is usually not required to submit invoices or sales records to the USPTO. Actual

107. Lanham Act § 45, 15 U.S.C. § 1127.

108. T.M.E.P. § 904.

109. *Id.*

110. T.M.E.P. § 715.01, 37 C.F.R. § 2.64(a).

proof of sales or services rendered is generally only necessary when defending a mark against a cancellation proceeding or other validity challenge.

3. Renewal

Like a CTM registration, a USPTO registration (issued or renewed on or after November 16, 1989) is valid for ten years,¹¹¹ although the term of the U.S. registration runs from the registration date, rather than the application date as is the case with CTM registrations. But in the United States, there is an earlier declaration of continued use that must be filed, a proactive step in removing unused marks from the registry and keeping them outside the realm of protection. Section 8 of the Lanham Act¹¹² requires an owner of a registration, regardless of the initial basis for the filing, to file either a Declaration of Continued Use or a Declaration of Excusable Non-Use between the fifth and sixth anniversaries of the registration. A foreign registrant may need to prove use even earlier if a third party claims that the registrant has abandoned its mark; after registration in the United States, the mark is subject to United States law and must be used in a “reasonable time.”¹¹³

The five-year mark, or an earlier cancellation proceeding, is the point at which a foreign registrant’s advantage expires and the idiosyncrasies of the specimen of use requirements, the mid-decade deadline, and the peculiarities of the U.S. trademark regime become entangled to lay a trap for unaware foreign entities. A European entity may rely on its CTM registration to obtain its U.S. registration without much difficulty. But has that registrant been advised as to how to display its mark with its goods or services to create an acceptable specimen and to be able to truthfully declare that the mark has been in “use in commerce” for the previous five years? A British household goods company discovered in 1963 that sales of its cleaning products in Great Britain and in other countries exclusive of the United States were insufficient to maintain a registration despite initial use in the United States eight years prior.¹¹⁴ Later, a London-based cigarette manufacturer lost a valuable trademark to Philip Morris in 1990 when it could not prove that it had ever used the mark in the United States, although it had secured a U.S. registration based

111. The Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935.

112. 15 U.S.C. § 1058.

113. 5 McCarthy, *supra* note 94, § 29:11; see Part II(B)(5) regarding cancellation proceedings based on non-use.

114. *Sinclair v. Deb Chemical Proprietaries, Ltd.*, 137 U.S.P.Q. 161 (T.T.A.B. 1963).

upon its U.K. registration.¹¹⁵ In that case the court reminded the British appellant that:

having obtained a registration, the foreign registrant is subject to our national law; it is subject to the same treatment and conditions which prevail in connection with domestic registrations based on use in the United States, including the possibility of cancellation on the ground of abandonment.¹¹⁶

Assuming that a registrant has gotten to five years without a successful cancellation proceeding and has, in fact, been continuously using the mark in commerce, the brand owner also has the option at this point (and at any point thereafter) to file an affidavit under Section 15 of the Lanham Act¹¹⁷ declaring that the mark has reached “incontestable” status, if the mark has been in continuous use for the previous five years.¹¹⁸ Incontestable registrations are subject to cancellation on only limited grounds, although abandonment remains a viable claim.¹¹⁹

Under Section 8, all registrants must file a further Declaration of Use or Excusable Non-Use between the ninth and tenth years after registration, and every ten years after that. Each Declaration of Use must be accompanied by a specimen of use for each class, which is subject to the same review as all initial specimens during the application process.¹²⁰

4. Infringement Proceedings

Who used it first? Priority of use is often a central issue in cases between two confusingly similar marks. The United States follows the “First in Time, First in Right” rule, and so use remains an issue, notwithstanding the registration certificate one party may have secured. A registration does provide at least *prima facie* evidence that the holder of the registration actually owns the mark, and that the registrant used the mark as of the filing date of the application.¹²¹ The opponent can, of course, rebut the presumption of validity with sufficient evidence of prior use.

To establish trademark infringement, the defendant’s use of the mark must, of course, cause a likelihood of confusion between the defendant’s and plaintiff’s marks among consumers. But there is no requirement in the statute that the infringing use comport

115. *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575 (Fed. Cir. 1990).

116. *Id.* at 1579, *citing* *P.A. B. Produits et Appareils de Beaute v. Satinine Societa in Nome Collettivo di S.A.e.M. Usellini*, 570 F.3d 328 (CCPA 1978).

117. 15 U.S.C. § 1065.

118. 15 U.S.C. § 1065(3).

119. *See* Part III(B)(5) of this article.

120. 37 C.F.R. § 2.161(g).

121. Lanham Act § 7(b), 15 U.S.C. § 1115(b).

with the narrow use requirements in Section 45 of the Lanham Act for registration. Rather, Section 32 of the Lanham Act states only that the accused use be “in connection with the sale, offering for sale, distribution or advertising of any goods or services” in a manner that is likely to cause confusion, mistake or deception.¹²² There is no “affixation requirement” in Section 32. Section 43 of the Lanham Act, the provision addressing infringement of unregistered marks and false advertising claims, contains broader definitions of the kinds of use that can constitute infringement.¹²³ Although the cases may be rare in which use that would not qualify for registration could nevertheless cause a likelihood of confusion, the statute does not expressly require the plaintiff to prove that the defendant “used” the mark in the same way he would have to in order to receive a registration. The broader “use in connection with sale” standard of use will apply whether the infringement proceeding is being carried out in a U.S. court or before the Trademark Trial and Appeal Board (“TTAB”) in an opposition proceeding. In opposition and cancellation proceedings where the plaintiff is claiming priority to prevent or cancel a registration, the TTAB has consistently held that legitimate pre-sales activity can constitute use “analogous to trademark use” and can allow the plaintiff to establish priority, so long as the use creates an association in the minds of the relevant public.¹²⁴ As in so many other cases, though, whether or not a particular analogous use is sufficient to establish priority will depend on the facts of each case and the “totality of the circumstances.”¹²⁵

5. Abandonment Proceedings

A plea of abandonment is the flip side of the use coin—either a plaintiff is attempting to cancel a registration in whole or in part because the defendant-owner has ceased to use the mark, or a defendant junior user wishes to avoid a verdict of infringement by claiming that the senior user has abandoned his rights through non-use. In either case, the standard for proving non-use is the same. The United States shares the EU “use it or lose it” policy; the USPTO will cancel registrations that are not renewed through a showing of continued use. Parties to a lawsuit or a TTAB

122. Lanham Act § 32(1), 15 U.S.C. § 1114(1).

123. Lanham Act § 43(a)(1)(A)-(B), 15 U.S.C. § 1125(a)(1)(A)-(B). Registration is not required to sustain an action under this section.

124. *See, e.g.*, *Shalom Children's Wear Inc. v. In-Wear A/S*, 26 U.S.P.Q.2d 1516 (T.T.A.B. 1993); *West Florida Seafood, Inc. v. Jet Restaurants, Inc.*, 31 F.3d 1122, 1128, 31 U.S.P.Q.2d 1660 (Fed. Cir. 1994) (“Nothing more than trade name use is required to bar the registration of a mark.”).

125. *Chance v. Pac-Tel Teletrac Inc.*, 242 F.3d 1151, 58 U.S.P.Q.2d 1222 (9th Cir. 2001).

proceeding also have the right to claim abandonment of the other party's mark.

A mark can be abandoned through non-use when use "in the ordinary course of trade" has ceased, pursuant to the definition of "use in commerce" in the statute.¹²⁶ A mark that is no longer used in connection with the goods for which it was initially registered or any related goods, but that is used only on promotional items,¹²⁷ or that is used only in minor ways and only sporadically,¹²⁸ is subject to abandonment. A party claiming that a trademark has been abandoned is not required to prove that the registrant had an intent to abandon, although this was previously required under U.S. common law. Nevertheless, the Lanham Act does require that the owner of the at-risk mark have an intent "not to resume" use.¹²⁹ The burden to prove this intent is on the party claiming abandonment, and the evidence that the registrant intended to abandon his mark must be "clear and convincing,"¹³⁰ a particularly high burden of proof in American jurisprudence. Although the trademark holder will likely not defeat a claim of abandonment merely by stating that it never had the intent to abandon the mark,¹³¹ the commerce required to sustain a registration needs to be only little more than a trickle.¹³² The Lanham Act supplies a presumption that saves the plaintiff from its high burden of proof if he can show that the mark has not been used in the last three years.¹³³ If the plaintiff can establish this period of non-use, the burden shifts to the registrant to prove its intent to resume use.¹³⁴

126. Lanham Act § 45, 15 U.S.C. § 1127.

127. *Emergency One, Inc. v. Am. FireEagle, Ltd.*, 228 F.3d 531 (4th Cir. 2000).

128. *Id.*; *see also*, *Warran Pub. Co. v. Spurlock*, 645 F. Supp. 2d 402 (E.D. Pa. 2009).

129. Lanham Act § 45, 15 U.S.C.A. § 1127 ("A mark shall be deemed to be 'abandoned . . . when its use has been discontinued *with intent not to resume such use*." (emphasis added)). Perhaps ironically, the other pathway to abandonment under the same statutory provision is through *overuse*, coupled with under-policing, such that the mark becomes "the generic name for the goods or services . . . or otherwise [loses] its significance as a mark." *Id.*

130. *See, e.g.*, *Dial-A-Mattress Operating Corp. v. Mattress Madness, Inc.*, 841 F. Supp. 1339, 33 U.S.P.A.2d 1961 (E.D.N.Y. 1994); *Cash Processing Services v. Ambient Entm't, Inc.*, 418 F. Supp. 2d 1227 (D. Nev. 2006).

131. *Imperial Tobacco, Ltd. v. Philip Morris, Inc.*, 899 F.2d 1575 (Fed. Cir. 1990).

132. *Cervercia Modelo SA. de CV. v. R.B. Marco 81 Sons, Inc.*, 55 U.S.P.Q.2d 1298 (T.T.A.B. 2000).

133. *Supra*, note 129. This brings the duration of nonuse for triggering a presumption of abandon in line with the United States' obligations under Part III, Article 19 of the General Agreement on Tariffs and Trade (GATT). However, the three-year trigger does not necessarily preclude any finding of abandonment before then, so it is not clear that the United States is fully compliant with its treaty obligations. *See* 3 McCarthy, *supra* note 94, § 17:19 (2013).

134. *See, e.g.*, *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96 (5th Cir. 1983).

IV. PARTICULAR ASPECTS

A. Territorial Aspects

1. European Union

The unitary character of the CTM corresponds to the concept of the Community as a unitary territory with a single market. This also applies to the territorial aspects of trademark use in the EU. Beyond contributing to the goal of a single internal market and the harmonization process within the EU, the CTM use concept provides substantial advantages when it comes to the question of where and to what extent the enterprise in question has to use the sign. As a matter of principle, the mark has to be used in the relevant geographical area where it is registered, which in the case of CTM registrations is the territory of the EU. The CTMR does not specify the geographical scope of use necessary; rather, it states only that the CTM registration has to be used “in the Community.”¹³⁵ But considering the European Union’s continued expansion—Croatia just joined the EU as the twenty-eighth Member State—it becomes clear that the existing framework of the CTM and the relevant rules concerning the use requirement should be interpreted and adjusted in a manner that takes into account the large and significantly expanding internal market. Thus, while use in a remote corner of one Member State would not necessarily suffice to warrant protection throughout the EU, it would be too restrictive if the mark had to be used in every single state of the currently existing twenty-eight Member States in the Community. Otherwise, this would lead to discrimination between big and small businesses operating on the European market and would be contrary to the CTMR’s goal to establish a barrier-free economic market for any kind of business. This interpretation has not remained uncontested. In fact, national intellectual property offices challenged that interpretation of the CTMR, holding that requiring only national use, rather than use in a substantial portion of the EU, will result in narrowed options for enterprises when assessing their trademark needs, which could be particularly damaging to small and medium-sized enterprises.¹³⁶ Criticism comes from beyond the European borders as well. It has been claimed that CTMR protection is weighted too much in favor of easy protection of trademarks throughout the EU by not relating the scope of protection to the geographical extent of genuine trademark use.¹³⁷ However, applying the principle of the unitary

135. Articles 15[1], 42[2] and 51[1][a] CTMR.

136. See Benelux Office for Intellectual Property (BOIP), 15 Jan. 2010, No. 2004448 (Leno Merken BV/Hagelkruis Beheer BV) (Neth.); Hungarian Patent Office (HPO), Feb. 11, 2010, No. M0900377.

137. Bereskin, Alexander, & Jacobson, *supra* note 53, at 709-10.

character of the CTM, boundaries of Member States should not play a part in assessing genuine use within the EU single market. OHIM continues to support this approach. According to the Joint Statements by the Council and the Commission,¹³⁸ use in one Member State constitutes genuine use in the Community. The Trade Mark Department of OHIM often accepts the Statement of the Commission.¹³⁹

The CJEU had already decided that in granting the extended protection for trademarks with a reputation per Articles 8[5] and 9[1][c] CTMR, the reputation in a single EU Member State suffices and will be deemed a substantial part of the European Community even if reputation has been shown only for a rather small Member State such as Austria.¹⁴⁰ One therefore could have expected the same approach also with respect to the genuine use of CTMs, namely that use in one—even small—Member State would suffice to keep the CTM “alive.”

The CJEU finally provided guidance with the long-awaited decision in *Leno Marken* on what factors should be considered when determining the necessary territorial extent of use of CTMs.¹⁴¹ The Court is clearly referring to both the traditional and extensive approach by stating:

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.¹⁴²

The ruling makes it clear that the territorial borders of the Member States should not be regarded in the assessment under any circumstances.¹⁴³ Rather, assessing whether genuine use has

138. Joint Statements by the Council and the Commission of 20.10.1995, No B. 10, OJ OHIM 1996, 615.

139. OHIM Opposition Guidelines [2004], Part 6, Proof of use, p. 13.

140. CJEU, judgment of October 6, 2009 in case C-301/07, PAGO International GmbH v. Tirolmilch registrierte Genossenschaft mbH [PAGO International], para 27.

141. CJEU, judgment of December 19, 2012 in case C-149/11, Leno Marken BV. v. Hagelkruis Beheer BV [Leno Marken].

142. *Id.* para. 50.

143. See analogously the territorial aspects for trademarks having a reputation within the meaning of Article 5 TMD, CJEU, judgment of October 6, 2009, in case C-301/07, PAGO

been established requires an individual assessment aiming at the entire Common Market of the EU and focusing on the relevant market for the relevant product. All relevant facts and circumstances must be considered, including the characteristics of the market concerned, the nature of the goods or services protected by the trademark, and the territorial extent and the scale of use of the mark, as well as its frequency and regularity. However, although not yet decided in that respect by the CJEU, a CTM that is used in a larger territory of the European Union (e.g., a larger country like Germany, France, Italy, Spain, Poland, or the United Kingdom) should fulfill the territorial requirements necessary to satisfy the use requirement.

Furthermore, as a result of the German-Swiss Agreement of 1892, use in Switzerland (which maintains its neutrality and has not sought entry into the EU) is equivalent to use in Germany (and vice versa); the requirements set out in Section 26[1] of the German Trademark Act could also be satisfied if the trademark owner did not use the trademark in Germany but rather in Switzerland.¹⁴⁴ German trademark owners using the trademark in Germany can therefore acquire trademark rights in the entire European Community and also Switzerland: use of the CTM in Germany satisfies the territorial requirement for genuine use, and at the same time trademark use in Germany qualifies as genuine use of a national Swiss trademark. However, the CJEU has recently ruled that the concept of genuine use has been harmonized so it is exhaustively and exclusively governed by EU law with the consequence that territorial validity of its trademark cannot be governed by national law allowing the German-Swiss Convention to apply.¹⁴⁵ Therefore, use of a trademark in Switzerland will be beneficial in establishing genuine use of a corresponding German trademark, and vice versa, but not of a CTM registration.¹⁴⁶

2. United States

The territory of the United States is vast. Use of a trademark on a physical product or to provide a service in New York or Vermont might not cause confusion with a similar mark being used in California or Nevada. The amount of land in the United States also makes it a challenge for all but the biggest brands to

International GmbH v. Tirolmilch registrierte Genossenschaft mbH [PAGO International], para 27.

144. German Federal Supreme Court decision dated on December 15, 1999, GRUR 2000, 1035 [Playboy].

145. CJEU, judgment of December 12, 2013, in case C-445/12 P, Rivella International AG v. OHIM [Rivella/OHIM], paras. 47-49.

146. *Id.*

continuously use their marks across every piece of the territory. So, like in Europe, proof of use in every corner of the country is not necessary. In the United States, two uses 100 miles apart in two bordering towns could conceivably constitute use for protection across a 3,000-mile-wide nation in the same way that “one-country” use in Europe has been found to be sufficient. But this is one area in which the United States has had longer than Europe to establish a system, and it appears to be fairly well established in the United States. It does not take more than “two-state” use for Congress to be able to regulate it, and Congress has chosen to do so to the fullest extent.

As stated elsewhere, trademark use must be “in commerce” in order to be subject to federal, coast-to-coast protection.¹⁴⁷ “In commerce” most often means interstate use, which U.S. practitioners generally take to mean that the use is occurring in more than one state, although federal commerce can take place within the borders of a single state.¹⁴⁸ However, the use does not necessarily have to expand from two states to fifty. One of the primary advantages of federal registration is nationwide protection regardless of whether the mark is actually used nationwide.¹⁴⁹ This advantage has been severely curtailed, however, since the middle of the twentieth century when the *Dawn Donut* case held that this protection was merely theoretical unless and until the registrant showed a likelihood of expansion into a junior user’s territory.¹⁵⁰ Dawn Donut was a Michigan company with a federal trademark registration for DAWN DONUT in connection with doughnut mixes. Dawn Donut had customers nationwide, including in the state of New York. Hart’s Food Stores began selling doughnuts at the retail level in a six-county radius around Rochester, New York, twenty years after Dawn Donut initially obtained its registration. Because at the time of the suit, Dawn Donut was not using its mark in the defendant’s geographic area in connection with retail sales of doughnuts, the Second Circuit Court of Appeals held that there was no likelihood of confusion at the present time, and “no present likelihood that the plaintiff will expand its retail use of the mark into defendant’s

147. See Part I(B), *supra*.

148. See, e.g., *Orient Express Trading Co. v. Federated Dep’t Stores, Inc.*, 842 F.2d 650 (2d Cir. 1988) (A New York wine store selling wine imported from a foreign country is a sale “in commerce,” even if the purchasers are also in New York).

149. Lanham Act § 7(c)(1) to (3), 15 U.S.C. § 1057(c)(1)-(3). This, of course, is subject to a number of limitations, including concurrent use proceedings which expressly limit the territory of one or both of the owners. Usually it is the junior user who takes the mark subject to territorial limitations, but the Trademark Trial and Appeal Board recently issued a precedential opinion giving a junior user the entire United States except the senior user’s limited territory of New Jersey and New York. See *Boi Na Braza, LLC v. Terra Sul Corp. a/k/a Churrascaria Boi Na Brasa*, 110 U.S.P.Q.2d 1386 (T.T.A.B. 2014).

150. *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959).

market area,” and therefore the plaintiff was “not now entitled to any relief under the Lanham Act.”¹⁵¹

The so-called *Dawn Donut* rule has remained viable since the case was decided in 1954. At least one court has questioned its validity in the age of the Internet when consumers everywhere are exposed to brands from across the United States,¹⁵² but so far the rule has persisted and has re-shaped the nationwide right granted by federal registration into “the right to preempt all post-registration junior users in the nation once the registrant expands into a territory.”¹⁵³ And thus far, the courts have generally not been willing to assume that an Internet presence automatically means nationwide recognition. A Dallas-area musical group could not prove that anyone outside the immediate area had downloaded any songs or even visited the website. Despite having a federal registration, the band’s territory was limited to Dallas and Fort Worth, Texas.¹⁵⁴

As must be the case in a use-based paradigm, registered trademarks are subject to the rights of any user whose good-faith use began prior to the effective date of the registration.¹⁵⁵ This is why the Mattoon, Illinois, Burger King restaurant, established in 1957, totally unrelated to the famous fast food chain that received its federal registration certificate in 1961, is still allowed to operate.¹⁵⁶ But without a federal registration, the owners of the Mattoon restaurant can use their mark only in the territory that does not infringe upon Burger King’s territory—in this case, a twenty-mile radius of Mattoon, Illinois.¹⁵⁷

The Trademark Law Revision Act boosted the rights of trademark registrants in that all applications filed after November 16, 1989, have a constructive use priority date of the filing date of the application, rather than the date of registration, contingent upon the registration being issued.¹⁵⁸ Applicants put up a powerful barrier to entry to junior users, who now know that their mark may have to change once an earlier applicant’s registration issues and the registrant is likely to expand into the junior user’s territory.

Territorial issues are at play in cases of potential abandonment as well. A court may not find that a mark has been abandoned nationwide even if it has not been used for a long time

151. *Id.*

152. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047 (6th Cir. 1999).

153. 5 McCarthy, *supra* note 94, § 26:33 (2013).

154. *Echo Drian v. Newsted*, 307 F. Supp. 2d 1116 (C.D. Cal. 2003).

155. Lanham Act § 15, 15 U.S.C. §1065.

156. *Burger King of Florida v. Hoots*, 402 F.2d 904 (7th Cir. 1968).

157. *Id.*

158. Lanham Act § 7(c), 15 U.S.C. § 1057(c).

in one or more regions of the country. A court may not even find abandonment in those regions. This is the converse of the holding of *Dawn Donut*.¹⁵⁹ Registrants can maintain indefinitely their right to move into any as-yet unexploited territory in the country. However, it may be that the ability to avoid abandonment in an unused territory applies only to owners of federal registrations. An owner of a restaurant in New Orleans may have moved to New York after Hurricane Katrina and taken her restaurant brand name with her. Eventually, the name will stop being associated with her restaurant in the minds of consumers in New Orleans. Should the transplanted owner of a single restaurant in Manhattan be able to obstruct use of the mark in New Orleans forever?

B. Extent of Use

1. European Union

Generally, use that qualifies as genuine pursuant to Article 15[1] of the CTMR is established when a trademark is used in normal commercial activity; in other words, when the mark is used in a manner that is objectively considered to be customary in the industry and economically justified.¹⁶⁰ The use must also match the description of goods and services in the registration.¹⁶¹ Genuine use can be established for a trademark if the scale and frequency of use of that mark were capable of demonstrating that it was present on the market in a manner that is effective and consistent over time.¹⁶² Internet advertisements intended to generate sales¹⁶³ qualify as genuine use, as does use as a particular designation in pharmaceutical registration proceedings.¹⁶⁴ But token use that occurs within a company in

159. See *Dawn Donut*, 267 F.2d at 358. *Supra* note 150 and accompanying text.

160. CJEU, judgment of September 13, 2007, in case C-234/06 P, *Il Ponte Finanziaria v. OHIM* [Bainbridge], para. 72; CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM* [VITAFRUIT], para. 70; GC judgment of March 25, 2009, in case T-191/07, *Anheuser-Busch v. OHMI - Budějovický Budvar* [Budweiser], para. 100 *et seq.* *Anheuser-Busch/Budvar* subsequent CJEU, judgment of July 29, 2010, in case C-214/09 P, para. 29.

161. CJEU, judgment of July 17, 2014, in case C-141/13 P, *Reber Holding GmbH & Co. KG v. OHIM* [Walzertraum], para. 29; CJEU, judgment of January 27, 2004, in case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA* [La Mer Technology], para. 27; CJEU, judgment of March 11, 2003, in case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV* [Ansul], para. 43.

162. CJEU, judgment of September 13, 2007, in case C-234/06 P, *Il Ponte Finanziaria v. OHIM* [Bainbridge], para. 74.

163. CJEU, judgment of March 11, 2003, in case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV* [Ansul], para. 37.

164. See the judgment of the German Federal Supreme Court in GRUR 1998, 570, 571, 572 *et seq.* (Sapen making explicitly reference to the uniform interpretation of the genuine use concept under European CTM law).

question or within companies that have no relationship to the other commercial activities of the trademark owner is not sufficient.¹⁶⁵

According to CJEU jurisprudence, a trademark must be used substantially in accordance with the primary function of the trademark, in such a way as 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. These requirements exclude merely token use of the trademark for the sole purpose of preserving the rights conferred by the trademark registration.¹⁶⁶

It appears that there is no minimum requirement of quantity of use in the EU under CJEU jurisprudence. The law does not define a specific quantitative threshold; even minor use suffices as long as it is not simply fictitious use or token use.¹⁶⁷ Accordingly, the demands that the CJEU places on the scope of genuine use are modest.¹⁶⁸ The ground-breaking CJEU decision in VITAFRUIT found genuine use of a national Spanish trademark within the Spanish national market during a period of one year within the relevant five-year period with a scope of approximately 300 crates each containing 12 bottles of concentrated fruit juice made from various fruits which corresponded to sales of only €4,800.¹⁶⁹

In the case of *La Mer Technology*, the owner of a registration for the mark LABORATOIRE DE LA MER covering cosmetics had made only a small volume of sales worth some hundreds of pounds of sterling to a Scottish agent.¹⁷⁰ The evidence failed to show whether any of the goods were actually offered for sale or sold to members of the public. The question was whether the proprietor of the mark had made “minimum use” of it. The CJEU highlighted that the use of the trademark has to be based on the circumstances in the case and the characteristics of the goods or services in question. The size of the relevant market matters. The proper inquiry is whether the use is justified for the purpose of preserving or creating market share; consequently, even minimal use can suffice.¹⁷¹ No *a priori* abstract minimum threshold

165. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, para. 70; CJEU, judgment of March 11, 2003, in case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV [Ansul]*, para. 36.

166. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, para. 70.

167. *Id.* paras. 72 & 75.

168. German Federal Patent Court, decision dated on January 15, 2008 – 33 W(pat) 205/01 – Beck RS 2008, 05316, S. 9 [GALLUP II].

169. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, paras. 19 & 70-76.

170. CJEU, judgment of January 27, 2004, in case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA [La Mer Technology]*, para. 11.

171. *Id.* paras. 21 and 22.

exists¹⁷²—each case will be decided on its merits.¹⁷³ The CJEU has confirmed these principles in other cases, notably in the VITAFRUIT decision.¹⁷⁴ Concerning the LABORATOIRE DE LA MER cosmetics, the use of the mark by a single client who imported the marketed products was found to establish genuine use. In the EU, genuineness trumps volume.

Similarly, the German Federal Patent Court found genuine use of a national German trademark registered for magazines and printed works when the use consisted of only the following: the distribution of two free periodical magazines with a monthly circulation of less than 500 copies; the free distribution of more than 800 copies of 4 books to potential customers mainly for marketing purposes; and total sales less than €300. Even though the use in question was related to the commercial operations of the trademark owner, the court found the efforts sufficient to establish genuine use of a national German trademark.¹⁷⁵

The CJEU VITAFRUIT decision overruled older decisions by German courts that placed more significant demands on the minimum quantitative use of a trademark. For example, the supply of snacks to the Munich Olympic Stadium alone with weekly average sales of €1,100 would now have to be considered sufficient to qualify as genuine use of a national German trademark.¹⁷⁶ Correspondingly, the Federal Supreme Court has since accepted the sale of between 300 and 420 high-quality kitchen appliances per year at a per-piece price of €1,100 in the years between 2002 and 2004 as sufficient to establish genuine use.¹⁷⁷

This admittedly generous approach has, however, been recently questioned. The CJEU in *Walzertraum* has confirmed the assessment of the General Court of the EU that the sale of 40 to 60 kilograms of handmade truffles locally only in a café in the small city of Bad Reichenhall near the Austrian border did not constitute genuine use of a national German trademark registered for “goods made of chocolate.”¹⁷⁸ This is surprisingly strict, because neither the CTM nor the national German trademark system provide for a

172. *Id.* para. 25.

173. *Id.* para. 27.

174. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, para. 70.

175. German Federal Patent Court decision dated on January 15, 2008 – 33 W (pat) 205/01 – BeckRS 2008, 05316 [GALLUP II].

176. German Federal Supreme Court decision dated on August 28, 2003, GRUR 2003, 1047, 1048 [Kellogg’s/Kelly’s].

177. German Federal Supreme Court decision on November 19, 2009, GRUR 2010, 729, 730, para. 15 [MIXI].

178. CJEU, judgment of July 17, 2014, in case C-141/13 P, *Reber Holding GmbH & Co. KG v. OHIM [Walzertraum]*, paras. 21 & 33-36.

“local” trademark. Rather, only EU-wide or nationwide trademarks are available. Thus, trademark protection for small companies trading only locally may be in jeopardy if this decision does not remain an outlier.¹⁷⁹

According to the jurisprudence of the CJEU, use that neither has nor will increase market share for the trademark owner—for example, when the trademark is used only for free goods that are distributed with other goods—is not genuine use. The trademark WELLNESS, used to identify a beverage that was given away for free in connection with the purchase of clothing, was not accepted as genuine use of the trademark registered for beverages because the beverages were advertising materials that were intended to increase sales of clothes, and the trademark owner did not gain market share for beverages and did not appear to attempt to do so.¹⁸⁰ However, use of a trademark by a not-for-profit organization, while not an attempt to generate profit, still generates activity in the marketplace. Fundraising, for example, which, in turn, increases or maintains fundraising market share, has been found to qualify as genuine use.¹⁸¹

2. United States

Similar to Europe, no specific minimum quantum of use is required in the United States for the purposes of securing a registration, although the necessary quality of use sufficient to support registration will depend on the applicant’s industry.

The Trademark Law Revision Act revised the definition of “use” to require a “bona fide use in commerce” in order to raise the bar from the previously acceptable “token” uses, which were made purely to maintain a registration.¹⁸²

At least for goods, the Lanham Act does not require a sale to support use. Instead, the statute requires that the goods be “sold or transported.”¹⁸³ In contrast, services must be “rendered.”¹⁸⁴ The courts have stated that the transporting of goods must be open and public and purely intra-company uses will not qualify.¹⁸⁵ However,

179. The opponent had raised this argument, however, without success. See CJEU, judgment of July 17, 2014, in case C-141/13 P, Reber Holding GmbH & Co. KG v. OHIM [Walzertraum], paras. 49-57.

180. CJEU, judgment of January 15, 2009, in case C-495/07, Silberquelle GmbH v. Maselli Strickmode GmbH [Silberquelle], para. 17.

181. CJEU, judgment of December 9, 2008, in case C-442/07, Verein Radetzky-Orden v. Bundesvereinigug Kameradschaft “Feldmarschall Radetzky” [Verein Radetzky-Orden] paras. 16-24.

182. See generally 3 McCarthy, *supra* note 94, § 19:110-19:116 (2011).

183. Lanham Act § 45.

184. Playdom, Inc. v. Couture, Cancellation No. 92051115 (Feb. 3, 2014) [not precedential].

185. Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188 (11th Cir. 2001).

shipments of a new drug to clinical investigators for testing or free samples of a new moisturizer for promotional purposes can qualify.¹⁸⁶ Also, the mark still must be affixed to the actual goods (or their packaging) as claimed in the trademark application. Shipping of dummy models does not suffice.¹⁸⁷

C. Use in Different Form

1. European Union

Articles 15 and 43 of the CTMR require a trademark to be used in its registered form. This means that the use of a trademark must substantially reflect the appearance of the mark in the registration. In reality, product design and packaging often change to keep up with the taste and style that are currently in vogue; EU trademark law allows the “upgrading” of the appearance of trademarks, to some extent.¹⁸⁸ Variations from the form as registered are accepted if the mark as used differs from the mark as registered only in elements not affecting its distinctive character.¹⁸⁹ How far trademark variations may be acceptable also depends on the strength of the distinctive character of the mark.¹⁹⁰ Additional elements in the mark are more likely to affect the distinctive character of marks of limited distinctiveness. Unlike in cases of likelihood of confusion, public perception is irrelevant in analyzing the degree to which a mark in use can differ from its registration. After all, the public is not likely to have gone to the trademark registry to compare the marks. However, to the extent relevant, the practices of the trade or industry in question might be analyzed. For example, the inquiry may include how often the nearest competitor changes the design of its cereal box.

The CJEU has clarified, over the course of a number of decisions, what constitutes use of a trademark in situations where the mark as used differs from the mark as registered, or where it is used only as part of a more complex trademark. In *Nestlé*, the CJEU found that the phrase “Have a break” could have acquired distinctiveness for the purposes of being registrable under Article 7[3] of the CTMR, although it had been used only as a part of the slogan “Have a break...Have a Kit-Kat.”¹⁹¹ The Court enumerated

186. House Judiciary Committee Report on H.R. 53272, H.R. No. 100-1028, p. 15 (Oct. 3, 1988); *see supra*, Part III(B)(2).

187. *Top Beverage Grp., Inc. v. Wildlife Brewing N.B., Inc.*, 338 F. Supp. 2d 827, 835 (S.D. Ohio 2003).

188. *See* Article 15[2][a] CTMR.

189. Art. 15[1][a] CTMR; *see also* GC, judgment of June 21, 2012, T-514/10, *Fruit of the Loom Inc. v. OHIM [FRUIT]*, para. 17.

190. OHIM Opposition Guidelines [2004], Part 6, Proof of use, p. 23.

191. CJEU, judgment of July 7, 2005, in case C-353/03, *Société des produits Nestlé SA v. Mars UK Ltd. [Nestlé]*, para. 31.

the usual factors for proving this, such as the market share held by the mark and how intensive, geographically widespread, and long-standing the use of the mark had been.

By the end of 2012, just within a few months, the General Court and the Court of Justice of the European Union issued three remarkable decisions relating to genuine use of a trademark differing from its registered form. In *FRUIT*, the General Court answered whether use of the composite trademark FRUIT OF THE LOOM constituted genuine use of the trademark FRUIT alone. Fruit of the Loom, Inc. held the trademark FRUIT but had only used goods bearing the trademark FRUIT OF THE LOOM, not FRUIT on a stand-alone basis). Although the constituent word FRUIT was a dominant element of the composite mark, the further constituent LOOM portion was equally important. As a result, the Court held that Fruit of the Loom, Inc. could not establish genuine use of the word FRUIT.¹⁹² Similarly, the General Court considered in the *PUCCI* case whether the use of the mark EMIDIO TUCCI could support genuine use of E.TUCCI, another mark that was being asserted in an opposition proceeding.¹⁹³ In *Proti*, the CJEU determined whether a trademark owner, in order to establish genuine use of his trademark, could rely on its use of the PROTI trademark in a form that differed from its registration, even though the differences between the two forms did not alter the distinctive character of that trademark and the different form was itself registered as a trademark.¹⁹⁴ This had been unclear since the *Bainbridge* decision of the CJEU of September 13, 2007, wherein the CJEU had decided that a trademark owner could not prove genuine use of a trademark that was a variation of the registered mark if the mark used was also registered itself.¹⁹⁵ The CJEU clarified in the PROTI decision that the trademark owner indeed is not precluded from relying, in order to establish genuine use, on the fact that its trademark is used in a form that differs from the form in which it was registered, if the distinctive character of the trademark is not altered, even though that different form is itself registered as a trademark.¹⁹⁶ Thereafter the German Federal Supreme Court decided that the trademark PROTI (word) was not substantially used through the following signs:

192. GC, judgment of June 21, 2012, in case T-514/10, *Fruit of the Loom Inc. v. OHIM [FRUIT]*, para. 33.

193. GC, judgment of September 27, 2012, in case T-39/10, *El Corte Inglés v. OHIM [PUCCI]*, para. 37.

194. CJEU, judgment of October 25, 2012, in case C-553/11, *Bernhard Rintisch v. Klaus Eder [PROTI]*, para. 18.

195. CJEU, judgment of September 13, 2007, in case C-234/06 P, *Il Ponte Finanziaria v. OHIM [Bainbridge]*, para. 86.

196. CJEU, judgment of October 25, 2012, in case C-553/11, *Bernhard Rintisch v. Klaus Eder [PROTI]*, para. 30.



The court came to this conclusion because the further constituents 4-K and PLEX in these signs were distinctive and there was no evidence that the relevant public could see PROTI in these signs as a separate mark.¹⁹⁷ However, with respect to the following two forms of use that were also registered separately as trademarks, the German Federal Supreme Court held that they could count as genuine use of the mark PROTI:



The court found that the further constituents PLUS and POWER were only descriptive so the relevant trade circles would regard PROTI as the main part of the mark indicating the commercial origin.¹⁹⁸

The latest case from the CJEU on genuine use, *Specsavers*, clarified how the use of a composite trademark can still include genuine use of a separately registered mark that forms only one of the components of that composite mark.¹⁹⁹ The CJEU ruled that the use of a composite word and device mark, in which the word element is superimposed over the device element in the top image below, can constitute genuine use of a CTM registration for the device element alone, which is illustrated in the lower image below:

197. BGH 2013 GRUR 840, 842 paras. 19-25—*PROTI II*.

198. *Id.* at 840, 843 paras. 26-38—*PROTI II*.

199. CJEU, judgment of July 18, 2013, in case C-252/12, *Specsavers International Healthcare Ltd & others v. Asda Stores Ltd [SPECSAVERS]*, paras. 24-26.



provided that the differences between the form in which the trademark is used and the form in which the device element is registered do not change the distinctive character of the CTM registration for the device element.²⁰⁰ This judgment is in line with the previous decision adopted exactly three months earlier in *Levi Strauss & Co.* regarding Levi's back pocket tab trademark, in which the CJEU clarified that use of a registered mark as part of a composite mark or together with another mark, as shown below, could be considered use of the registered mark when the relevant public perceives this mark as a distinct and independent mark.²⁰¹ Use of such a mark as registered must be affirmed even if the composite mark, or the combination of the two marks together, is also separately registered. *Levi Strauss & Co.* is a good example; its registered CTM is used only in conjunction with its other registered national mark.

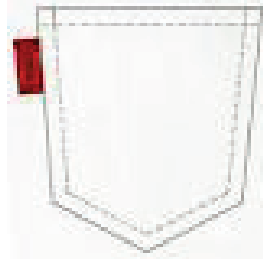
The CTM contains a disclaimer for form and color of the pocket, and is represented as follows:



The CTM has been used in the following form, which is separately registered as a German national mark. This mark differs from the CTM in that the flag bears the designation LEVI'S:

200. *Id.*

201. CJEU, judgment of April 18, 2013, in case C-12/12, Colloseum Holding AG v. Levi Strauss & Co. [LEVIS], para. 35.



Again, the evaluation of whether or not the differences alter the distinctive character will depend on a case-by-case analysis, whether or not the variation is also registered as a trademark.

It has long been common practice that a figurative trademark registered in black and white may be enforced against a third party using the trademark in any color or set of colors. According to established jurisprudence of the General Court, a CTM registered as a black and white logo does not mean that the CTM in respect of which registration is sought designates the colors black and white; rather it does not designate any specific color.²⁰² However, it follows from *Specsavers* that the use of such a trademark registered in black and white in a particular color or combination of colors will be taken into account when assessing infringement because the perception of the marks by the average consumer of the goods or services in question plays a decisive role in the likelihood of confusion.²⁰³ Consequently, the color or combination of colors in which the trademark is used affects how the average consumer of the goods at issue perceives the trademark.²⁰⁴ Furthermore, OHIM has clarified that a trademark registered in black and white will be accepted as being genuinely used (in color), as long as the word and figurative elements coincide and are the main distinctive elements, the contrast of shades is respected, the color or combination of colors does not have distinctive character in itself, and color is not one of the main contributors to the overall distinctiveness of the mark.²⁰⁵ The case law of OHIM provides many examples where the modified form did or did not affect the appreciation of the registered mark. Whereas OHIM considers the change of the overall appearance of a figurative mark as affecting the distinctive character,²⁰⁶ it does not

202. GC, judgment of February 20, 2013, in case T-378/11, *Langguth Erben v. OHIM [MEDINET]*, para. 23.

203. CJEU, judgment of July 18, 2013, in case C-252/12, *Specsavers International Healthcare Ltd & others v. Asda Stores Ltd [SPECsAVERS]*, para. 35.

204. *Id.* para. 37.

205. Common Communication of the European Trade Mark and Design Network on the Common Practice of the Scope of Protection of Black and White (“B&W”) Marks of April 15, 2014, para. 5.4.

206. OHIM Opposition Guidelines [2004], Part 6, Proof of use, p. 26.

consider changes of figurative elements, like in the *Tiffany* case,²⁰⁷ to affect the distinctive character of marks when words are a part of the mark.

In any event, just as in cases of what constitutes minimum use, whether the used version is sufficiently in line with the inherent concept of the registered mark must be evaluated on a case-by-case basis, since the distinctive character may vary from one trademark to another. Neither the case law of the CJEU nor the General Court allows us to derive any general rules here either.

2. United States

According to the Trademark Manual of Examining Procedure, specimens filed between the fifth and sixth year of registration to support a Section 8 affidavit of continued use must be “essentially the same as it appears in the registration.”²⁰⁸ Material alterations are not allowed, although “changes in background or styling, or modernization” are permitted.²⁰⁹ In every case, as in the EU, the critical issue of fact is whether the alteration creates a different commercial impression from the originally registered mark.²¹⁰ The foregoing question lends itself to subjective answers; what constitutes an acceptable alteration in any given case is anyone’s guess. The following alteration was found not material:²¹¹



The following alteration was found to be material:²¹²



207. R 1018/2000-3, *TIFFANY & CO. v. TIFANY*.

208. Trademark Manual of Examining Procedure, § 1604.13 (8th ed.).

209. *Id.*

210. See generally 3 McCarthy, *supra* note 94, § 19:142.75.

211. *In re Hot Stuff Foods, LLC*, Serial No. 77392514 (T.T.A.B. March 8, 2013) [not precedential].

212. *In re Space Adventures, Ltd.*, Serial No. 76391912 (T.T.A.B. May 26, 2005) [not precedential].

D. Use as a Trademark versus Use of Descriptive Terms

1. European Union

Use by virtue of Article 15 of the CTMR prevents the CTM registration from being held invalid and indicates the nature of maintaining a right. Therefore, genuine use requires the CTM to be used for the goods or services for which the trademark is registered. Any use other than to distinguish these particular goods or services cannot fulfill the genuine use requirement. In a market of competitors, if an infringer uses another's registered mark as a trademark to indicate the source of goods or services, not only will the proprietor lose out, but consumers will not be able to trust the trademarks they see. The ability to differentiate between the sources of different products will disintegrate. Preventing such direct harm remains the prime object not only in defining infringement but also in maintaining the genuine use concept on the European Community level.²¹³

It is therefore of crucial importance to differentiate between use that interferes with other mark owner's rights and use that seeks to maintain genuine trademark rights. This problem is particularly troublesome for composite or combined trademarks containing purely descriptive elements. According to established case law of the CJEU, such combined marks may gain distinctive character.²¹⁴ This, however, should not apply to the descriptive elements of such signs, as this may result in severe restriction of the freedom of expression of third parties. For instance, a chocolate producer is not entitled to invoke its composite KINDER trademark right in order to prohibit other parties from using the word KINDER in an advertisement directed at children. Since "Kinder" means "kids" in German, the word is descriptive of chocolate for children, and this descriptive word should remain available for third parties to use on similar products.²¹⁵

Whether an accused infringer must have put the mark to genuine use before being liable for infringement was the question before the General Court in *Arsenal Football plc v. Reed*.²¹⁶ That case concerned the sale of unofficial merchandise of Arsenal FC, a British football club, by a trader having no contractual or commercial relationship with the club. Arsenal FC earns

213. See Recital 10 TMB: "(...) the function is in particular to guarantee the trademark as an indication of origin."

214. *Société des produits Nestlé SA v. Mars UK Ltd.*, case C-353/03, [2005] ECR I-06135, para. 49.

215. See the case of the German Supreme Court in BGH GRUR 2007, 1071 para. 57–Kinder II.

216. CJEU, judgment of November 12, 2002, in case C-206/01, *Arsenal Football Club plc v. Matthew Reed* [Arsenal].

considerable income through licensing its marks for use on clothing and other goods. The club sued the trader for trademark infringement and passing off. The High Court rejected the claim of passing off, believing that consumers of the trader's products could not possibly believe the products were original because of the disclaimer notices on his stall.²¹⁷ However, the Court submitted the question to the CJEU as to whether such non-trademark use amounted to infringement. The CJEU was not particularly concerned with the issue of "trade mark use" and rather considered the essential function of a trademark, stating the following:

In that context, the essential function of a trade mark is to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin. For the trade mark to be able to fulfil[l] its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.²¹⁸

The CJEU further differentiated such use from descriptive use:

The proprietor may not prohibit the use of a sign identical to the trade mark for goods identical to those for which the mark is registered if that use cannot affect his own interests as proprietor of the mark, having regard to its functions. Thus certain uses for purely descriptive purposes are excluded from the scope of Article 5 (1) of the Directive because they do not affect any of the interests which that provision aims to protect, and do not therefore fall within the concept of use within the meaning of that provision.²¹⁹

The CJEU found on that basis that the defendant was using the mark in the course of trade, which was identical with the trademark registered by Arsenal FC and that the use of Arsenal's trademarks was liable to affect the origin function of the mark. The court reasoned that because the use of the ARSENAL FC trademark on scarves created an impression that there was a material link in the course of trade between the unlicensed goods and the trademark owner, Reed was liable for trademark infringement.²²⁰ While some may view this as a David and Goliath

217. CJEU, judgment of November 12, 2002, in case C-206/01, Arsenal Football Club plc v. Matthew Reed [Arsenal], paras. 16-19.

218. *Id.* para. 48.

219. *Id.* para. 54.

220. *Id.* para. 56.

court battle, merchandise is as important a revenue stream as gate receipts and sponsorship deals.

Subsequently, while determining genuine use of a CTM, the CJEU has confirmed that the trademark must have been used by its owner according to the essential functions of a trademark, namely to guarantee the identity of origin of the marked goods or services to the consumer.²²¹

2. United States

a. Descriptive Terms versus Trademarks

Discussing descriptiveness under U.S. law offers an excellent opportunity to demonstrate the true importance of use in the marketplace. Marks that are “merely descriptive of a product” or its qualities, ingredients, or characteristics “do not inherently identify a particular source, and hence cannot be protected.”²²² A descriptive mark cannot point distinctively to a particular source of goods, and competitors are left at a disadvantage when terms common to the lexicon are exclusively reserved by one player in the marketplace.²²³ Thus, the dual goals of trademark law are achieved by refusing registration for descriptive marks.

Descriptive marks, however, are not forever barred from achieving registration. “[D]escriptive marks may acquire the distinctiveness which will allow them to be protected under the Act This acquired distinctiveness is generally called ‘secondary meaning.’”²²⁴ Whether secondary meaning has been achieved is a question of fact, where the question is whether an association has been created in the minds of the relevant consumers between the mark and the source of the goods.²²⁵ A term with little distinctiveness at the outset, JOY for dish detergent, for example, may “by extensive use and advertising” be converted into a trademark that the relevant consumer is likely to know.²²⁶ No bright line rule exists to tell an applicant how much evidence is required,²²⁷ but in general, the weaker the mark at the outset, the

221. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, para. 70.

222. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

223. *Estate of P.D. Beckwith, Inc. v. Comm’r Patents*, 252 U.S. 538 (1920); *see generally* 2 McCarthy, *supra* note 94, § 11.18 (4th ed., 2013).

224. *Two Pesos*, 505 U.S. at 763.

225. *Clinton Detergent Co. v. Procter & Gamble Co.*, 49 C.C.P.A. 1146, 1150 (C.C.P.A. 1962).

226. *Id.*

227. *Id.*

more evidence will be needed.²²⁸ Such evidence will, of course, consist of proof of use sufficient to create an association in the minds of the relevant consumers.²²⁹ The Lanham Act provides for a presumption, which may be accepted at the USPTO's discretion, that after five years of substantially and exclusive use, a mark has acquired distinctiveness.²³⁰ The USPTO is entitled to require evidence in addition to a mere affidavit of use before giving the applicant the benefit of the presumption, and five years is not a surefire waiting period to establish secondary meaning. All that saves descriptive marks from the public domain is use, and a great deal of it.

b. Descriptive Use of a Third Party's Trademark

Use of a competitor's trademark is not always actionable in the United States any more than in Europe. An infringement action may be stymied not only because of the defendant's "fair use" of the mark, but also if the First Amendment of the United States protects the defendant's use.²³¹

The affirmative defense of fair use is available to a party whose "use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin" ²³²

The statute does not require that the defendant's use produce no confusion. The Supreme Court of the United States has confirmed that a defendant claiming fair use does not have to prove an absence of confusion, and that a plaintiff's ability to show some confusion is not necessarily dispositive of a fair use defense.²³³ However, the degree of confusion likely may factor into a judgment as to whether the defendant's use is objectively fair.²³⁴

"Nominative Fair Use" is an affirmative defense whereby the defendant insists its use of the plaintiff's mark is necessary to

228. See, e.g., *In re Steelbuidling.com*, 415 F.3d 1293, 1300 (Fed. Cir. 2005) (affirming a decision by the Trademark Trial and Appeal Board, and holding that "a more descriptive term requires more evidence of secondary meaning.").

229. *Echo Travel, Inc. v. Travel Associates, Inc.*, 870 F.2d 1264 (7th Cir. 1989) (listing the types of evidence needed to establish secondary meaning as direct customer testimony; consumer surveys; the exclusivity, length, and manner of use; amount and manner of advertising; amount of sales and number of customers; established place in the market; and proof of intentional copying).

230. 15 U.S.C. § 1052(f).

231. *E.S.S. Entm't 2000 v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008).

232. 15 U.S.C. § 1115(b)(4).

233. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

234. *Id.*

describe the plaintiff's product.²³⁵ For example, a discount warehouse in Maine wanted to advertise that it was selling Swarovski crystals that it had acquired from a salvage sale after a tornado had destroyed a storage site. The advertisement had the Swarovski mark in large font with a cartoon-like image of a tornado hitting a warehouse behind it. Swarovski objected to the advertisement, fearing for its reputation as a luxury brand. The Court of Appeals for the First Circuit noted the following factors used by other courts to analyze nominative fair use: "(1) whether the plaintiff's product was identifiable without use of the mark; (2) whether the defendant used more of the mark than necessary; and (3) whether the defendant accurately portrayed the relationship between itself and the plaintiff."²³⁶ The Court also noted that while the Court of Appeals for the Ninth Circuit uses this test to replace the traditional factors for analyzing likelihood of confusion, the Court of Appeals for the Third Circuit has used the test to validate an affirmative defense of nominative fair use only after confusion (which would otherwise be infringement) is found. The First Circuit unhelpfully refused to squarely rule on this issue, choosing to find only that Swarovski should not have been granted an injunction preventing the distribution of the advertisement without first showing that the ad would likely lead to confusion as to sponsorship or endorsement of the discount warehouse.

A nominative fair use defense is only effective when the defendant is using the mark to describe the plaintiff's products or services, not its own.²³⁷ Unlike the typical infringement fact pattern in which the defendant "passe[s] off another's mark as its own" and "confus[es] the public as to precisely whose goods are being sold,"²³⁸ a nominative use is one in which the defendant uses the plaintiff's trademark to identify the plaintiff's own goods.²³⁹ Such a use "makes it clear to consumers that the plaintiff, not the defendant, is the source of the trade-marked product or service."²⁴⁰ An example of this type of use would be where an automobile repair shop specializing in foreign vehicles runs an advertisement using the trademarked names of various makes and models to highlight the kind of cars it repairs.²⁴¹

235. *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).

236. *Swarovski Aktiengesellschaft v. Bldg. #19, Inc.*, 704 F.3d 44, 50 (1st Cir. 2013).

237. *See Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 217 (3d Cir. 2005).

238. *Id.*

239. *See Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102 (2d Cir. 2010).

240. *Century 21*, 425 F.3d at 220. *See Tiffany*, 600 F.3d at 102 (explaining that a "nominative fair use" does not create "confusion about the source of [the] defendant's product" (internal quotation marks omitted)).

241. *See Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 154 (4th Cir. 2012) (discussing the elements of a nominative fair use defense but ultimately affirming the lower court's

A use of a trademark may also be “fair” when the First Amendment to the United States Constitution protects the use. In *E.S.S. Entertainment 2000, Inc. v. Rock Star Videos, Inc.*,²⁴² the maker of the wildly popular *Grand Theft Auto* video game series, Rockstar Games, set a game in the fictional city of Los Santos, and included a number of geographical points reminiscent of Los Angeles, California, including “Vinewood,” “Santa Maria,” and “Verona Beach.” The artists drew Los Santos based on actual businesses in the “low-rent” neighborhoods of Los Angeles, including the Play Pen Gentlemen’s Club. The Los Santos version of this strip club was called the “Pig Pen.” E.S.S. 2000, the operator of the real strip club, sued Rockstar Games for trademark and trade dress infringement. The Court affirmed the District Court’s ruling that the use of “Pig Pen” by Rockstar Games was not a nominative fair use because it was not an identical use of the ESS’s mark and because there was no evidence that Rockstar Games meant to comment on or refer to the Play Pen club itself. Nevertheless, Rockstar Games prevailed on its First Amendment claims. U.S. courts “construe the Lanham Act ‘to apply to artistic works *only* where the public interest in avoiding consumer confusion *outweighs* the public interest in free expression.’”²⁴³ “The specific test contains two prongs. An artistic work’s use of a trademark that otherwise would violate the Lanham Act is not actionable ‘unless the [use of the mark] has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless [it] explicitly misleads as to the source or the content of the work.’”²⁴⁴ The Court further emphasized that the threshold for artistic relevance is low. Finding further that the use of the modified trademark was not explicitly misleading and would not confuse consumers into believing that E.S.S. had sponsored the game, the Court held Rockstar Games’ use was protected under First Amendment free speech rights.

E. Use for Different Goods and Services

1. European Union

The trademark must be used “in relation to the goods or services for which the mark is registered.”²⁴⁵ This raises two questions. First, does use on similar goods count as a relevant use?

ruling of contributory infringement); *Toyota Motor Sales, U.S.A., Inc. v. Tabari*, 610 F.3d 1171 (9th Cir. 2010); *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 306-07 (9th Cir. 1992).

242. *E.S.S. Entm’t 2000 v. Rock Star Videos, Inc.*, 547 F.3d 1095 (9th Cir. 2008).

243. *Id.* at 1099.

244. *Id.*, citing *Mattel, Inc. v. MGA Records, Inc.*, 296 F.3d 894, 902 (9th Cir. 2002).

245. Article 15[2][b] CTMR.

Second, what is meant by use in relation to goods and services? These questions must be answered for registrants because where a registration's specification is broader than the uses that have been demonstrated, the court can cancel the mark with respect to the goods or services for which it has not been used.²⁴⁶

With respect to the first question, use on any other goods or services other than those for which the mark is registered, even if they are similar, is irrelevant by the plain language of the law.²⁴⁷ However, use on specific goods within broader wording within the identification may be subject to examination as to whether use on these goods constitutes genuine use in connection with the broader wording if the mark is registered only with the broader wording without mentioning the specific goods that were actually used. In *Walzertraum*, the CJEU upheld an opinion of the General Court in which the Court assessed the use of the opposition mark for “hand-made truffles” only in view of the broader term “goods made of chocolate” that was listed in the trademark registration, and found that the sales of truffles were insufficient to grant the opposer broad rights in “chocolate” generally.²⁴⁸ An opponent may wish, then, to voluntarily limit its specifications to only those goods on which it has had sales prior to using the registration as a weapon.²⁴⁹

The second question raises a peculiar issue: if a proprietor uses the mark on promotional items, is this use in connection with the promotional items or only in connection to the goods being promoted? Or neither?

The OHIM position is illustrated by the decision in *Henrique & Oliveira v. Twelve Islands Shipping*.²⁵⁰ There, the court found that the use of the mark merely on promotional goods normally will not be considered as sufficient evidence of use within the meaning of trademark law for the type of promotional items on which they are or have been used. For example, giving away articles of clothing such as T-shirts and baseball caps at promotional events with the purpose of marketing a different product, such as a drink, cannot be considered as genuine use in connection with the beverages.

The CJEU decided a case with similar facts some years ago, *Silberquelle GmbH v. Maselli Strickmode GmbH*.²⁵¹ Maselli Strickmode GmbH had a registered trademark in Austria for

246. Article 13 CTMR.

247. *British Sugar plc v. James Robertson & Sons Ltd* [1996] RPC 281 at 288.

248. CJEU, judgment of July 17, 2014, in case C-141/13 P, *Reber Holding GmbH & Co. KG v. OHIM [Walzertraum]*, paras. 40-42.

249. See *Stefan Völker* 2014 EuZW 830, 831.

250. Decision No. 374/2001 (14 Feb. 2001).

251. CJEU, judgment of January 15, 2009, in case C-495/07, *Silberquelle GmbH v. Maselli Strickmode GmbH [Silberquelle]*.

WELLNESS covering clothing and non-alcoholic drinks. The company handed out drinks in bottles bearing the mark to consumers of its clothing, but did not use its mark for drinks sold separately. Silberquelle, which sells drinks, applied to cancel the mark concerning the drinks. As the clothing items had been sold on the market, the remaining question was whether the distribution of the drinks could create genuine use for the Nice Classification²⁵² class of goods covering drinks. As in prior decisions,²⁵³ genuine use required a commercial exploitation of the mark on the goods in the registration. The WELLNESS mark for drinks was therefore not genuinely used.²⁵⁴

Are OHIM and the CJEU too harsh? Advertising and market communication are two of the most important functions for trademarks. The promotional items feature the same mark applied to the main product, acting as an identifier of the commercial origin of the primary goods or services.²⁵⁵ On the other hand, if the owner is allowed to extend the scope of genuine use and claim trademark protection for every good that may be in some way related to the primary one, then competitors and ultimately consumers would suffer unfairly. To ensure this balance between the different parties—the consumer and the trademark owner—it is important to define genuine use from the point of view of the average consumer rather than focusing on the proprietor's purpose.²⁵⁶

2. United States

An Examining Attorney with the USPTO is required to examine the specimen to determine whether it shows the mark being used on any of the goods or services claimed in the relevant class, and may require substitute specimens.²⁵⁷ Once a valid registration is subject to renewal, any goods or services in connection with which the mark is no longer being used must be dropped from the registration. However, courts have been lenient with changes in products as a company evolves. For example, dry cat food was found to have the same “inherent character” as slightly altered dry food and wet food,²⁵⁸ and a computer program

252. Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of June 15, 1957.

253. In particular CJEU, judgment of March 11, 2003, in case C-40/01, *Ansul BV v. Ajax Brandbeveiliging BV* [Ansul], para. 37; CJEU, judgment of January 27, 2004, in case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA* [La Mer Technology], para. 27.

254. CJEU, judgment of January 15, 2009, in case C-495/07, *Silberquelle GmbH v. Maselli Strickmode GmbH* [Silberquelle], paras. 20-22.

255. Cornish & Llewelyn, *Intellectual Property*, p. 623.

256. *Tiffany & Co/Emballages Mixtes et Plastiques Sarl*, R1018/2000-3 (Dec. 3, 2002).

257. T.M.E.P. § 904 (8th ed.).

258. *Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801 (Fed. Cir. 1984).

was found to have the same “inherent character” as an earlier version.²⁵⁹ However, use of YO-CREME in connection with a high-calorie dessert yogurt could not support the maintenance of an initial registration of YOCREME for frozen yogurt, cheese, and chocolate mousse.²⁶⁰ The cases deciding whether the goods have evolved too much seem to be about as predictable as the cases discussed earlier as to whether the mark itself has materially changed, but the degree to which the products need to be related seems to be high.

F. Bad Faith

1. European Union

The CTMR differs profoundly from U.S. trademark law in that it creates monopoly rights over certain signs without any requirement of use or even a *bona fide* intention to use. Nevertheless, according to Article 51[1][b], the CTM registration may be declared invalid if the registrant was acting in bad faith when it filed the application. Yet, neither the CTMR nor the TMD contain a definition of bad faith. There is no generally accepted principle of bad faith applicable to mere non-use, but non-use coupled with an ulterior motive for registration may bring the principle to bear. Since bad faith can include “dishonest intention” according to OHIM precedent,²⁶¹ an applicant of a CTM that does not intend to use the mark and whose sole objective is to prevent a third party from entering the market can be seen as acting in bad faith.²⁶² Even if an earlier trademark has not been used in a long time, the filing of an identical application by a third party can be found to be in bad faith if the old, non-used mark still enjoys reputation among the relevant trade circles, and the third party knew about the existing (non-used) earlier rights and wanted to “free-ride” on the reputation of the earlier mark.²⁶³

Furthermore, a CTM application that simply repeats a previous CTM application to attempt to circumvent the use requirement five years after registration of the previous CTM, or after a five-year period of continuous non-use, will usually be

259. *Wallace Computer Servs., Inc. v. Sun Microsystems, Inc.*, 13 U.S.P.Q.2d 1324 (N.D. Ill. 1989).

260. *SODIMA v. Int'l Yogurt Co.*, 662 F. Supp. 839 (D. Or. 1987).

261. Boards of Appeal decision in case R 582/2003-4 (EAST SIDE MARIO'S).

262. CJEU, judgment of June 11, 2009, in case C-529/07, *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth [Goldhase]*, para. 44.

263. GC, judgment of May 8, 2014, in case T-327/12, *Simca Europe Ltd. v. OHIM [SIMCA]*, paras. 45-63.

deemed as a bad-faith application.²⁶⁴ However, especially in cases where a slight modification or modernization of a logo has been filed, the fact that the differences between the signs at issue are so insignificant as not to be noticeable by the average consumer cannot alone establish that the junior CTM application was filed in bad faith; the desire of the applicant to even slightly modernize a logo must be considered, since it is normal business practice for a logo to evolve.²⁶⁵ Thus, the question of whether a repeat application was filed in bad faith required consideration of all relevant facts, including any possible justification for the repeat application.²⁶⁶

2. United States

The mark must be used on all of the goods and services listed in the trademark application in order for a registration to issue and remain valid, although proof of use need only show the use on one of the specified goods or services in each class. An applicant who declares a *bona fide* intent to use the mark in connection with all of the goods and services listed in the application who is then shown not to have the requisite intent is subject to a finding of fraud and a cancellation of the registration, at least as to the affected class.²⁶⁷ Although the TTAB had moved away from this harsh result in 2009, U.S. trademark registrations remain subject to cancellation due to a lack of a *bona fide* intent to use the mark in connection with all of the goods and services listed in the registration as well as faulty statements of use.²⁶⁸ Clients outside of the United States often file class heading applications without any understanding of the use requirement, and are still in danger of having the application declared void *ab initio*, and U.S. counsel should advise accordingly.

G. Use by Way of a License

1. European Union

Licensing plays a determinative role in the extensive use and corresponding modern economic importance of trademarks. The

264. GC judgment of December 13, 2012, in case T-136/11, pelicantravel.com s.r.o. v. OHIM [PELIKAN], para. 27; *see also* CJEU, judgment of June 11, 2009, in case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [Goldhase], para 44.

265. GC judgment of December 13, 2012, in case T-136/11, pelicantravel.com s.r.o. v. OHIM [PELIKAN], paras. 33-36.

266. GC judgment of December 13, 2012, in case T-136/11, pelicantravel.com s.r.o. v. OHIM [PELIKAN], paras. 22-27.

267. *Medinol v. Neuro Vasx, Inc.*, 67 U.S.P.Q.2d 1205 (T.T.A.B. 2003).

268. *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009); *Meckatzer Löwenbräu Benedikt Weiß KG v. White Gold, LLC*, 95 U.S.P.Q.2d 1185 (T.T.A.B. 2010).

relatively recent development of widespread interest in television personalities and similar characters has created a demand for products connected with these characters and has thereby provided a fruitful market for entrepreneurs in a wide variety of fields.²⁶⁹

Under a trademark licensing arrangement, a party contracts with a trademark owner for permission to use the trademark, often in consideration for royalty payments, which is advantageous to both parties.²⁷⁰ Under the European CTM regime, as in the case of many jurisdictions, use of the trademark by an authorized licensee inures to the benefit of the licensor. This is because Article 15(3) of the CTMR expressly provides that genuine use of a trademark is use made by the proprietor or with his consent, and use with consent is use based upon an agreement—in most cases a license agreement. This means that the licensee's use of a trademark is considered to be no different than use by the trademark owner. Furthermore, depending upon the language of the contract, the licensee may join infringement proceedings that the licensor may initiate against infringers.²⁷¹

Most importantly, a license agreement allows a trademark owner to fully exploit its intellectual property in markets it may not have been able to enter on its own. Considering this enormous economic importance of the practical approach of many industries and the economic advantages for the trademark owner, the European concept of genuine use, as in other jurisdictions,²⁷² does not require that the license agreement be recorded with the local trademark office before the licensee's use can inure to the benefit of the licensor.²⁷³ The only requirement is that the owner must have given its consent prior to use of the mark by the third party. The CJEU has clarified in this context that even without specific evidence such consent can be derived from the circumstances in the particular case.²⁷⁴ CTM law does not require a licensor to control the quality of its licensees' use of a mark; however, if the

269. See generally David Wall, *Reconstructing the Soul of Elvis: The Social Development and Legal Maintenance of Elvis Presley as Intellectual Property*, 24 Int'l J. of the Sociology of Law, 117 (1996).

270. The memorandum on the CTM defines a license as a contractual agreement giving a third party the right to use the trademark. See European Commission, *Memorandum on the Creation of an EEC Trademark* adopted by the Commission on 6 July 1976 SEC (76) 2462 final, no. 149.

271. Article 41 CTMR expands the circle of possible opponents to licensees and other authorized persons, depending on the nature of the earlier right invoked.

272. Registered user systems can be found in China, Taiwan, Korea, Thailand, Indonesia, Brazil, Ecuador, Paraguay, and Colombia. See INTA Committee Position Paper on Elimination of Mandatory Trademark License Recording Requirements [1995].

273. Article 22[4] CTMR.

274. CJEU, judgment of May 11, 2006, in case C-416/04 P, *The Sunrider Corp. v. OHIM [VITAFRUIT]*, para. 70.

license agreement contains quality conditions, then the trademark owner may sue his licensee for trademark infringement (and not only for breach of the license agreement) if the good or services do not meet the quality requirements set forth in the agreement.²⁷⁵ For clarification purposes and to make a license relationship public, the license may be entered into the Register for CTMs and published;²⁷⁶ however, this is not a condition for the validity of a license.

2. United States

Use required for registration may be carried out by companies related to the applicant, or by persons “controlled by the applicant,” and all such use shall “inure to the benefit of the applicant.”²⁷⁷ The control the applicant has over the user may be through a corporate relationship²⁷⁸ or a formal license.²⁷⁹ If control is to be presumed because of the corporate relationship between the using entity and the record owner, then that relationship needs to be “substantial.”²⁸⁰ Commonly, a parent company is claiming ownership of a trademark through exclusive use by a wholly owned subsidiary, but the inquiry does not focus on the corporate arrangement. The critical question is whether the party claiming ownership exercises sufficient control “with respect to the nature and quality of the goods or services on or in connection with which the mark is used.”²⁸¹ A mere commonality in ownership of the two entities is not sufficient; control of the use of the mark must be present. Nor is the existence of a written license agreement in itself adequate to prove control. It is advisable to have such an agreement in place with clear obligations on the part of the record owner to oversee both the format and stylistic use of the mark as well as the quality of the goods and services on which the mark is used, but the ultimate question will still be whether or not such control is, in fact, exercised.²⁸²

275. Article 22[2][e] CTMR.

276. Article 22[5] CTMR.

277. Lanham Act § 5, 15 U.S.C. § 1055.

278. T.M.E.P. § 1201.03.

279. T.M.E.P. § 1201.03(f).

280. *Secular Orgs. for Sobriety, Inc. v. Ullrich*, 213 F.2d 1125 (9th Cir. 2000).

281. Lanham Act § 45, 15 U.S.C. § 1127.

282. T.M.E.P. § 1201.03(f); 3 McCarthy, *supra* note 94, § 18:42 (2013); *see generally*, *infra* Part III(B)(5).

H. Formal Requirements

1. European Union

Unlike in the United States, it is not necessary to file evidence of use with OHIM after a certain period of time after securing a registration. Instead, the European trademark use concept requires only the registrant to produce proof when a junior applicant demands it²⁸³ so that the institution of proof of use can be seen as a defense plea by the junior applicant.²⁸⁴ Having passed the five-year period without the hassle of showing *bona fide* intention, at this stage the successful applicant of a CTM registration must yet prepare for attacks from any side possible, including the proprietor of an earlier mark or any other third person. Whereas the substantive law on genuine use strikes a low threshold for the CTM applicant, now as far as means of evidence are concerned, proof of genuine use needs to be as specific and detailed as possible. The exact requirements are laid down in the Community Trade Mark Implementing Regulation (“CTMIR”).²⁸⁵

OHIM gives the opponent two months to submit proof of use or show that there are proper reasons for non-use which correspond to the provision of Article 15(1) of the CTMR.²⁸⁶ This provision introduces the concept of justifiable non-use but does not describe with any specificity the nature and characteristics of what constitutes justifiable non-use. This provision must be interpreted in light of Article 19 of the TRIPS Agreement, which states that proper grounds for non-use must include reasons that are related to obstacles to use arising independently from the will of the proprietor. In practice, the European courts have gone further than this stating that these are the only reasons that will be regarded as proper in order to reduce the total number of the trademarks registered and thus to avoid conferring too broad of a scope to the allowable reasons for non-use.²⁸⁷ The reasons justifying non-use of the mark must arise independently of the will of the proprietor of the trademark and constitute an obstacle to the use of the sign, that is, reasons referring to circumstances that hinder the normal functioning of the owner’s enterprise such as import restrictions or other government interventions.²⁸⁸ Bureaucratic procedures that merely impede the implementation

283. Article 43[2] CTMR.

284. OHIM Opposition Guidelines [2004], Part 6, Proof of use, p. 37.

285. Commission Regulation (EC) No. 2868/95 of 13 December 1995 implementing Council Regulation (EC) No. 40/94 on the Community Trade Mark.

286. Rule 22[1] CTMIR.

287. CJEU, judgment of June 14, 2007, in case C-246/05, Armin Häupl v. Lidl Stiftung & Co KG [Häupl], para. 51.

288. *Id.* para. 54.

of a business strategy do not fall within that category of exemption.²⁸⁹

Such evidence shall, however, in principle, be confined to the submission of supporting documents and items such as packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements, and statements in writing as referred to in Article 76[1][f] of the CTMR. This means that the opponent is obliged to prove each of these requirements. Since Rule 22[2] of the CTMR requires the proprietor to indicate and to adduce evidence, both the indication and evidence required in order to fulfill the proof of evidence must consist of indications concerning the place, time, extent, and nature of use of the opponent's trademark for the relevant goods and services. Consequently, a mere reference to the mark in invoices or declarations, without showing the exact representation of the mark as used in the market, is insufficient in this respect.²⁹⁰ The evidence must have a degree of reliability; OHIM considers materials produced by third parties in general as of a higher probative value than materials produced by the owner or its representative.²⁹¹

Although it is not sufficient to rely on probabilities or supposition, and what has to be produced is solid and objective evidence of effective and sufficient use of the mark in the relevant market, the General Court has made clear that the formal requirements of genuine use do not go so far as to review the proprietor's economic strategy: it is still genuine use that is required and not commercial success.²⁹²

As in the majority of cases involving trademark use, the CJEU's approach is a holistic one based on an overall assessment of all the relevant evidence and of the market for the relevant goods or services.²⁹³

2. United States

The USPTO's requirement that an applicant prove use of its trademark in commerce has been discussed at length in this article. An applicant need not prove use of the mark in connection with every single good or service listed in application at the prosecution or registration maintenance stage, since only one

289. *Id.* para. 32.

290. *See* BoA, Decision of June 8, 2010, R 1076/2009-2, [Euro Cert].

291. OHIM Opposition Guidelines [2004], Part 6, Proof of use, p. 40 with reference to decision 33/1999 BABY BJÖRN / BABY born (EN).

292. GC, judgment of September 15, 2011, in case T-427/09, Centrotherm Clean Solutions v. OHMI [CENTROTHERM], para. 26.

293. GC, judgment of February 7, 2011, in case T-324/09, J & F Participações v. OHMI [Friboi], para. 69.

specimen per class is generally required.²⁹⁴ An Examining Attorney may request additional specimens when the range of goods is wide and the articles are unrelated,²⁹⁵ and requires applicants to provide “evidence that it uses the mark in connection with pharmaceuticals to treat diseases or health problems in all chapters in the World Health Organization (“WHO”) International Statistical Classification of Diseases and Related Health Problems” when the goods identified are a “full line of pharmaceuticals.”²⁹⁶ Further, additional evidence of use will likely be required in a cancellation proceeding or infringement action.

V. CONCLUSION

This article has explored U.S. and EU trademark registrations in the context of how actual use is treated in each jurisdiction. It invites further discussion about which of the systems is better for brand owners and better for consumers (if those two parties’ interests can be aligned).

Supporting the U.S. Regime

The United States appoints the public authority as the initial border guard in protecting the public from confusion. Meanwhile, the EU system leaves it to the marketplace to sort itself out, and it is those companies who have the resources to oppose or attempt to cancel registrations that control whether the registry in fact reflects the marketplace. Since brands live only in the marketplace, one might argue that the marketplace is precisely the right arbiter. But in a growing economy without correspondingly growing languages, inevitably fewer marks will be available to successive generations of companies, particularly as European companies take greater advantage of the Community and expand beyond their initial country borders. The argument in favor of the EU’s no-use system is that there are far more registrations in the United States than in either the CTM or the national registry of one of the largest countries in Europe. But that is comparing the United States to the comparatively new CTM system and a country (Germany) with a population that is about twenty-five percent of that of the United States.²⁹⁷ As the CTM grows in maturity and one takes into account the other twenty-seven countries in the EU, a registry that is open to all increases the possibility that there are fewer available marks remaining,

294. TMEP § 904.01(a).

295. *Id.*

296. *Id.* See also 37 C.F.R. § 2.61(b).

297. World Bank Databank, available at <http://data.worldbank.org/indicator/SP.POP.TOTL> (last visited November 24, 2014).

and this makes clearance for earlier third-party rights much more difficult. There will be numerous trademarks on the register that are not yet subject to the use requirement (and hence, not subject to cancellation for non-use) or, if they are, one cannot see from the register whether they are in use or not. Furthermore, since there is no use requirement upon filing, specifications of goods and services of CTMs can be very broad without giving any information as to the specific goods or services that the trademark owner actually plans to use. One good way to assure that newcomers are not left digging through scraps for a viable name or guessing which prior registrations are valid is to ensure that the registry only protects marks that are validly in use. The European systems leave questions unanswered as to whether an unattended registry serves either the public or the brand owners particularly well. The U.S. requirement to prove use every few years after registration solves some of the problems of a cluttered European registry.

Supporting the EU Regime

According to the study of the Max Planck Institute, the figures do not seem to bear out the American claim that the CTM registry is or is likely to be “cluttered.” The Max Planck Institute states, that as of June 30, 2010, 650,000 trademarks were registered at OHIM, whereas the German Patent and Trade Mark office counted 800,000 registrations of national marks, while more than 1.5 million trademarks were registered at the USPTO.²⁹⁸ But even the smaller number of CTMs is a massive portfolio to maintain; requiring a substantive examination of each application would overload OHIM and the national registries. Besides, the United States does not require marks to be registered, so while the registry may be cleaner, the marketplace is not, and landmines are sometimes not found until after an initial (and expensive) marketing campaign. A registration system encourages all companies to make it known that they are claiming rights in the mark. In the EU, there are fewer surprises.

Furthermore, the U.S. requirement to show consistent use at every renewal period means that alterations to a mark need to be made carefully: the prohibition on material alterations to a registered trademark could make owners of valuable brands reluctant to make changes that might be highly beneficial from a marketing or public relations standpoint because of the risk of losing a long-standing trademark registration and associated priority rights.

Finally, the application procedure in the EU is simpler and much quicker than in the United States, and hence, is more cost-effective.

298. *Study of the Max Planck Institute*, *supra* note 6, p. 53 *et seq.*

A Truce

Maybe, when the debate is over, each of these territories could borrow from the other to create a more user-friendly trademark system—requiring registration, but not use, for protection in the first few years, perhaps, while requiring registrants to submit proof of use to maintain the registration later on. Such use should at least require showing actual use of the mark, and the goods or services it is used in connection with, even if certain questions as to genuine use are still left to the private parties to sort out in opposition, cancellation, and infringement proceedings. Another possibility in a combined system would be a reduced use requirement or a longer period before abandonment is presumed for long-standing and famous marks that have been discontinued or perhaps that no longer even have an owner, but for which there is still a consuming public that has a nostalgic or other association (SATURN automobiles, for example).

Such a thought is rendered purely theoretical by the unique commercial goals underlying Europe's system and the constitutional parameters around the U.S. scheme. But what is true today is that both territories in the ultimate analysis require trademarks to be used in a genuine, real, and commercial way in order to survive, and that use is a critical and continuously evolving idea for trademark professionals to keep at the forefront of their considerations when counseling their brand owner clients.
