GUIDELINES FOR EXAMINATION IN THE OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET (TRADE MARKS AND DESIGNS) ON COMMUNITY TRADE MARKS

PART D

CANCELLATION

SECTION 2

SUBSTANTIVE PROVISIONS
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1 General Remarks

1.1 The grounds for cancellation

Pursuant to Article 56(1) CTMR, cancellation proceedings comprise applications for revocation and for declarations of invalidity.

The grounds for revocation are established in Article 51 CTMR. The grounds for invalidity are established in Article 52 CTMR (absolute grounds) and Article 53 CTMR (relative grounds). The CTMIR deals with revocation and invalidity in Rules 37 to 41.

1.2 Inter partes proceedings

Cancellation proceedings are never initiated by the Office itself. The initiative lies with the applicant for cancellation, even in cases based on absolute grounds for invalidity.

Article 56(1) CTMR establishes the *locus standi* that the applicant must have in order to file an application for revocation or for a declaration of invalidity. For further details, please see the Guidelines, Part D, Cancellation, Section 1, Cancellation Proceedings, paragraphs 2.1 and 4.1.

1.3 The consequences of revocation and invalidity

According to Article 55(1) CTMR, in the event of *revocation*, and to the extent that the rights of the proprietor have been revoked, the CTM will be deemed not to have the effects specified in the CTMR as from the date of the application for revocation. This is particularly relevant in cases where a request for revocation on grounds of non-use is followed by the surrender of the CTM. In this regard, the General Court has declared that the party who applies for revocation has a legitimate interest in continuing the revocation proceedings in spite of the surrender of the CTM by its proprietor, as the continuation of the revocation proceedings may result in a declaration of non-use preventing, pursuant to Article 112(2)(a) CTMR, the proprietor of the CTM from requesting the conversion of their mark (order of 24/10/2013, T-451/12, ‘Stoermberg’, para. 48) (for the Office’s new practice on surrenders, see the Guidelines, Part D, Cancellation, Section 1, Cancellation Proceedings, paragraphs 7.3.1 and 7.3.2).

An earlier date on which one of the grounds for revocation occurred may be fixed by the Office if this is requested by one of the parties, provided that the requesting party shows a legitimate legal interest in this respect. On the basis of information available in the relevant case file, it must be possible to accurately determine the earlier date. The earlier date should, in any event, be set after the five year ‘grace period’ that the CTM proprietor has after the registration of a CTM pursuant to Article 15 CTMR (see decision of 28/07/2010, 3 349 C, ‘ALPHATRAD’, confirmed by decision of 08/10/2012, R 0444/2011-1, paras 48-50 and judgment of 16/01/2014, T-538/12).

According to Article 55(2) CTMR, in the event of a *declaration of invalidity*, the CTM will be deemed not to have had, as from the outset, the effects specified in the CTMR.
2 Revocation

2.1 Introduction

According to Article 51(1) CTMR, there are three grounds for revocation:

- the CTM has not been put to genuine use during a continuous period of five years;
- the CTM has become generic due to acts/inactivity of its proprietor;
- the CTM has become misleading due to the use made by its proprietor or with its consent.

These grounds are examined in further detail in the sections below. According to Article 51(2) CTMR, where the grounds for revocation exist for only some of the registered goods and services, the CTM proprietor’s rights will be revoked only for those goods and services.

2.2 Non-use of the CTM – Article 51(1)(a) CTMR

According to Article 51(1)(a) CTMR, if within a continuous period of five years after the CTM has been registered and before the filing of the application for cancellation the CTM has not been put to genuine use, within the meaning of Article 15 CTMR, then the CTM must be revoked unless there are proper reasons for non-use.

Pursuant to Article 51(2) CTMR, if the CTM has been used for only some of the goods and services for which it is registered, the revocation will be limited to the non-used goods and services.

As regards procedural aspects of the submission of the evidence (time limits for submitting evidence, additional rounds for observations and submission of additional relevant evidence, translation of evidence, etc.), see the Guidelines, Part D, Cancellation, Section 1, Cancellation Proceedings.

The practice rules applicable to the substantive assessment of proof of use of earlier rights in opposition proceedings apply to the assessment of requests for revocation based on non-use (see the Guidelines, Part C, Opposition, Section 6, Proof of Use, paragraph 2). However, there are a number of particularities to be taken into account in the context of revocation proceedings, which will be examined below.

2.2.1 Burden of proof

Pursuant to Rule 40(5) CTMIR, the burden of proof lies with the CTM proprietor.

The role of the Office is to assess the evidence put before it in the light of the parties’ submissions. The Office cannot determine ex officio genuine use of earlier marks. It has no role in collecting evidence itself. Even proprietors of purportedly well-known marks must submit evidence to prove genuine use of their marks.
2.2.2 Genuine use

According to Rule 40(5) in conjunction with Rule 22(3) CTMIR, the indications and evidence for submitting proof of use must consist of indications concerning the place, time, extent and nature of use of the contested trade mark for the goods and services for which it is registered.

As indicated above, the assessment of genuine use (including place, time, extent and nature of use) is the same in cancellation proceedings and in opposition proceedings. The detailed considerations in the Guidelines, Part C, Opposition, Section 6, Proof of Use, paragraph 2 should be followed.

Lack of genuine use for some of the contested goods/services in a revocation case implies the revocation of the registered CTM for those goods/services. Consequently, great care must be taken when assessing the evidence of use in revocation proceedings regarding the use for the registered (and contested) goods/services.

<table>
<thead>
<tr>
<th>Case No</th>
<th>Comment</th>
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<tbody>
<tr>
<td>R 1857/2011-4 AQUOS</td>
<td>The CTM was registered for angling articles; angling equipment; angling accessories in Class 28. The Board confirmed the Cancellation Division decision and maintained the CTM for fishing rods and the unchallenged fishing lines in Class 28. The Board concurred with the Cancellation Division that the evidence furnished in order to prove use of the contested CTM showed genuine use in relation to ‘fishing rods’ and that these goods are sufficiently distinct from the broad categories of angling articles and angling equipment to form coherent sub-categories. This finding was not challenged by the appellant.</td>
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2.2.3 Period of time to be considered

The relevant date is the date on which the application for revocation was filed.

- The CTM is subject to revocation only if it has been registered for more than five years on that date.
- If this condition is fulfilled, the CTM must have been genuinely used within the five years preceding that date (i.e. the five-year period is always counted backwards from the relevant date).

There is one exception: where genuine use of the CTM started or was resumed within the three months preceding the date on which the application for revocation was filed, such use will be disregarded where preparations for the commencement or resumption of use only began after the CTM proprietor became aware that the request for revocation might be filed (Article 51(1)(a) CTMR).

The burden of proof for this exception is on the applicant for revocation, who must file evidence that it made the CTM proprietor aware of its intention to file an application for revocation.
2.2.4 Proper reasons for non-use

The detailed considerations in the Guidelines, Part C, Opposition, Section 6, Proof of Use, paragraph 2, and in particular paragraph 2.11 should be followed.

2.3 CTM becoming a common name (generic term) — Article 51(1)(b) CTMR

A CTM will be revoked if, as a result of action or inaction on the part of the proprietor, it has become the common name in trade for a product or service for which it was registered.

2.3.1 Burden of proof

The burden is on the applicant for revocation to prove that the term has become the common name in the trade as a result of either:

- action; or
- inaction

on the part of the proprietor.

The Office will examine the facts in accordance with Article 76(1) CTMR within the scope of factual submissions made by the revocation applicant (judgment of 13/09/2013, T-320/10, ‘Castel’, para. 28). In doing so, it may take into consideration obvious and well-known facts. However, it will not go beyond the legal arguments presented by the revocation applicant. If a request for revocation is based only on Article 51(1)(b) CTMR, the trade mark could not then be revoked due to being, for example, against public order and morality.

2.3.2 Point in time to be considered

The applicant for revocation must prove that the trade mark has become the common name in trade for the product or service in question after the date of registration of the CTM, although facts or circumstances that took place between application and registration can be taken into account. The fact that the sign was, at the date of application, the common name used in trade for the goods or services in respect of which registration was sought would only be relevant in the context of an invalidity action.

2.3.3 Relevant public

A Community trade mark is liable to be revoked in accordance with Article 51(1)(b) CTMR if it has become the common name for the product or service not just among some but among the vast majority of the relevant public, including those involved in the trade for the product or service in question (judgment of 29/04/2004, C-371/02, ‘Bostongurka’, paras 23 and 26). It is not necessary for the sign to become the common name for a product from the point of view of both sellers and end users of the
product (judgment of 06/03/2014, C-409/12, ‘Kornspitz’, para. 30). It is sufficient that the sellers of the finished product do not inform their customers that the sign has been registered as a trade mark or offer their customers assistance, which includes an indication of the origin of the goods for sale (judgment of 06/03/2014, C-409/12, ‘Kornspitz’, paras 23-25).

2.3.4 Common name

A sign is regarded as the ‘common name in the trade’ if it is established practice in the trade to use the term in question to designate the goods or services for which it is registered (see the Guidelines, Part B, Examination, Section 4, Absolute Grounds for Refusal, paragraph 2.4). It is not necessary to prove that the term directly describes a quality or characteristic of the goods or services, but merely that it is actually used in the trade to refer to those goods or services. The distinctive force of a trade mark is always more likely to degenerate when a sign is suggestive or apt in some way, especially if it has positive connotations that lead others to latch on to its suitability for designating not just a particular producer’s product or service but a particular type of product or service (decision of 30/01/2007, 1020 C, ‘STIMULATION’, paras 22, 32 et seq.).

The fact that a trade mark is used as a synonym for a specific product or service is an indication that it has lost its ability to differentiate the goods or services in question from those of other undertakings. One indication that a trade mark has become generic is when it is commonly used verbally to refer to a particular type or characteristic of the goods or services. However, this is not in itself decisive: it must be established whether the trade mark is still capable of differentiating the goods or services in question from those of other undertakings.

The absence of any alternative term or the existence of only one long, complicated term may also be an indication that a sign has become the common name in the trade for a specific product or service.

2.3.5 Defence for the proprietor

Where the proprietor of the CTM has done what could reasonably have been expected in the particular case (e.g. organised a TV campaign or placed advertisements in newspapers and relevant magazines), the CTM cannot be revoked. The proprietor must then check whether its trade mark appears in dictionaries as a generic term; if it does, the proprietor can request from the publisher that in future editions the trade mark will be accompanied by an indication that it is a registered trade mark (Article 10 CTMR).

2.4 CTM becoming misleading — Article 51(1)(c) CTMR

If, as a result of use made of the mark by the proprietor or with its consent, the mark is liable to mislead the public, particularly concerning the nature, quality or geographical origin of the goods or services for which it is registered, the CTM can be revoked. In this context, quality refers to a characteristic or attribute rather than a degree or standard of excellence.
2.4.1 Burden of proof

The Office will examine the facts in accordance with Article 76(1) CTMR within the scope of factual submissions made by the revocation applicant (judgment of 13/09/2013, T-320/10, 'Castel', para. 28). In doing so, it may take into consideration obvious and well-known facts. However, it must not go beyond the legal arguments presented by the applicant for revocation.

The burden of proof that the mark has become misleading rests on the applicant for revocation, who must further prove that it is the use made by the proprietor that causes the misleading effect. If the use is made by a third party, the burden is on the applicant for revocation to prove that the proprietor has consented to that use, unless the third party is a licensee of the proprietor.

2.4.2 Point in time to be considered

The applicant for revocation must prove that the trade mark has become liable to mislead the public, particularly concerning the nature, quality or geographical origin of the goods or services in question, after the date of registration of the CTM. If the sign was already deceptive or liable to deceive the public at the date of application, this would be relevant in the context of an invalidity action.

2.4.3 Standards to be applied

The Guidelines contain details of the criteria to be applied when assessing whether a CTM application complies with Article 7(1)(g) CTMR (Guidelines, Part B, Examination, Section 4, Absolute Grounds for Refusal, paragraph 2.7). The criteria are comparable to those applied in revocation proceedings under Article 51(1)(c) CTMR.

2.4.4 Examples

A trade mark composed of, or containing, a geographical indication will, as a rule, be perceived by the relevant public as a reference to the place from where the goods originate. The only exception to this rule is where the relationship between the geographical name and the products is manifestly so fanciful (for example, because the place is not known, and unlikely to become known, to the public as the place of origin of the goods in question) that consumers will not make such a connection.

In this regard, the trade mark MÖVENPICK OF SWITZERLAND was revoked because the goods in question were produced (according to the facts) solely in Germany, not in Switzerland (decision of 12/02/2009, R 0697/2008-1 – ‘MÖVENPICK OF SWITZERLAND’).

Moreover, where a trade mark containing the word elements ‘goats’ and ‘cheese’ and a figurative element clearly depicting a goat is registered for ‘goats’ cheese’, and use is proven for cheese not made from goats’ milk, the CTM will be revoked.

Where a trade mark containing the word elements ‘pure new wool’ is registered for ‘clothing’ and use is proven for clothing manufactured from artificial fibres, the CTM will be revoked.
Where a trade mark containing the words ‘genuine leather’ or the corresponding pictogram is registered for ‘shoe wear’ and use is proven for shoes not made of leather, the CTM will be revoked.

3 Absolute grounds for invalidity

3.1 CTM registered contrary to Article 7 CTMR — Article 52(1)(a) CTMR

If, at the time of its application, an objection could be raised to the CTM under any of the grounds listed in Article 7 CTMR, it can be declared invalid.

3.1.1 Burden of proof

The purpose of invalidity proceedings is, inter alia, to enable the Office to review the validity of the registration of a trade mark and to adopt, where necessary, a position that it should have adopted of its own motion in the registration process in accordance with Article 37(1) CTMR (judgment of 30/05/2013, T-396/11, ‘Ultrafilter international’, para. 20).

The General Court has ruled that in invalidity proceedings, the Office is not allowed to examine afresh, of its own motion, all the absolute grounds for refusal but only those put forward by the applicant. The CTM enjoys a presumption of validity and it is for the invalidity applicant to invoke before the Office the specific facts that call the validity of a trade mark into question (see judgment of 13/09/2013, T-320/10, ‘Castel’, paras 27-29).

Consequently, the Office will examine the facts in accordance with Article 76(1) CTMR within the scope of factual submissions made by the applicant for the declaration of invalidity (judgment of 13/09/2013, T-320/10, ‘Castel’, para. 28). In doing so, it may take into consideration obvious and well-known facts. However, it must not go beyond the legal arguments presented by the applicant for the declaration of invalidity.

One of the arguments that the CTM proprietor may put forward against the invalidity applicant’s claim is evidence that the CTM has acquired distinctive character following use. See paragraph 3.2 below.

3.1.2 Points in time to be considered

The General Court has held that whether a trade mark should be registered or should be declared invalid must be assessed on the basis of the situation at the date of its application, not of its registration (judgment of 03/06/2009, T-189/07, ‘Flugbörse’; confirmed by Order of 23/04/2010, C-332/09 P, ‘Flugbörse’).

Generally speaking, any developments or events after the date of application or priority date will not be taken into consideration. For example, the fact that a sign has, after the date of application, become the common term used in the trade for the goods or services for which registration was sought is in principle irrelevant for the purposes of examining an invalidity action (it would only be relevant in the context of a revocation
action). However, such facts subsequent to the date of application can nevertheless be taken into account where and to the extent that they allow conclusions to be drawn regarding the situation at the date of application of the CTM. This might be the case, for example, with dictionary extracts that post-date the application date. Unless rapid development of linguistic usage or living conditions (in the sense of social or technical ‘trends’) has taken place after the date of application, words will usually only be listed in dictionaries if their actual use and meaning has been established over a considerable period of time (decision of 30/01/2014, R-2156/2012-4; paras 24, 30 — under appeal).

3.1.3 Standards to be applied

The Guidelines, Part B, Examination, Section 4, Absolute Grounds for Refusal contain details of the criteria to be applied when assessing whether a CTM application complies with Article 7 CTMR. The criteria are identical to those applied in invalidity proceedings under Article 52(1)(a) CTMR.

3.2 Defence against a claim of lack of distinctiveness

A trade mark that falls foul of Article 52(1)(a) CTMR in conjunction with Article 7(1)(b), (c) or (d) CTMR will not be declared invalid where it has acquired distinctiveness through use (Articles 7(3) and 52(2) CTMR).

The distinctive character acquired following use is, in the context of invalidity proceedings, an exception to the grounds for invalidity of Article 52(1)(a) CTMR in conjunction with Article 7(1)(b), (c) and (d) CTMR. Since it is an exception, the onus of proof is on the party seeking to rely on it, namely the proprietor of the contested mark. The proprietor of the contested mark is best placed to adduce evidence in support of the assertion that its mark has acquired a distinctive character following the use which has been made of it (e.g. concerning the intensity, geographical extent, duration of use, promotional investment). Consequently, where the proprietor of the contested mark is requested to adduce evidence of distinctive character acquired through use, but fails to do so, the mark must be declared invalid (judgment of 19/06/2014, joined cases C-217/13 and C-218/13, ‘Oberbank e.a.’, paras 68-71).

The situation will be assessed in accordance with the relevant part of the Guidelines.

The proprietor must demonstrate that either:

- the trade mark acquired distinctive character on or before the date of application, or the priority date (Article 7(3) CTMR); or
- distinctive character was acquired after registration (Article 52(2) CTMR).

Evidence of use during the period between the date of application and the date of registration can serve to support a finding of acquired distinctiveness after registration.

3.3 Bad faith — Article 52(1)(b) CTMR

The CTMR considers bad faith only as an absolute ground for the invalidity of a CTM, to be relied on either before the Office or by means of a counterclaim in infringement proceedings. Therefore, bad faith is not relevant in examination or opposition
proceedings (for opposition proceedings, see judgment of 17/12/2010, T-192/09, ‘Seve Trophy’, para. 50).

3.3.1 Relevant point in time

The relevant point in time for determining whether there was bad faith on the part of the CTM owner is the time of filing of the application for registration. However, it must be noted that:

- facts and evidence dated prior to filing can be taken into account for interpreting the owner’s intention at the time of filing the CTM. Such facts include, in particular, whether there is already a registration of the mark in a Member State, the circumstances under which that mark was created and the use made of it since its creation (see paragraph 3.3.2.1 below, third paragraph).

- facts and evidence dated subsequent to filing can sometimes be used for interpreting the owner’s intention at the time of filing the CTM, in particular whether the owner has used the mark since registration (see paragraph 3.3.2.1 below, third paragraph).

3.3.2 Concept of bad faith

As observed by Advocate General Sharpston (opinion of 12/03/2009, C-529/07, ‘Lindt Goldhase’, para. 36), the concept of bad faith referred to in Article 52(1)(b) CTMR is not defined, delimited or even described in any way in the legislation. However, the Court of Justice provided some guidance on how to interpret this concept in its judgment in the same case, as did the General Court in several cases (judgments of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’; of 14/02/2012, T-33/11, ‘BIGAB’; and judgment of 13/12/2012, T-136/11, ‘Pelikan’). In its preliminary ruling of 27/06/2013, C-320/12, ‘Malaysia Dairy’, the Court of Justice declared that the concept of bad faith is an autonomous concept of European Union law, which must be given a uniform interpretation in the European Union.

One way to describe bad faith is ‘conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices’ (opinion of Advocate General Sharpston of 12/03/2009, C-529/07, ‘Lindt Goldhase’, para. 60; similar decision of 01/04/2009, R 0529/2008-4 – ‘FS’, para. 14).

In order to find out whether the owner had been acting in bad faith at the time of filing the application, an overall assessment must be made in which all the relevant factors of the individual case must be taken into account. A non-exhaustive list of such factors is given below.

3.3.2.1 Factors likely to indicate the existence of bad faith

Case-law shows three cumulative factors to be particularly relevant:

1. Identity/confusing similarity of the signs: The CTM allegedly registered in bad faith must be identical or confusingly similar to the sign to which the invalidity applicant refers. Although the fact that marks are identical or confusingly similar is not in itself sufficient to show bad faith (regarding identity, see judgment of
01/02/2012, T-291/09, 'Pollo Tropical chicken on the grill', para. 90), a dissimilar or not confusingly similar mark will not support a finding of bad faith.

2. **Knowledge of the use of an identical or confusingly similar sign**: The CTM owner knew or must have known about the use of an identical or confusingly similar sign by a third party for identical or similar products or services.

There is knowledge, for example, where the parties have been in a business relationship with each other (could not ignore, and was probably aware that the invalidity applicant had been using the sign for a long time, judgment of 11/07/2013, T-321/10, ‘Gruppo Salini’, para. 25), or when the reputation of the sign, even as an ‘historical’ trade mark, is a well-known fact (judgment of 08/05/2014, T-327/12, ‘Simca’, para. 50).

Knowledge may be presumed to exist (‘must have known’) on the basis, inter alia, of general knowledge in the economic sector concerned or duration of use. The longer the use of a sign, the more likely it is that the CTM owner had knowledge of it (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, para. 39). However, a presumption of knowledge is less likely if the sign was registered in a non-EU country and there was only a short time between the application for registration in that non-EU country and an application for registration in an EU country (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, para. 61).

Knowledge of an identical or similar earlier sign for identical or similar goods or services is not sufficient in itself to support a finding of bad faith (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, paras 40, 48-49). For example, it cannot be excluded that, where a number of producers use, on the market, for identical or similar goods, identical or similar signs that could give rise to confusion with the sign for which registration is sought, the CTM owner's registration of the sign may be in pursuit of a legitimate objective. This could be the case where the CTM owner knows, at the time of filing the CTM application, that a third undertaking is making use of the mark covered by that application by giving its clients the impression that it officially distributes the goods sold under that mark, even though it has not received authorisation to do so (judgment of 14/02/2012, T-33/11, ‘BIGAB’, para. 27).

Similarly, the fact that the applicant knows or should know that, at the time of filing of its application, a third party is using a mark abroad that is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the applicant is acting in bad faith within the meaning of that provision (preliminary ruling of 27/06/2013, C-320/12, 'Malaysia Dairy', para. 37).

Knowledge or presumption of knowledge of an existing sign is not required where the CTM owner misuses the system with the intention of preventing any similar sign from entering the market (see, for example, artificial extension of the grace period for non-use in paragraph 3(c) below).

3. **Dishonest intention on the part of the CTM owner**: This is a subjective factor that has to be determined by reference to objective circumstances (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, para. 42). Again, several factors can be relevant. See, for example, the following case scenarios.
(a) Bad faith is found when it can be inferred that the purpose of the CTM applicant is to ‘free-ride’ on the reputation of the invalidity applicant’s registered marks and to take advantage of that reputation (judgment of 08/05/2014, T-327/12, ‘Simca’, para. 56).

(b) While it is not a requirement of the CTM system that a CTM owner must at the time of applying for a CTM also have the intention of using it, it could be seen as an indication of dishonest intention if it subsequently becomes apparent that the owner’s sole objective was to prevent a third party from entering the market (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, para. 44).

However, if there is commercial logic to the filing of the CTM and it can be assumed that the CTM owner intended to use the sign as a trade mark, this would tend to indicate that there was no dishonest intention. For example, this could be the case if there is a ‘commercial trajectory’, such as the registration of a CTM after registration of the mark in a Member State (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, para. 58), if there is evidence of the CTM owner’s intention to develop its commercial activities, for example by means of a licensing agreement (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, para. 67), or if the CTM owner had a commercial incentive to protect the mark more widely, for example an increase in the number of Member States in which the owner generates turnover from goods marketed under the mark (judgment of 14/02/2012, T-33/11, ‘BIGAB’, paras 20 and 23).

The existence of a direct or indirect relationship between the parties prior to the filing of the CTM, for example a pre-contractual, contractual or post-contractual (residual) relationship, can also be an indicator of bad faith on the part of the CTM owner (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, paras 85-87; judgment of 11/07/2013, T-321/10, ‘Gruppo Salini’, paras 25-32). The CTM owner’s registration of the sign in its own name in such cases can, depending on the circumstances, be considered a breach of honest commercial and business practices.

(c) One example of a situation that may be taken into account in order to assess whether the proprietor acted in bad faith is where a CTM owner tries to artificially extend the grace period for non-use, for example by filing a repeat application of an earlier CTM in order to avoid the loss of a right as a result of non-use (judgment of 13/12/2012, T-136/11, ‘Pelikan’, para. 27).

This case needs to be distinguished from the situation in which the CTM owner, in accordance with normal business practice, seeks to protect variations of its sign, for example, where a logo has evolved (judgment of 13/12/2012, T-136/11, ‘Pelikan’, para. 36 et seq.).

In addition to the three factors mentioned above, other potentially relevant factors identified in case-law and/or Office practice to assess the existence of bad faith include:

(i) the circumstances under which the contested sign was created, the use made of it since its creation, the commercial logic underlying the filing of the application for registration of that sign as a CTM and the chronology of events leading up to that

(ii) the nature of the mark applied for. Where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the CTM owner was acting in bad faith at the time of filing might more readily be established where the competitor’s freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, with the result that the CTM owner is able to prevent its competitors not merely from using an identical or similar sign, but also from marketing comparable products (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, para. 50).

(iii) the degree of inherent or acquired distinctiveness enjoyed by the invalidity applicant’s sign and the CTM owner’s sign, as well as its degree of reputation, even if this is only residual (judgment of 08/05/2014, T-327/12, ‘Simca’, paras 40, 46 and 49).

(iv) the fact that the national mark on which the CTM owner has based a priority claim has been declared invalid due to bad faith (decision of 30/07/2009, R 1203/2005-1 – ‘BRUTT’).

(v) a request for financial compensation made by the CTM owner to the invalidity applicant if there is evidence that the CTM owner knew of the existence of the earlier identical or confusingly similar sign and expected to receive a proposal for financial compensation from the invalidity applicant (judgment of 08/05/2014, T-327/12, ‘Simca’, para. 72). However, in a previous case, the Court considered that even a seemingly disproportionate request for compensation does not in itself establish bad faith if the invalidity applicant does not provide evidence that the CTM owner could not have been unaware of the existence of the earlier mark. In this particular case, the Court took into account the fact that in 1994, the CTM owner had registered a trade mark identical to the contested CTM in the Spanish Trade Mark Office (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, paras 1-22 and 88).

Finally, the case-law and/or the Office have identified a number of factors that, considered in isolation, are not enough to find bad faith but that, in combination with other relevant factors (to be identified on a case-by-case basis), might indicate the existence of bad faith.

- The fact that an earlier, very similar, CTM was revoked for goods or services in a number of classes is not, in itself, sufficient to allow any conclusions to be drawn as to the CTM owner’s intentions at the time of filing the CTM application for the same goods or services (judgment of 13/12/2012, T-136/11, ‘Pelikan’, para. 45).

- The fact that the application for registration of the contested CTM is filed three months before expiry of the period of grace for the earlier CTMs is not sufficient to counteract factors that show that the CTM owner’s intention was to file a modernised trade mark covering an updated list of services (judgment of 13/12/2012, T-136/11, ‘Pelikan’, paras 50-51).

- The filing of applications for declarations that the invalidity applicant’s marks are invalid constitutes the legitimate exercise of a CTM owner’s exclusive right and

- The fact that, after successfully registering the CTM at issue, the CTM owner serves formal notice on other parties to cease using a similar sign in their commercial relations is not in itself an indication of bad faith. Such a request falls within the scope of the rights attaching to the registration of a CTM; see Article 9 CTMR (judgment of 14/02/2012, T-33/11, ‘BIGAB’, para. 33). However, in circumstances where this request is connected with other factors (e.g. the mark is not being used), it might be an indication of the intention to prevent another party from entering the market.

- The fact that the signs at issue are identical does not establish bad faith where there are no other relevant factors (judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, para. 90). Furthermore, the mere fact that the differences between the CTM at issue and the previous CTM registered by the same proprietor are so insignificant as not to be noticeable to the average consumer cannot establish that the contested CTM is a mere repeat application made in bad faith (judgment of 13/12/2012, T-136/11, ‘Pelikan’, paras 33-34). The evolution over time of a logo intended as the graphic representation of a mark constitutes normal business practice (judgment of 13/12/2012, T-136/11, ‘Pelikan’, para. 36).

3.3.2.2 Factors unlikely to indicate the existence of bad faith

Case-law has identified several factors that, in general, are unlikely to prove bad faith.

- Extending the protection of a national mark by registering it as a CTM falls within a company’s normal commercial strategy (judgment of 14/02/2012, T-33/11, ‘BIGAB’, para. 23; judgment of 01/02/2012, T-291/09, ‘Pollo Tropical chicken on the grill’, para. 58).

- Bad faith cannot be found on the basis of the length of the list of goods and services set out in the application for registration (judgment of 07/06/2011, T-507/08, ‘16PF’, para. 88). As a rule, it is legitimate for an undertaking to seek registration of a mark not only for the categories of goods and services that it markets at the time of filing the application but also for other categories of goods and services that it intends to market in the future (judgment of 14/02/2012, T-33/11, ‘BIGAB’, para. 25; judgment of 07/06/2011, T-507/08, ‘16PF’, para. 88).

- The fact that the owner of several national marks decides to apply for a CTM for only one and not all of them cannot be an indication of bad faith. The decision to protect a mark at both national and Community level is a choice dictated by the proprietor’s marketing strategy. It is not for the Office or the Court to interfere with this choice (judgment of 14/02/2012, T-33/11, ‘BIGAB’, para. 29).

- If a sign enjoys a reputation at national level and the owner applies for a CTM, the extent of the sign’s reputation might justify the owner’s interest in ensuring broader legal protection (judgment of 11/06/2009, C-529/07, ‘Lindt Goldhase’, paras 51-52).

- The act of filing an application for cancellation of the earlier trade mark while opposition proceedings brought on the basis of that earlier trade mark are still
pending is not evidence of bad faith (judgment of 25/11/2014, T-556/12, ‘Kaiserhoff’, para. 12)

3.3.3 Proof of bad faith

Good faith is presumed until proof to the contrary is adduced (judgment of 13/12/2012, T-136/11, ‘Pelikan’, para. 57). The invalidity applicant needs to prove that there was bad faith on the part of the CTM owner at the time of filing the CTM, for example that the CTM owner had no intention of using the CTM or that its intention was to prevent a third party from entering the market. The decisions of the Board of Appeal of 12/07/2013 in the URB cases (R 1306/2012-4, R 1310/2012-4 and R 1309/2012-4, the latter confirmed by judgment of 7/11/2014, T-506/13, ‘URB’) make it clear that bad faith has to be clearly proven by the applicant.

3.3.4 Relation to other CTMR provisions

Whilst Article 8(3) CTMR is a manifestation of the principle that commercial transactions must be conducted in good faith, Article 52(1)(b) CTMR is the general expression of that principle (see the Guidelines, Part C, Opposition, Section 3, Unauthorised Filing by Agents of the TM proprietor (Article 8(3) CTMR)).

3.3.5 Extent of invalidity

When bad faith of the CTM owner is established, the whole CTM is declared invalid, even for goods and services that are unrelated to those protected by the invalidity applicant’s mark. The only exception is where the applicant has directed its invalidity application against only some of the goods and services covered by the contested CTM, in which case a finding of bad faith will invalidate the CTM only for the goods and services that have been contested.

For example, in its decision R 0219/2009-1 (‘GRUPPO SALINI/SALINI’), the Board of Appeal concluded that bad faith had been proven and declared the contested CTM invalid in its entirety, that is to say, also for services (insurance, financial and monetary services in Class 36 and services related to software and hardware in Class 42) that were dissimilar to the invalidity applicant’s building, maintenance and installation services in Class 37.

The General Court confirmed the Board of Appeal’s decision and stated that a positive finding of bad faith at the time of filing the contested CTM could only lead to the invalidity of the CTM in its entirety (judgment of 11/07/2013, T-321/10, ‘Gruppo Salini’, para. 48).

Whereas the Court did not expand on the reasons for this conclusion, it can be safely inferred that it took the view that the protection of the general interest in business and commercial matters being conducted honestly justifies invalidating a CTM also for goods/services that are dissimilar to the invalidity applicant’s ones and do not even belong to an adjacent or neighbouring market.

Therefore, it seems only logical that the invalidity, once declared, should extend to all the goods and/or services covered by the contested CTM, even those that, in a pure Article 8(1)(b) CTMR scenario, would be found to be dissimilar.
4 Relative Grounds for Invalidity

4.1 Introduction

Article 53 CTMR enables proprietors of earlier rights to apply for a declaration of invalidity of a CTM in a range of situations (grounds), which are detailed below.

- The same grounds as in opposition proceedings
  - An earlier trade mark, within the meaning of Article 8(2) CTMR, is identical or similar to the contested CTM and covers identical or similar goods and services or is reputed (Article 53(1)(a) CTMR in conjunction with Article 8(1)(a) or (b) and Article 8(5) CTMR).
  - A trade mark has been filed without authorisation by an agent or representative of its proprietor (Article 53(1)(b) CTMR in conjunction with Article 8(3) CTMR).
    - A non-registered trade mark or other sign used in the course of trade can invalidate a CTM registration if national laws allow the proprietor of the earlier non-registered trade mark or another sign to prohibit the use of the CTM registration (Article 53(1)(c) CTMR in conjunction with Article 8(4) CTMR).

- An additional ground based on another earlier right, to the extent that EU law or national law (including rights deriving from international agreements having effect in a Member State) entitle the proprietor to prohibit the use of the contested CTM (Article 53(2) CTMR), in particular:
  - a right to a name
  - a right of personal portrayal
  - a copyright
  - an industrial property right.

These grounds are further developed below (paragraphs 4.2 and 4.3).

As in opposition proceedings, the proprietor of the contested CTM may require the invalidity applicant to submit proof of genuine use of its earlier trade mark. The particularities regarding the relevant period for assessing genuine use in invalidity proceedings are explained in paragraph 4.4 below.

Finally, the CTMR includes a number of provisions that can be invoked by the CTM proprietor against the invalidity application, depending on the type of earlier right invoked (e.g. whether or not it is an earlier CTM or national trade mark). These provisions are dealt with under paragraph 4.5 below.

4.2 Grounds under Article 53(1) CTMR

4.2.1 Standards to be applied

The substantive conditions for considering an earlier right referred to in Article 53(1) CTMR in conjunction with Article 8 CTMR as a relative ground for a declaration of
invalidity are the same as in opposition proceedings. The practice rules in the Guidelines, Part C, Opposition, in particular Section 2, Double Identity and Likelihood of Confusion; Section 3, Unauthorised Filing by Agents of the TM Proprietor (Article 8(3) CTMR), paragraph 4, Conditions of Application; Section 4, Rights under Article 8(4) CTMR; and Section 5, Trade Marks with Reputation (Article 8(5) CTMR), should be applied accordingly.

4.2.2 Points in time to be considered

4.2.2.1. For the assessment of enhanced distinctiveness or reputation

In line with opposition proceedings, in invalidity proceedings an invalidity applicant relying on enhanced distinctiveness or reputation must prove that its earlier right has acquired enhanced distinctiveness or reputation by the filing date of the contested CTM, taking account, where appropriate, of any priority claimed. In addition, the reputation or the enhanced distinctive character of the earlier mark must still exist when the decision on invalidity is taken.

In opposition proceedings, due to the short time span between the filing of the CTM application and the opposition decision, it is normally presumed that the enhanced distinctiveness or reputation of the earlier trade mark still exists at the time of the decision. In invalidity proceedings, however, the time span can be considerable. In this case, the invalidity applicant must show that its earlier right continues to enjoy enhanced distinctive character or reputation at the time the decision on invalidity is taken.

4.2.2.2. Application based on Article 53(1)(c) CTMR in conjunction with Article 8(4) CTMR

In the event of an application for invalidity based on Article 53(1)(c) CTMR in conjunction with Article 8(4) CTMR, the invalidity applicant must show the earlier sign’s use in the course of trade of more than local significance by the filing date of the contested CTM (or the priority date if relevant). In invalidity proceedings, the applicant also has to prove that the sign was used in the course of trade of more than local significance at another point in time, namely at the time of filing of the invalidity request. This condition stems from the wording of Article 53(1)(c) CTMR, which states that a Community trade mark will be declared invalid ‘where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled’ (decision of 05/10/2004, 606 C, and decision R 1822/2010-2 – ‘Baby Bambolina’, para. 15). Once proved, this requirement is considered still to be fulfilled at the time the decision on invalidity is taken unless there is evidence to the contrary (e.g. a company name is invoked but the company has ceased to exist).

There are further particularities regarding substantiation and admissibility, which are dealt with in the Guidelines, Part D, Section 1, Cancellation Proceedings.

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1See the Guidelines, Part C, Opposition, Section 5, Trade Marks with Reputation (Article 8(5) CTMR).
4.3 Grounds under Article 53(2) CTMR — other earlier rights

A CTM is liable to be declared invalid on the basis of the rights below where use of the trade mark could be prohibited under the Community or national law governing their protection. This is not an exhaustive list of such earlier rights.

Article 53(2) CTMR applies only where the rights invoked are of such a nature that they are not considered typical rights to be invoked in cancellation proceedings under Article 53(1) CTMR (decision of 13/12/2011, 4 033 C, para. 12).

4.3.1 A right to a name/right of personal portrayal

Not all Member States protect the right to a person’s name or portrayal. The exact scope of protection of the right will follow from the national law (e.g. whether the right is protected irrespective of the goods and services the contested mark covers).

The invalidity applicant will have to provide the necessary national legislation in force and put forward a cogent line of argument as to why it would succeed under the specific national law in preventing the use of the contested mark. A mere reference to the national law will not be considered sufficient: it is not for the Office to make that argument on the applicant’s behalf (see, judgment of 05/07/2011, C-263/09 P, ‘Elio Fiorucci’).

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<th>Earlier right</th>
<th>Contested sign</th>
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<td>TELESIS</td>
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<td>R 0134/2009-2</td>
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Right to a name under Austrian law

Under Austrian law (Section 43 AGBG), ‘the person whose right to use his name has been contested or whose name is used without due [cause] to his detriment, infringing his protectable interests, can request the infringer to cease and desist and to compensate any damages. Such protection extends as well to distinctive designations of traders, even if they deviate from the civil name of that trader ... Even if Section 43 AGBG may also apply to a trader’s name, the scope of protection does not go beyond the field of activity of the sign used. The remaining contested services are dissimilar to the services of the earlier right as ... they concern different branches of activity (paras 61-63)’. Thus, the requirements under Austrian law were not fulfilled and the request for invalidity based on Article 53(2)(a) CTMR in conjunction with Austrian law was rejected.
Earlier right | Contested sign | Case No
---|---|---
'MARQUÉS DE BALLESTAR' Nobility title (título nobiliario) | | R 1288/2008-1

Right to a name under Spanish law

In Spain, noble titles are protected under Law 1/1982 as if they were persons’ names. The applicant for cancellation proved that this noble title exists and that it is held by her. The Community trade mark comprises a small coat of arms and the words MARQUÉS DE BALLESTAR in large letters. The wine could not be correctly identified in any business transaction without mentioning the words MARQUÉS DE BALLESTAR. The right conferred by the CTM consists of using this in the following ways: placing it on the product container, putting the product bearing the trade mark onto the market, and using it in publicity (Article 9 CTMR). Consequently, trade mark use is use ‘for publicity, commercial or similar purposes’, within the meaning of Article 7(6) of Law 1/1982. Since these uses are considered by this Law as ‘unlawful intromissions’, the protection provided by Article 9(2) of that same Law would be admissible. This Article allows the adoption of measures to ‘put an end to the unlawful intromission’. The CTM must be declared invalid because its use can be prohibited as a result of a right to a name in accordance with the Spanish legislation on protection of the right to honour, personal and family privacy and own image (para. 14 et seq.).

Earlier right | Contested sign | Case No
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DEF-TEC | DEF-TEC | R 0871/2007-4

Right to a name under German law

The Board considers that ‘what could eventually be protected under § 12 BGB is the name of the cancellation applicant, which is “DEF-TEC Defense Technology GmbH”, but not the sign “DEF-TEC” which is not the cancellation applicant’s name … the registration, and eventual use as a trade mark, of the designation “DEF-TEC” on pepper sprays cannot infringe the right to the cancellation applicant’s name. … § 12 BGB protects the names of physical persons and as there is no absolute prohibition to bear a name which is similar to another person’s name, its protection is limited to cases where the right to the other person’s name is denied or misappropriated … and nothing else applies to the extended application of § 12 BGB to the names of legal persons … The request for declaration of invalidity fails on account of all the earlier rights invoked’ (para. 38 et seq.).
Earlier right | Contested sign | Case No
---|---|---
Personality rights of Michael Jackson |  | R 0944/2012-2
Personality rights of Michael Jackson |  | R 0878/2012-2

Right to a personal portrayal under German law

The request for a declaration of invalidity was based on a right to personal portrayal in Germany according to German national law, namely Sections 823 and 1004 German Civil Code (BGB) in conjunction with Articles 1, 2 of the German Constitution.

The Board finds that the famous person (Michael Jackson) is recognizable in the contested CTM due to the characteristics resulting from the image that are specific to him and the text that accompanies it. This is considered to be use of an image right according to German case-law, which is a special form of general personality rights protected by German law. The Board finds that the cancellation applicants have sufficiently proved that the right to one's own image is a special form of personality rights protected under German Law, that use of the contested CTM by the CTM proprietor infringes Michael Jackson's image and that the cancellation applicants are entitled to prohibit this use according to German law as developed by established German jurisprudence. As a result, the request for a declaration of invalidity of the contested CTM must be upheld in its entirety pursuant to Article 53(2)(b) CTMR.

4.3.2 Copyright

According to Article 53(2)(c) CTMR, a Community trade mark shall be declared invalid on application to the Office where the use of such trade mark may be prohibited pursuant to another earlier right under the Community legislation or national law governing its protection, and in particular copyright.

Pursuant to Rule 37 CTMIR, the application for a declaration of invalidity must contain particulars of the right on which the application is based and particulars showing that the applicant is the proprietor of an earlier right as referred to in Article 53(2) CTMR or that it is entitled under the applicable national law to claim that right.

Although the Community legislator has harmonised certain aspects of copyright protection (see Directive 2001/29/EC of the European Parliament and of the Council of 22/05/2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167, 22/06/2001, pp. 10–19), so far there is no full-scale harmonisation of the copyright laws of the Member States, nor is there a uniform Community copyright. However, all the Member States are bound by the Berne Convention for the Protection of Literary and Artistic Works and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
The invalidity applicant will have to provide the necessary national legislation in force and put forward a cogent line of argument as to why it would succeed under the specific national law in preventing the use of the contested mark. A mere reference to the national law will not be considered sufficient: it is not for the Office to make that argument on the applicant’s behalf (see, by analogy, judgment of 05/07/2011, C-263/09 P, ‘Elio Fiorucci’).

The notion of copyright protection is applicable irrespective of the goods and services the contested mark covers. It merely requires an unauthorised reproduction or adaptation of the protected work or a part thereof in the contested mark. It follows, that similarity for the purposes of the assessment of likelihood of confusion is not the relevant test to be applied.

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<td><img src="image" alt="Flower" /></td>
<td>R 1235/2009-1</td>
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**Copyright under Italian law**

The Board indicates that this ground of invalidity is relative and, therefore, only holders of earlier rights — or other parties, if allowed by the law governing those rights — are entitled to invoke it (Article 56(1)(c) CTMR). The right relied upon here is copyright. Therefore, the party entitled to act is the holder of the copyright in the flower design or another party authorised by the law governing copyright. The invalidity applicant acknowledges that ownership of the copyright in the design ‘belongs to third parties’ (in fact to one third party: Corel Corporation, the graphic design company). The invalidity applicant does not own the right it seeks to rely upon. It solely has the right to use clip art with the flower shape and use it for purely private purposes. The ground was rejected (para. 32 et seq.).

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<td><img src="image" alt="Letter G" /></td>
<td>R 1757/2007-2</td>
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**Copyright under French law**

‘... the mere fact that the stylization of the letter “G” is “simple”, does not exclude its protection under French copyright law ... Indeed, for a work of the mind to be protected, it is sufficient for it to be “original” ... While it is true that the contested CTM is not an exact copy of the earlier work, it must be borne in mind that the partial reproduction and adaptation without the consent of the owner of the copyright is also prohibited. The Board considers this to be the case here. The contested CTM has taken all the essential characteristic features of the prior work: a stand-alone capital “G” in straight, thick, black lines, in a perfectly square flattened shape ... the “G” of the contested CTM is drawn in a thick, black line of equal width and its inner part reaches further inside, than is the case in the prior work. However, the difference in these minor details constitute minimal modifications which do not affect the overlap in the essential characteristic features of the earlier work, namely, a stand-alone capital “G” with a perfectly rectangular form, a flattened shape and thick, black lines ... As the partial reproduction or adaptation of the prior work has been done without the owner’s consent, it is unlawful. Therefore, the contested decision must be annulled and the request for a declaration of invalidity … must be upheld’ (para. 33 et seq.).
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<td><img src="image2.png" alt="Contested sign" /></td>
<td>R 1925/2011-4</td>
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**Copyright under German law**

Pursuant to § 1 of the German Copyright Act, copyright protection is granted to the “authors” of “works of literature, science, or art”. § 2 of the Act lists various types of work considered works of art. Pursuant to §§ 16 et seq., the copyright law protects the author. Under the assumption that the claimed subject-matter constituted a “work” in the sense of those provisions, the cancellation applicant failed to demonstrate and to prove who was its author, and, how the cancellation applicant (a legal person with its seat in Japan) acquired the exclusive rights from the author (paras 12-13). The Board examined each of these aspects. Moreover, it describes the differences between trade mark similarity and copying for the purposes of copyright infringement. The cancellation applicant had mixed up both concepts (paras 22-24).

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<td><img src="image4.png" alt="Contested sign" /></td>
<td>Cancellation Division decision 5377 C (05/03/2012).</td>
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**Copyright protected in the United Kingdom**

Section 1(1)(a) of UK Copyright Designs Patents Act 1988 (“CDPA”) provides that a copyright subsists in original artistic works; Section 4(1) CDPA defines an “artistic work” as “a graphic work, photograph, sculpture or collage irrespective of artistic quality”. Section 4(2) CDPA defines a “graphic work” as including any “painting, drawing, diagram, map, chart … plan … engraving, etching, lithograph, woodcut or similar work”. The Cancellation Division held, at the outset, that the applicants have established that both logos were created by their authors at a time prior to the filing of the CTM. The designs at issue can be considered to meet also the substantive standards of the protection in the UK. The similarities are “original and so marked as to warrant a finding that the one has been copied from the other”, or expressed in other words, similarities are “sufficiently numerous or extensive to justify an inference of copying”. Accordingly, the similarities between the copyrights and the contested CTM are such that they are sufficiently close, numerous and extensive to be rather the result of copying than of coincidence. For the above reasons, the contested CTM must be declared invalid since its use may be prohibited under Section 16(3) CDPA, which applies by virtue of Article 52(2)(c) CTMR (paras 36-49).

### 4.3.3 Other industrial property rights

Other industrial property rights and prior works at national or Community level, such as a Registered Community design (RCD), may be invoked.

The invalidity applicant will have to provide the necessary national legislation in force and put forward a cogent line of argument as to why it would succeed under the specific national law in preventing the use of the contested mark. A mere reference to the national law will not be considered sufficient: it is not for the Office to make that argument on the applicant's behalf (see, by analogy, judgment of 05/07/2011, C-263/09 P, ‘Elio Fiorucci’).
In the case of an RCD there is no need to prove what protection is given under the law. The Cancellation Division will apply the standards of the applicable design law of the European Union.

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<td>(earlier RCD)</td>
<td>(shape of a teabag)</td>
<td>R 2492/2010-2</td>
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*Article 19(1) Council Regulation CDR states that a registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes. According to Article 10(1) CDR the scope of the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression. The earlier RCD and the contested CTM provoke a different overall impression. … Furthermore, it is observed that the earlier RCD introduces additional differences, such as the presence of a remarked base that does not form part of the contested CTM. Consequently, the Board confirms the Cancellation Division finding that the rights conferred by RCD No 241 427 pursuant to Article 19(1) CDR cannot be invoked against the contested CTM* (paras 59-64).

### 4.4 Non-use of the earlier mark

According to Article 57(2) and (3) CTMR, where the earlier mark has been registered for five years or more when the application for a declaration of invalidity is filed, the proprietor of the CTM may request that the proprietor of the earlier mark submit proof that the earlier mark has been put to genuine use in the EU in connection with the goods or services for which it is registered or that proper reasons for non-use exist.

According to Rule 40(6) in conjunction with Rule 22(3) CTMIR, the indications and evidence for submitting proof of use must consist of indications concerning the place, time, extent and nature of use of the earlier trade mark for the goods and services for which it is registered and on which the application for a declaration of invalidity is based.

The practice rules applicable to the substantive assessment of proof of use of earlier rights in opposition proceedings are applicable to the assessment of proof of use in invalidity proceedings (see the Guidelines, Part C, Opposition, Section 6, Proof of Use, paragraph 2). In particular, when the CTM proprietor requests proof of use of the earlier rights, the Office will examine whether, and to what extent, use has been proved for the earlier marks, provided this is relevant for the outcome of the decision.

Finally, there is a particularity to be taken into account in the assessment of proof of use in the context of invalidity proceedings. It regards the relevant time of use. Pursuant to Article 57(2) CTMR in conjunction with Article 42(2) CTMR, in contrast to opposition proceedings, there are two relevant periods during which use has to be established.
• In all cases when the earlier trade mark was registered for more than five years prior to the application for invalidity: the period of five years preceding the date of filing of the application for a declaration of invalidity (first relevant period).

• Additionally, in cases when the earlier mark was registered for at least five years on the date on which the contested CTM application was published: the period of five years preceding the date of publication of the application for the contested CTM (second relevant period).

These two relevant periods do not necessarily overlap: they may totally or partially overlap or follow on from each other (with or without a gap).

4.5 Defences against an invalidity application based on relative grounds

4.5.1 Consent to registration

According to Article 53(3) CTMR, the CTM may not be declared invalid if the owner of the earlier right consents expressly to the registration of the CTM before filing the application for a declaration of invalidity.

Consent does not have to be given before the date of registration of the CTM. It is sufficient if it is given before the application for invalidity is filed. For these purposes, the Office will take into account, for instance, a contract to this effect between the parties.

Evidence of express consent must take the form of a statement (and not of conduct). The statement must come from the applicant (and not from third parties). The consent must be 'express' (and not implicit or presumed) (decision of 23/07/2009, R 1099/2008-1, para. 46). The burden of proof for such consent lies with the CTM proprietor.

The peaceful co-existence of the marks on the market cannot take the place of the 'express consent' of the right holder for the purposes of Article 53(3) CTMR. Furthermore, the co-existence agreement cannot be interpreted in such a way as to extend beyond its scope without the express consent of the parties (see judgment of 03/06/2015, T-544/12 and T-546/12, Pensa Pharma', paras 40 and 50).

Merely withdrawing an opposition unilaterally does not necessarily imply that the opponent consents to the registration of the CTM (decision of 14/10/2008, R 0946/2007-2 and R 1151/2007-2, 'VISION', para. 26). Therefore, the Office will analyse the circumstances under which withdrawal has been made (see examples below, namely judgment of 03/06/2015, T-544/12, T-546/12, Pensa Pharma', decision R 946/2007-2, R 1151/2007-2, 'VISIONIC')

4.5.1.1 Examples rejecting the claim of consent to registration
Earlier right | Contested sign | Case No
--- | --- | ---
PENTASA | PENSA PHARMA | T-544/12, T-546/12

In the present case, in the letters sent to OHIM and to the applicant, the interveners expressly stated that the withdrawal of the oppositions would be followed up with applications for a declaration of invalidity once those marks were registered. The Court concluded that in those circumstances, the withdrawals in question cannot be interpreted as being tantamount to the interveners’ express consent, for the purposes of Article 53(3) of Regulation No 207/2009, to the registration of the contested marks. That withdrawal does not, in law, have any effect on the lawfulness of the filing of a future application for a declaration of invalidity. There is no provision in the CTM Regulation that provides, at least expressly, that the withdrawal of an opposition entails the renunciation of the right to file an application for a declaration of invalidity (paras 43-45).

The Court also stated that there is no consent to the extension of the coexistence agreement to the contested mark and goods (para 51). The mark to which the coexistence agreement relates and the contested figurative mark are different, with the result that coexistence agreement cannot apply to the latter mark, to which it does not relate, and which is not, in any event, identical to the mark covered by the agreement (para 53).

### 4.5.1.2. Examples accepting the claim of consent to registration

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In the present case the cancellation applicant made the express offer ‘to withdraw the opposition’ in exchange for the limitation of the list of goods applied for on the part of the proprietor. The Board of Appeal noted that the unequivocal offer, corresponding to the subsequent limitation of the list of goods, became legally binding as soon as it was accepted by the proprietor. It was conclusively executed by the express, unconditional (once the condition of the limitation had been fulfilled) and unequivocal withdrawal of the opposition filed by the cancellation applicant. Taking into account the foregoing, the Board concluded that the cancellation applicant consented expressly and unequivocally to the registration of the contested CTM, which therefore should not have been declared invalid by the contested decision pursuant to Article 52(3) CTMR (paras 27, 30 and 31).

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<th>Earlier right</th>
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<tr>
<td>SKYROCK</td>
<td>SKYRADIO</td>
<td>R 1736/2010-2</td>
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The CTM proprietor argued that by virtue of the coexistence agreement, the cancellation applicant had effectively consented to the registration of the contested CTM pursuant to Article 53(3) CTMR. BoA examined the coexistence agreement and the interpretation thereof by the French courts. It concluded that the French courts construed the coexistence agreement as conferring a right on the part of the CTM proprietor to register marks, other than ‘SKYROCK’ and ‘SKYZIN’, that contain the prefix ‘SKY’. ‘That agreement has a worldwide scope of application and therefore applies to Community trade mark applications or registrations, such as the one in dispute in the present case’ (para. 32).
4.5.2 Earlier applications for declaration of invalidity or counterclaims

According to Article 53(4) CTMR, where the proprietor of an earlier right has previously made an application for a declaration of invalidity of a CTM or has made a counterclaim for invalidity in infringement proceedings on the basis of rights in Article 53(1) or (2) CTMR before a Community trade mark court, it may not submit a new application for a declaration of invalidity on the basis of other rights referred to in Article 53(1) or (2) CTMR that it could have invoked in the original proceedings.

This means that in practice, the Office will reject as inadmissible, in its entirety, any new application filed by the proprietor of an earlier right referred to in Article 53(1) or (2) CTMR or by its successor in title, where such an application is based on other rights provided for in said article(s), which could have been claimed in the original proceedings but were not. This applies, irrespective of whether the new application is directed against the same and/or other goods/services than the ones initially contested.

Such an approach follows from the general principles of legal certainty and legitimate expectations which require that the application of the law to a specific situation be predictable and the interests of a CTM proprietor protected against any subsequent ‘attacks’ from the same applicant (or its successor in title), which should not be allowed to circumvent the prohibition established by Article 53(4) CTMR by submitting new application(s) for a declaration of invalidity on the basis of rights which were available to it at the moment of the original proceedings.

As regards counterclaims, although Article 100 CTMR imposes an obligation on Community trade mark courts to notify the Office of the initiation of counterclaims for invalidity and their outcome, in practice this is not always done. A CTM proprietor wishing to rely on the defence provided for by Article 53(4) CTMR must submit evidence from the national court to support its claim.

4.5.3 Acquiescence

According to Article 54 CTMR, where the proprietor of an earlier CTM or national trade mark has acquiesced in the use of the CTM for a period of five successive years, while being aware of the use, the CTM is not liable to be declared invalid, unless registration of the later CTM was applied for in bad faith.

The aim of Article 54 CTMR is to penalise the proprietors of earlier trade marks who have acquiesced, for a period of five successive years, in the use of a later Community trade mark while being aware of such use, by excluding them from seeking a declaration of invalidity or by opposing the use of that trade mark, which will then therefore be able to coexist with the earlier trade mark (judgments of 28/06/2012, T-133/09 and T-134/09, ‘B. Antonio Basile 1952’, para. 32).

The burden of proof is on the proprietor of the contested CTM to show that:

- the contested CTM was used in the European Union (or in the Member State where the earlier trade mark is protected) during a period of at least five successive years;
- the invalidity applicant was aware of this or could reasonably be presumed to be aware of it;
- although the invalidity applicant could have stopped the use, it nevertheless remained inactive. This is not the case where there was a licence or distribution...
relationship between the parties, so that use by the CTM proprietor was for goods it lawfully obtained from the invalidity applicant (judgment of 22/09/2011, C-482/09, ‘Budweiser’, para. 44; decision of 20/07/2012, R 2230/2010-4).

All three conditions must be fulfilled. If they are, the limitation on acquiescence will apply only to the contested goods or services for which the later CTM has been used.

The period of limitation in consequence of acquiescence starts running from the time when the proprietor of the earlier trade mark becomes aware of the use of the later CTM. That date must necessarily be later than that of registration of the CTM, that is to say, when the rights in a CTM are obtained and it is used as a registered trade mark on the market with third parties therefore being aware of its use. It is at this point that it has the option of not acquiescing in its use and, therefore, opposing it or seeking a declaration of invalidity of the later trade mark (judgment of 28/06/2012, T-133/09 and 134/09, ‘B. Antonio Basile 1952’, para. 33, judgment of 23/10/2013, T-417/2012, ‘Aqua Flow’, para. 21).

An example of where the proprietor could reasonably be presumed to be aware of the use of the contested CTM is where both proprietors have exhibited goods or services under the respective marks at the same event.

Article 54 CTMR is not applicable when the contested CTM was filed in bad faith. This exception will only be considered if it is argued and proven by the applicant.

4.5.3.1 Examples rejecting the acquiescence claim

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<tr>
<th>Earlier right</th>
<th>Contested sign</th>
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<tr>
<td>BASILE</td>
<td><img src="image" alt="Antonio Basile 1952" /></td>
<td>T-133/09 and T-134/09 (C-381/12 P dismissed the action)</td>
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The appeal applicant did not adduce ‘any evidence capable of establishing when the intervener became aware of the use of the contested trade mark after its registration. It merely stated that the contested trade mark had been used for more than five years in Italy and that the intervener must have been aware of that use. Nevertheless, … less than five years had elapsed between the date of registration of the contested trade mark and the date when the application for a declaration of invalidity was filed, as use of that mark prior to its registration is not relevant since it had not yet been registered’ (para. 34).

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<td>DIABLO</td>
<td>DIABLO</td>
<td>R 1022/2011-1</td>
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In the case at hand, the contested Community trade mark was registered on 11 April 2007 and the request for invalidity was filed on 7 July 2009. Thus, the contested mark had been registered as a Community trade mark for less than five years. Given that one of the conditions provided for in Article 54(2) CTMR is not fulfilled, the Board concludes that the Cancellation Division was right in holding that the applicant has not acquiesced in the use of the CTM’ (paras 25-26).
Earlier right | Contested sign | Case No
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AQUA FLOW | AQUA FLOW | R 2230/2010-4
(confirmed by T-417/12)

The late evidence [filed] by the CTM proprietor shows that in 2005 “AQUA FLOW” branded products were being distributed by various companies in Spain including Hydro Sud. It is claimed that the cancellation applicant was aware of that use. The CTM proprietor furnished three invoices to third companies located in Spain: “Hydro Sud”, “Tonocolor SL Hydro Sud” and “H2O Problematica del Agua”. These invoices are dated 18 June 2004, 31 May 2005 and 31 July 2006 and contain headings with a representation of the mark “AQUA FLOW”. However, all these invoices postdate May 2004 (five years before the date of the cancellation request (May 2009)). Under the assumption that the cancellation applicant had knowledge of them, or of the underlying commercial transactions, this would not be enough for the finding that there was an uninterrupted period of five years preceding the cancellation request in the meaning of Article 54(2) CTMR (paras 21-22). Therefore, the CTM proprietor’s claim of acquiescence was dismissed.

PURELL | PURELL | R 1317/2009-1

‘Article 54(2) CTMR requires that the contested Community trade mark be used for five successive years in Germany and that the cancellation applicants have acquiesced in this use for this period. In the present case, the arguments and materials submitted by the parties do not allow for the conclusion that the contested mark was used in Germany and that the cancellation applicants could reasonably be presumed to be aware of that use and to have acquiesced, for five successive years, in that use … the sole elements that would suggest some connection with Germany and on which the CTM proprietor relies primarily on appeal (i.e. the figures related to the unique local distributor and the Internet excerpts examined in light of the correspondence of 2001 between the parties) are insufficient to hold that the cancellation applicants have acquiesced in the long and well-established honest use of the contested mark in Germany’ (para. 47).

BONA SYSTEMS | BONA | R 0267/2014-2

The request for invalidity is based on the earlier UK trade mark registration. There was no dispute as to the fact that there was a verbal coexistence agreement in force concerning the United Kingdom from 2004 onwards (although there was no agreement as to its exact content). The Board indicates that as long as there existed coexistence agreement between the parties, the cancellation applicant had no reason to prohibit this use of the latter CTM.

In the present case the moment in time when the proprietor of the earlier trade had the option of not acquiescing in the use of the contested CTM could be 16/02/2010, when, according to the cancellation applicant, the verbal agreement between the parties was breached and ceased. There is no evidence that the cancellation applicant had this option earlier. The application for a declaration of invalidity was filed on 11/07/2012 and, therefore, less than five successive years had passed between the end of the verbal agreement, in other words, from the moment when the cancellation applicant gained the option of not acquiescing in the use of the contested CTM, and the application for a declaration of invalidity (para 31, 32, 33).
4.5.3.2 Examples (partially) accepting the acquiescence claim

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<tr>
<td>CITYBOND</td>
<td>CITIBOND</td>
<td>R 1918/2011-5 (appeal withdrawn; the Cancellation Division decision has become final)</td>
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Taking the evidence as a whole, it showed that all the conditions for acquiescence were met for some of the contested services. In particular, the exchange of letters between the parties showed that the applicant was aware of the existence of the CTM 'CITIBOND' for some of the services. Moreover, the extracts and the statutory declaration (2003) included in proceedings in the UK, and the rest of the financial information, demonstrated that the applicant was conscious of the use of the CTM 'CITIBOND' in the UK, bearing in mind that the financial market is very specific and highly specialised.

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<td>Ghibli Et al</td>
<td>Ghibli</td>
<td>R 1299/2007-2</td>
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The cancellation applicant acknowledged that he was aware of the use of this sign, in Italy. The legal issue was whether — for the purposes of applying Article 53(2) CTMR — the cancellation applicant also had to be aware of the legal status of the sign used, namely, that it had been used as a registered CTM in Italy. In the Board's view, Article 53(2) CTMR cannot be interpreted to require the CTM proprietor to prove — in addition to the five years' concurrent use, knowingly tolerated by the proprietor of the earlier right — that the cancellation applicant also knew, for at least five years, that the later mark was protected as a CTM. What matters in this context is the objective circumstance that the sign (the use of which has been knowingly tolerated by the cancellation applicant), must have existed, for at least five years, as a CTM. In view of the evidence in the file, it was proven that when the request for a declaration of invalidity was filed, the cancellation applicant had been aware and tolerated the use of the contested CTM in Italy for more than five years, irrespective of whether or not he was aware of the fact of registration (para. 35 et seq.).

5 Res Judicata

Pursuant to Article 56(3) CTMR, in addition to the particular defences that a CTM proprietor may raise against an application for a declaration of invalidity or against a revocation application (see sections above), an invalidity or revocation application is inadmissible if an application relating to the same subject matter and cause of action, involving the same parties has been adjudicated on by a court in a Member State and a final decision has been taken. This is the so-called 'triple-identity' requirement.

Although Article 56(3) CTMR refers only to final decisions of national courts, the same applies, by analogy and taking into account Article 83 and Article 100(2) CTMR, to cases where there is a final decision of the Office or the Court of Justice of the European Union on another cancellation application on the same subject and cause of action involving the same parties (decision of 30/09/2009, 3 458 C, para. 10).

The defence of res judicata only applies where there is a previous final decision on the substance in a counterclaim or cancellation application. The bar to admissibility does not apply, for instance, when a cancellation application was withdrawn before the corresponding decision became final (decision of 12/05/2014, R 1616/2013-4, para. 13) or when the previous final decision declared the application inadmissible (e.g. because the contested CTM was not yet registered) and did not adjudicate on the substance.
(i) Same subject matter
Res judicata does not apply to a request for revocation where the previous final decision refers to another request for revocation submitted on a different date. This is because the points in time at which the circumstances leading to the revocation have to be established (lack of use, CTM becoming generic or subject to misleading use) are different and the subject matter cannot therefore be deemed to be the same (decision of 31/01/2014, T 333 C, judgment of 15/07/2015, T-398/13, ‘Tvr Italia’, para 39).

(ii) Same cause of action
A prior decision by the Office in opposition proceedings between the same parties and relating to the same mark does not preclude a later cancellation request based on the same earlier rights (judgment of 14/10/2009, T-140/08, ‘TiMiKinderjoghurt’, para. 36, appeal to the Court dismissed, judgment of 22/11/2011, T-275/10, ‘MPAY24’, para 15., and judgment of 23/09/2014, T-11/13, ‘MEGO’, para. 12), since the cause of action is different. However, a different outcome in invalidity or revocation proceedings is unlikely to arise except where one or more of the following conditions is fulfilled.

- New facts are proven (e.g. proof of use or reputation of the earlier mark, not made available during opposition proceedings).
- The manner in which key legal assessments are made has changed (e.g. with regard to the standards for assessing likelihood of confusion), for example as a result of intervening judgments of the Court of Justice of the European Union.

(iii) Same parties
The triple identity required by res judicata also means that the parties to both proceedings (the one in question and the one that led to the previous final decision) have to be the same. The notion of ‘the same parties’ also covers successors in title and authorised licensees. In other words, res judicata applies if the party in the second action is the successor in title or an authorised licensee of the party in the first case.