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

Some paragraphs of this part of The Guidelines were revised and updated, namely General Remarks (**paragraph 1**), Revocation due to non-use of the CTM (**paragraphs 2.1 and 2.2**), **Paragraph 3.3** (Bad faith as an absolute ground for invalidity) and Relative Grounds for Invalidity (**paragraph 4**). Res Judicata, as far as relative grounds are concerned, has also been revised (**paragraph 5**).

The remaining paragraphs dealing with Revocation due to marks becoming generic or misleading (**paragraphs 2.3. and 2.4**) and Absolute grounds for invalidity (**paragraph 3, with the exception of paragraph 3.3**) will be revised within Work Package 2.

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1 General Remarks

1.1 The grounds for cancellation

Pursuant to Article 56(1) CTMR, the term 'cancellation proceedings' comprises 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 of 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 on Trade Mark Practice, Part D, Section 1 Cancellation Proceedings, Sections 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to Article 55(1) CTMR, in the event of **revocation**, and to the extent that the rights of the proprietor have been revoked, the CTM will be deemed not to have the effects specified in the CTMR as from the date of the application for revocation.

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 3349C 'ALPHATRAD').

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 only in respect of some of the registered goods and services, the CTM proprietor's rights will be revoked only in respect of those goods and services.

2.2 Non-use

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 on Trade Mark Practice, Part D, Section 1 Cancellation Proceedings.

The practice rules applicable to the **substantive assessment** of proof of use of earlier rights in opposition proceedings are applicable to the assessment of requests for revocation based on non-use (see the Guidelines Concerning Opposition – Proof of Use, Part 6 – Section II Substantive Law). However, there are a number of particularities to be taken into account in the context of revocation proceedings. The present section will concentrate on these particularities.

2.2.1 Onus 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* the 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 shall 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 Concerning Opposition – Proof of Use, Part 6 – Section II Substantive Law 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**.

Case No	Comment
R 1857/2011-4 AQUOS	The CTM is 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.

2.2.3 Period to be taken into account

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 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 may be filed (Article 51(1)(a) CTMR).

The onus 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 Concerning Opposition – Proof of Use, Part 6 – Section II Substantive Law and in particular section 11 should be followed.

Case No	Comment
R 920/2009-1 ZATAMIL	The approval process before the Australian Therapeutic Goods Association pursuant to the Australian Therapeutic Goods Act (AGTA) is **an administrative obstacle** with a sufficiently direct relationship with a trade mark **making its use impossible or unreasonable**, and which arises independently of the will of the proprietor of that mark. The proprietor requested AGTA to reclassify the 'ZATAMIL' product as an over the counter medicine, but this was refused because AGTA considered that the product was a relatively potent steroid with potential for systematic adverse side effects. Once approval is obtained, the proprietor has stated that it intends to market a *topical dermatological preparation* under the ZATAMIL trade mark. The documents relating to the approval process all show that approval has been sought only for such a preparation. Accordingly, proper reasons for non-use were considered to have been given for those goods which include topical dermatological preparations. Reasons for non-use were excluded for those goods which do not include topical dermatological preparations (para. 19 *et seq.*)

Case No	Comment
R 2412/2010-1 Lifebeam	BoA reiterates that the concept of proper reasons must refer to circumstances unconnected with the trade mark owner which prohibits it from using the mark, rather than to circumstances associated with the **commercial difficulties** it is experiencing. Therefore, the financial difficulties on the part of the CTM proprietor and the economic recession of 2001 cannot excuse the lack of use as they **constitute normal risks** inherent to the operation of a commercial venture (paras 24-25). The CTM proprietor argues that the development of a 'proton therapy center' can only be completed within a minimum of ten years (page 3 of its submissions to the Cancellation Division dated 31/03/2010). This statement is contradicted by the CTM proprietor itself […]. In any event, this is again a business risk that does not constitute a valid excuse (paras 26-27)

2.2.5 Examples

2.2.5.1 Examples of revocation cases where the application for revocation was upheld

Case No	Comment
T-427/09 CENTROTHERM (confirmed by C-609/11P)	To show genuine use of its mark, the CTM proprietor submitted the sworn statement of its manager, four invoices and fourteen digital photographs. The Court indicated that it was the interaction between the probative value of the photographs and the four invoices which led the Board of Appeal to find that the genuine use of the CENTROTHERM mark had been proven. The Court examined whether the overall assessment of the photographs and the four invoices leads to the conclusion that the mark at issue has been put to genuine use. The Court concluded that 'There is no limit on the methods and means of proving genuine use of a mark. The Court's finding that genuine use has not been proven in the present case is not attributable to an excessively high standard of proof, but because the intervener chose to restrict the evidence adduced. … The Cancellation Division received poor quality photographs of objects whose Article numbers do not correspond to the articles which, according to the few invoices submitted, were sold. Moreover, those invoices cover a short period and show sales of a minimal value as compared with those which the intervener claims to have achieved. It must also be noted that the intervener confirmed during the hearing that there was no direct link between the invoices and the photographs which it had submitted to OHIM' (para. 46).

Case No	Comment
R 1211/2010-1 BREEZE	The CTM proprietor did not submit any conclusive documents regarding the use of the trade mark 'BREEZE' for the contested *transport services; travel arrangements* in Class 39. To prove the use of the mark for these kinds of services, documents such as copies of bookings, flight schedules, boarding passes, receipts of incoming or outgoing merchandise, for the hiring of helicopters, insurance copies, contracts with flight personnel, advertising, etc. would have been expected. However, none of these were submitted. Taking this into account, the Board shared the Cancellation Division's finding that the evidence submitted does not prove that the contested CTM was genuinely used in the European Union. … The evidence shows use of the term as an abbreviation of a company name and not as an indication of origin for the contested services in Class 39. It does not demonstrate the creation of a market share for the contested services to which, essentially, the evidence does not even relate. The evidence does not show such an activity related to the trade mark 'BREEZE' or that the relevant European public has been exposed to the CTM at all (paras 33-34).

Case No	Comment
R 1924/2010-2 LITTLE BUDDHA CAFÉ	'… it is not sufficient for genuine use of the mark to appear probable or credible; actual proof of that use must be given. In the present case … to conclude that the CTM in question has been used as a trade mark for the relevant goods and services and in particular for restaurant services in accordance with the essential function of a mark, that is, to guarantee the identity of the origin of the goods or services by creating or preserving an outlet for those goods or services, requires assumptions to be made that are simply not supported by the evidence.' '… the evidence filed before the Cancellation Division is of clearly insufficient probative value, in particular as far as the extent of use is concerned, and it cannot, therefore, support a finding that the Community trade mark was genuinely used during the relevant period in connection with any of the relevant goods and services' (paras 27-28).

2.2.5.2 Examples of revocation cases where the application for revocation was rejected

Case No	Comment
R 564/2010-4 STORM	'…the CTM proprietor explained that leather jackets and trousers were marketed under the challenged CTM in the Czech Republic with its consent by the local distributor in exchange of the payment of the proportional royalties (documented by invoices issues by the CTM proprietor to the distributor in 2004, 2005, 2006 and 2007). The evidence also includes hand-written invoices issued by the Czech distributor displaying the trade mark, photos of the relevant products (trousers and jackets all appear to be made of leather) with the trade mark put on it and a letter of the distributor that indicates 'leather jackets, leather trousers, waistcoats and leather skirts' as goods sold by them under the challenged trade marks in the Czech Republic and a list of three shops in Praha (Prague). The evidence submitted is sufficient to prove the genuine use of the trade mark for leather jackets and leather trousers in the Czech Republic within the relevant time period' (paras 19-20).

Case No	Comment
R 1246/2010-1 LOUIS BOSTON	The Board examined in detail each of the criteria for establishing genuine use: place, time, extent and nature of use of the earlier trade mark. The Board concluded that the CTM proprietor had proved genuine use of its mark within the relevant period in relation to *footwear*. The conditions set out by the case-law establishing what is to be understood as 'genuine use' were fulfilled by the CTM proprietor. Concretely, the trade mark was used publicly and outwardly and the use did not constitute token use for the sole purpose of preserving the rights conferred by the mark (para. 33).

2.3 CTM becoming a generic term

Revision within WP2

2.4 CTM becoming misleading

Revision within WP2

3 Absolute grounds for invalidity

3.1 CTM registered contrary to Article 7

Revision within WP2

3.2 Defence against a claim of lack of distinctiveness

Revision within WP2

3.3. Bad faith

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

3.3.1 Relevant point in time

The relevant 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, point 3 below).

- 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 relating to whether the owner has used the mark since registration (see paragraph 3.3.2.1, point 3 below).

3.3.2 Concept of bad faith

As observed by Advocate General Sharpston (opinion of 12/03/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli'), 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').

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, 'Chocoladenfabriken Lindt & Sprüngli', para. 60; similar decision of 01/04/2009, R 529/2008-4 – '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. Whereas the fact that marks are identical or confusingly similar is not in itself sufficient to show bad faith (re 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, while knowledge may be presumed to exist ('must know') 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, 'Chocoladenfabriken Lindt & Sprüngli', para. 39). On the other hand, a presumption of knowledge is less likely when 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).

   A finding of bad faith based on the knowledge of the existence of an earlier sign might also be justified when the CTM was applied for in respect of goods or services which, although dissimilar (i.e. with reference to the *Canon* criteria) to those covered by the invalidity applicant's sign, can be considered as belonging to a neighbouring/adjacent market and thus to an area into which the invalidity applicant's sign can be reasonably expected to be extended. On the other hand, the more removed the goods or services of the CTM are from those in respect of which the invalidity applicant's sign is used, the more unlikely a finding of dishonest conduct and, therefore, of bad faith would be (although, depending on the overall circumstances of the case, a finding of bad faith could be envisaged also in respect of goods or services which are far removed from those in respect of which the invalidity applicant's sign is used and where it is shown that the invalidity applicant's sign is reputed and that the CTM owner's aim was to unduly benefit from this reputation).

Knowledge is not sufficient in itself to support a finding of bad faith (judgment of 11/06/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli', paras 40, 48 and 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).

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 3.3.2.1, point 3(b) 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, 'Chocoladenfabriken Lindt & Sprüngli', para. 42). Again, several factors can be relevant. See, for example, the following case scenarios:

   (a) 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, 'Chocoladenfabriken Lindt & Sprüngli', para. 44).

   On the other hand, 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 MS in which the owner generates turnover from goods marketed under the mark (judgment of 14/02/2012, T-33/11, 'BIGAB', paras 20, 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 to 87). 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.

   (b) One example of a situation which 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 13/02/2012, 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 13/02/2012, T-136/11, 'Pelikan', paras 36 et seq.).

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 and the commercial logic underlying the filing of the application for registration of that sign as a CTM (judgment of 14/02/2012, T-33/11, 'BIGAB', paras 21 et seq.).

(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 competitors' 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 his competitors not merely from using an identical or similar sign, but also from marketing comparable products (judgment of 11/06/2009, C-529/07, 'Chocoladenfabriken Lindt & Sprüngli', para. 50).

(iii) The degree of inherent or acquired distinctiveness enjoyed by the invalidity applicant's sign and the CTM owner's sign.

(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').

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. However, it cannot be excluded that, when they are combined with other factors, the result of the overall assessment might be a finding of 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 OHIM 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, 'Chocoladenfabriken Lindt & Sprüngli', paras 51 and 52).

- 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 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).

- The mere fact that the differences between the CTM at issue and the invalidity applicant's sign 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 13/02/2012, T-136/11, 'Pelikan', para. 34). The evolution over time of a logo intended as the graphic representation of a mark constitutes normal business practice (judgment of 13/02/2012, T-136/11, 'Pelikan', para. 36).

- 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 13/02/2012, T-136/11, 'Pelikan', para. 46), since it was filed five years before the revocation action was launched.

- 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 13/02/2012, T-136/11, 'Pelikan', paras 50 and 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 cannot in itself prove any dishonest intent on its part (judgment of 13/02/2012, T-136/11, 'Pelikan', para. 66).

- A request for compensation made by the CTM owner to the invalidity applicant (even a seemingly disproportionate compensation) does not in itself establish bad faith (judgment of 01/02/2012, T-291/09, 'Pollo Tropical CHICKEN ON THE GRILL', para. 88).

- 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).

- Concurrent use of the marks over a long period (several years) prior to the contested application without any attempts by the invalidity applicant, who knew

about the CTM owner's use, to stop that use, might be an indicator that the CTM owner was not in bad faith.

3.3.3 Proof of bad faith

Good faith is presumed until proof to the contrary is adduced (judgment of 13/02/2012, 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.

3.3.4 Relation with 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 page 4 et seq. of the Manual on 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.

For example, the Board of Appeal, in its decision of 21 April 2010 in Case, R 219/2009-1 'GRUPPO SALINI/SALINI', having concluded that bad faith had been proven, declared the total invalidity of the contested CTM also in respect of services (i.e. insurance, financial and monetary services in Class 36 and software and hardware-related services in Class 42) which were dissimilar from the invalidity applicant's building, maintenance and installation services in Class 37.

The General Court, in its judgment of 11 July 2013 in case T-321/10, confirmed the above decision of the Board and shared the view, put forward by the Office in its Response, that a positive finding of bad faith at the time of filing of the contested CTM could only lead to the total invalidity of the latter.

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 in respect of goods/services that are dissimilar from the invalidity applicant's ones and do not even belong to an adjacent or neighbouring market.

Whereas more case-law from the Court is needed in order to clarify certain aspects of bad faith and in particular its scope of application, it should be noted that, to the extent that bad faith punishes conducts that are contrary to accepted principles of ethical behaviour or honest commercial and business practices, it is only logical that the invalidity, once declared, should extend to all the goods and/or services covered by the contested CTM, even those which, in a pure Article 8(1)(b) 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:
    - 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)/(b) and Article 8(5) CTMR)
    - A trade mark which 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).
    - 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 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 (Sections 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 Section 4.4.

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

4.2 Grounds under Article 53(1) CTMR

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 Concerning Opposition, in particular, Part 2 (Identity and Likelihood of Confusion), and in the Manual Concerning Opposition, in particular, Part 3 (Trade Mark Filed by an Agent), Part 4 (Non-registered Rights), Part 5 (Trade Marks with Reputation) should be applied accordingly.

4.2.1 Particularities of invalidity proceedings – relevant point in time

4.2.1.1. For the assessment of enhanced distinctiveness or reputation

In line with opposition proceedings, in invalidity proceedings an invalidity applicant 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[1]. 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.

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

In case of an application for invalidity based on Article 53(1)(c) 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), and that the use **continued over time**. 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 shall 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' (see decision of the Cancellation Division of 05/10/2004, No 606 C, 'ANKER', and decision R 1822/2010-2 'Baby Bambolina', para. 15). Once proved, this requirement is considered to still 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).

Additionally, there are a number of particularities regarding **substantiation and admissibility** which are dealt with in the Guidelines on Trade Mark Practice, Part D, Section 1 Cancellation Proceedings.

[1] See Manual Concerning Opposition – Part 5 Trade Marks with Reputation.

4.2.2 Examples

4.2.2.1 Article 53(1)(a) CTMR in conjunction with Article 8(1)(a)/(b) CTMR

Earlier right	Contested sign	Case No
REBELLION	Biolith Rebellion	R 0792/2011-4
'The conflicting goods are identical and similar and the signs are visually, aurally and conceptually similar to an average degree. The inherent distinctiveness of the earlier mark is average. As the earlier mark is completely included in the contested sign, this leads to the finding of a likelihood of confusion. The contested Community trade mark may be perceived by relevant consumers as a mere variant of the 'REBELLION' mark, or vice versa (judgment of 30/06/2004, T-186/02, 'Dieselit', par. 57). The Cancellation Division, therefore, correctly held that there is a likelihood of confusion on the part of the relevant public (para. 39).' Therefore, the invalidity action was successful.		

Earlier right	Contested sign	Case No
BYGGLOV	BYGGLO	R 1442/2011-4
'In view of the similarity between the goods and services and the high visual and phonetic similarity of the signs, the contested decision rightly held that there exists a likelihood of confusion, which includes a likelihood of association, in the mind of the relevant consumer who must be deemed to be reasonably well-informed and circumspect. Therefore, the relevant public might think that the services in Class 38 and the goods in Class 9 come from the same or economically-linked undertakings' (para. 23). Therefore, BoA dismissed the appeal requesting that the CTM remain registered not only for the services in Classes 35 and 42 but also for *providing user rights and access to computer programs in the form of search engines for the building and real estate sector; providing user rights and access for searching in databases for the building and real estate sector* in Class 38.		

Earlier right	Contested sign	Case No
	ELCO	R 2561/2010-2
Bearing in mind 'the partial identity and similarity of the relevant services covered by the marks, the visual similarity and the aural identity of the signs, which make the signs highly similar overall … it must be concluded … that the targeted Benelux consumers, despite their higher than average degree of attention in the purchase of the services concerned, may believe that the relevant contested services come from the cancellation applicant's company or an economically-linked company (para. 46). Therefore, the appeal was dismissed.		

4.2.2.2 Article 53(1)(a) CTMR in conjunction with Article 8(5) CTMR

Earlier right	Contested sign	Case No
CAT 	RAMKAT	R 0093/2009-1
'The fields of the goods and services where the relevant consumers are in contact with the trade marks at issue are identical, namely, the construction and engineering area. The signs do not differ significantly in the word element 'CAT/KAT' and the element 'RAM' being descriptive for the goods and services at issue must be disregarded. Therefore, taking into account that there is likely to be a link made in the relevant consumer's mind between the marks at issue, and bearing in mind the reputation and distinctiveness of the 'CAT' brands on the European market, it seems highly plausible that the contested mark will 'ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image'' (para. 49). Since the requirements for the application of Article 8(5) CTMR were satisfied, namely detriment to the distinctive character of the earlier mark, the infringement of that provision was founded.		

Earlier right	Contested sign	Case No
RSC-ROYAL SHAKESPEARE COMPANY  Non-registered word mark ROYAL SHAKESPEARE COMPANY	ROYAL SHAKESPEARE	T-60/10
'As the contested trade mark is exclusively made up of the central and distinctive element of the earlier trade mark, namely the expression 'Royal Shakespeare', the signs at issue are visually, phonetically and conceptually similar. Therefore, the average consumer will establish a link between those signs' (para. 29). The Board of Appeal was right to find that the signs at issue were similar and to conclude that there was a likelihood of association (paras 29-30). The reputation of the earlier CTM for theatre productions, which is acknowledged and not disputed by the applicant, is sufficient for applying Article 8(5) CTMR (para. 46). The Board of Appeal correctly established the 'exceptional' reputation of the contested CTM (paras 45 and 57). The Board of Appeal was right to conclude in the contested decision that the contested trade mark should be declared invalid on the basis of Article 53(1)(a) CTMR, by reference to Article 8(5) CTMR (para. 70).		

4.2.2.3 Article 53(1)(b) CTMR in conjunction with Article 8(3) CTMR

Earlier right	Contested sign	Case No
CLICK e.a.	ZAPPER-CLICK	R 1795/2008-4 (Order in T-360/10 dismissing the appeal)
'The respondent fails to meet the first requirement of Article 8(3) CTMR, namely, to be the owner of the registered mark ZAPPER-CLICK. Also, as analysed in para. 32 *et seq.* the earlier marks are not quasi identical to the CTM. Consequently, the cancellation action based on Articles 53(1)(b) and 8(3) CTMR must be rejected' (para. 50).		

Earlier right	Contested sign	Case No
	Fagumit	R 1003/2009-1 (Appealed T-538/10)
'In order for Article 8(3) CTMR to be applicable, it is sufficient to show that the subject who applies for the CTM had, in substance if not on paper, the role of 'agent or representative' for the principal. If the individual who filed the CTM is not the company appearing as agent or representative, but it is shown that he or she takes the company's decisions, there is no reason why that individual should not be considered as agent or representative for the purpose of Article 8(3) CTMR. An interpretation requiring that the subject be strictly the same would lead to abuse: dishonest agents would file marks under fictitious names and easily circumvent Article 8(3) CTMR. To avoid this, reality must be looked at' (para. 40). 'As has been determined earlier, Adamex and Ms Adamowski were not agents or representatives, but distributors, of the cancellation applicant. Article 8(3) CTMR only mentions 'agent' and 'representative' but these words should be interpreted broadly, in view of the purpose of the norm. The purpose of the norm is to protect the rights of a trade mark owner against fraudulent actions carried out by the other party. Whether the other party is a licensee, a franchisee, a distributor, an agent (in the strict sense) or a representative is not important. Article 8(3) CTMR covers all sorts of commercial relationships that involve, directly or indirectly, a trade mark and are based on trust' (para. 42).		

4.2.2.4 Article 53(1)(c) CTMR in conjunction with Article 8(4) CTMR

Earlier right	Contested sign	Case No
BAMBOLINA		R 1822/2010-2 (Appealed T-581/11)
'The Board confirms the finding of the contested decision that the requirement to show use of the unregistered sign, and thus to show its continued existence between the filing date of the contested CTM and the filing of the invalidity request, is a matter that must be proved. Rule 19(1) and (2)(d) CTMIR state that, where an opposition is based on Article 8(4) [CTMR], evidence of, *inter alia*, its 'continued existence' must be adduced within the period given by the Office for presenting or completing facts, evidence or arguments in support of the opposition. Failure to prove the existence, validity and scope of protection of the earlier mark or right within that period will lead to the opposition being rejected as unfounded (Rule 20(1) CTMIR). In the Board's opinion, these Rules apply *mutatis mutandis* to cancellation proceedings. It is therefore crucial to determine in the present appeal whether the evidence adduced for the period 2008-9 is enough to show that the mark was used in trade and thus existed' (para. 15). The contested decision was right to dismiss the application for invalidity.		

Earlier right	Contested sign	Case No
HOUSE DOCTOR	HOUSE DOCTOR	R 0239/2007-4
'… the appellant's allegation that Talkback Productions had any 'better', or even any, rights in the name 'HOUSE DOCTOR' *vis-à-vis* Ms Maurice is not supported by any evidence. There is no evidence on file as to what the respective parties agreed on in the years 1998 or 1999, and in particular there is no claim or evidence from the appellant that Talkback Productions had expressly reserved the rights in the title of the TV series or entered into any agreement with Ms Maurice. In the absence of such agreements, the rights under the law of passing-off remain in the name of the person who obtained goodwill in the mind of the general public … the appellant cannot rely on its UK registration ... This registration has a filing date of 17 September 2004 which is later than the contested CTM and thus *a fortiori* later than the cancellation applicant's right... The cancellation request on the grounds of Article 8(4) CTMR and based on a right under the English law of passing-off in a Member State, the UK, was correctly upheld by the contested decision. The appeal must be dismissed with regard to this ground for a declaration of invalidity' (paras 52-54).		

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 the 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 invoked rights are of such nature that they are not considered typical rights to be invoked in cancellation proceedings under Article 53(1) CTMR (see Cancellation Division decision of 13/12/2011, 4033 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 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, 'Elio Fiorucci').

Earlier right	Contested sign	Case No
TELESIS	TELESIS	R 0134/2009-2
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 as if they were persons' names. They are protected by Law 1/1982. 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 (paras 14 *et seq.).*

Earlier right	Contested sign	Case No
macros Consult GmbH		R 0339/2009-4 (Appealed T-579/10)

Right to a name under German law

The applicant relies on a right to a name which it does not specify precisely in the application for a declaration of invalidity. The corresponding field in the application form was not completed. The statement of grounds attached to the application states that the applicant, macros Consult GmbH, which, before the seniority of the Community trade mark in question, had already acquired a right to a name under § 12 of the German Civil Code entitling the applicant to prohibit use of the trade mark 'macro'. It is, therefore, unclear what name the appellant relies on. Therefore, the appellant's right to the name 'macros Consult GmbH' does not entitle it to prohibit use of the Community trade mark within the meaning of Article 53(2)(a) CTMR. Moreover, the right to a name under § 12 of the German Civil Code has not been infringed. The unjustified assumption of a name within the meaning of the second case of the first sentence of § 12 presupposes that a third party is using the same name in an unauthorised manner, thereby causing confusion as to its attribution and infringing the interests of the name bearer that warrant protection. These conditions are not fulfilled in the present case because the contested trade mark 'macro' and the appellant's name 'macros Consult GmbH' are not the same name. Accordingly, the appellant cannot rely on an earlier right to a name within the meaning of Article 53(2)(a) CTMR (para. 29 *et seq.*).

Earlier right	Contested sign	Case No
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.*).		

4.3.2 A 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 a 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 national law applicable 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, pages 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 the 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 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 'Elio Fiorucci').

The notion of copyright protection is applicable irrespective of the goods and services the contested mark covers and merely requires a 'copying' of the protected work without a requirement that the contested mark *as a whole* has to be 'similar' to the protected work.

Earlier right	Contested sign	Case No
		R 1235/2009-1

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.*).

Earlier right	Contested sign	Case No
		R 1757/2007-2

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.*).

Earlier right	Contested sign	Case No
		R 1925/2011-4

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' (para. 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).

4.3.3 Other industrial property right

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 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, '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 RCD.

Earlier right	Contested sign	Case No
 (earlier RCD)	 (shape of a teabag)	R 2492/2010-2
'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' (para. 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 the proprietor of the earlier mark to submit proof that the earlier mark has been put to genuine use in the EU in connection with the goods or services in respect of 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 shall 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 Concerning Opposition – Proof of Use, Part 6 – Section II Substantive Law). 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 the *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 the *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 run one after the other (with or without intervals).

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.

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

Earlier right	Contested sign	Case No
SKYROCK		R 1736/2010-2
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).		

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) (see decision of 23/07/2009, R 1099/2008-1, para. 46)

A mere and unilateral withdrawal of an opposition does not necessarily imply that the opponent consents to the registration of the CTMA (see decision of 14/10/2008, R 0946/2007-2 and R 1151/2007-2, 'VISION', para. 26). As Article 53(3) CTMR requires an express consent, the withdrawal of the opposition has not been considered as consent for registration (see decision of 01/12/2012, R 1883/2011-5, para. 30, appealed).

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 which it could have invoked in the original proceedings.

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. The CTM proprietor who wishes 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 for a period of five successive years in the use of the CTM, 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 to oppose the use in respect of that trade mark, which will then, therefore, be able to coexist with the earlier trade mark (judgment of 28/06/2012, T-133/09 and 134/09 'Antonio Basile 1952', para. 32).

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

- The contested CTM was used in the Community (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 so aware.
- Although the invalidity applicant could have stopped the use, it remained nevertheless inactive. This is not the case where there was a license or distribution relationship between the parties, so that the use by the CTM proprietor was for goods it lawfully obtained from the invalidity applicant (judgment of 22/092011, 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 only apply 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. It is at this moment in time 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 'Antonio Basile 1952', para. 33).

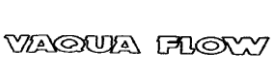
An example of where the proprietor could reasonably be presumed to be aware of the use of the contested CTM is where both proprietors have exhibited goods or services under the respective marks at the same event.

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

Earlier right	Contested sign	Case No
BASILE		T-133/09 and T-134/09 (Appealed C-381/12 P)
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).		

Earlier right	Contested sign	Case No
DIABLO	DIABLO	R 1022/2011-1
'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
		R 2230/2010-4
'The late evidence field 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. 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.		

Earlier right	Contested sign	Case No
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).		

4.5.3.2 Examples (partially) accepting the acquiescence claim

Earlier right	Contested sign	Case No
CITYBOND	CITIBOND	3971 C R 1918/2011-5 (appeal withdrawn; the Cancellation Division decision has become final)
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.		

Earlier right	Contested sign	Case No
Ghibli Et al	GHIBLI	R 1299/2007-2
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*.).		

4 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 considered by a court in a Member State and a final decision has been taken. The same applies to an application previously decided on by the Office.

As an exception, a prior decision by the Office in **opposition proceedings** does not preclude a later cancellation request based on the same earlier rights (see judgment of 14/10/2009, T-140/08, 'TiMi KiNDERJOGHURT', para. 36, appeal to the ECJ dismissed). 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 which was not made available during opposition proceedings).
- The manner in which key legal assessments are made (e.g. the standards for assessing likelihood of confusion has changed), for example as a result of intervening judgments of the European Court of Justice.

Contested CTM	Case No
LAMBRETTA	R 2312/2010-1 (Appealed T-51/12)
'In its submissions the CTM proprietor argues that the application for revocation should be rejected on the basis of Article 56(3) CTMR since a judgment rendered by the *Tribunale Di Milano* on 18 March 2010 had already rejected the revocation proceedings initiated by the cancellation applicant. However the revocation proceedings brought in Italy relate to Italian trade marks and not to CTM No 1 495 100 and are therefore not relevant' (paras 16-17).	