

Community under that trade mark by the proprietor or with his consent”. In view of the above quotation, Article 13(1) of the CTMR establishes the principle of regional exhaustion of CTM rights.

Thus, the Article mirrors another instance where a CTM proprietor may not enjoin third parties from using his CTM in respect of goods and services, which have already been a subject of a sale done on the authority of a CTM owner. However, an exception, as contained in Article 13(2) of the CTMR, is applicable to the stipulation under Article 13(1) of the CTMR. The former Article excludes from application the provisions of the latter “where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market”.

The doctrine of regional exhaustion is considered in details in the context of the regime for the free movement of goods discussed in chapter six *infra*.

VI. Duties in relation to CTM

1. Renewal of CTM registration

As opposed to other industrial property rights, a registered CTM may be protected for an indefinite period.⁵²⁶ While the CTMR sets out an initial validity term of 10 years, it provides a CTM proprietor with a possibility of renewing his trademark for unspecified number of times.⁵²⁷ Thus, the right to enjoy CTM rights beyond ten years is subject to the CTM concerned being renewed by the proprietor, whereas the right to unhampered enjoyment of CTM rights within any five years of registration is subject to the CTM concerned being used in commerce.

2. Obligation to use a CTM

Article 15(1) of the CTMR requires that a genuine use be made of a CTM in the Community in connection with the goods and/or services in respect of which the

⁵²⁶ Factually, CTM rights may be owned perpetually where the proprietor keeps on renewing the registration. Theoretically, however, a renewed CTM has a distinct legal existence as Article 47(5) of the CTMR provides that “renewal shall take effect from the day following the date on which the existing registration expires”.

⁵²⁷ *Cf.* Article 46 of the CTMR.

CTM is registered. As a general rule, a CTM must be used within any five years following its registration. The Article was specially crafted to curb some incidences in which CTM holders would attempt to circumvent the use requirements by just using a CTM once in the first five years of its registration and suspend such use indefinitely, while retaining the CTM rights.⁵²⁸ Thus, within the ambit of the Article, some proper reasons for non-use must be given⁵²⁹ or else the non-use or suspension of a CTM use for a consecutive period of 5 years will render a CTM prone to revocation.⁵³⁰ Proper reasons for non-use are not expressly explained in the first sentence of Article 15(1). However, such reasons might exist in circumstances which are beyond the proprietor's control such as where the government prevents sale or marketing of the goods or services under the trademark for certain duration of time.⁵³¹ A rule of reason would generally exonerate a CTM proprietor from losing his CTM rights provided he is not at fault for the non-use.

The ECJ jurisprudence addresses the requirement of genuine use of CTM. In *Radetykz-Orden* case,⁵³² it was stated that genuine use was the opposite of a token trademark use actuated on the desire to preserve the rights conferred by the mark – a use which would be adjudged as inconsistent with the essential function of a trademark to serve as a guarantee of the identity of the origin of goods or services.⁵³³ Following the genuine use requirement, a CTM proprietor is obliged to use the CTM on the market for the goods or services protected by that CTM and not just internal use within the undertaking concerned.⁵³⁴

528 Recital 9 of the Community Trade Mark Directive states clearly the essence of the genuine use requirement: “In order to reduce the total number of trademarks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trademarks must actually be used, or if not used be subject to revocation.”

529 This right to be given an opportunity to give reasons for non use is reinforced under the provisions of Article 5C (1) of the Paris Convention, which stipulates that “[If], in any country, use of the registered mark is compulsory, the registration may be cancelled only after a reasonable period, and then only if the person concerned does not justify his inaction”.

530 Cf. Article 51 of the CTMR.

531 KOOIJ, P.A.C.E. van der, “The Community Trade Mark Regulation: An Article by Article Guide” 44 (Sweet & Maxwell, London 2000).

532 Case C-442/07, *Verein Radetykz-Orden v Bundesvereinigung Kameradschaft 'Feldmarschall Radetzky'* [2008] ECR I-09223, para. 13.

533 On the concept of genuine use, cf. also Case C-495/07, *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-00137, para. 17; Case C-259/02, *La Mer Technology Inc. v. Laboratoires Goemar SA* [2004] E.C.R. I-1159, para. 1 of the operative part; Case C-40/01, *Ansul* [2003] ECR I-02439, paras. 35 and 36.

534 Case C-442/07, *Verein Radetykz-Orden v Bundesvereinigung Kameradschaft* [2008] ECR I-09223, para. 14.

Article 15(1) (a) of the CTMR, provides as well some explanations as to which use may constitute genuine use of a CTM. Accordingly, “use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered” may still constitute a genuine use.⁵³⁵ Recognition of this mode of use is the logical consequence of Article 4 of the CTMR in the sense that a CTM is registered as long as it can distinguish goods or services it designates from goods or services designated by other signs.⁵³⁶ Hence, nothing would disqualify an italicised word mark, for instance, on non-use grounds where such word mark is used in a bolded font while retaining the distinctive character of the said italicised mark. Moreover, non-use may not be inferred from the fact that a CTM has been used only for export purposes.⁵³⁷ It will still constitute genuine use where the marked goods are not put on the European market but rather, being produced and the mark affixed in the EU Member State; the products were exported to be sold outside the EU borders.⁵³⁸

Article 15(2) of the CTMR provides a liberalised scenario pursuant to which a genuine use may be confirmed. Within the ambit of the Article, a constructive use of trademark by a proprietor is recognised where a CTM is used by a third party upon consent by the proprietor. Such consent may be express or implied from the underlying circumstances of each case. There is consent, for instance, “where the proprietor is a holding company allowing its subsidiaries to use the trade mark”.⁵³⁹

A CTM proprietor may consent to the use of his registered sign by issuing a license. License may be given for the use of a CTM in some parts of the Community. Thus, while a CTM must be valid for the whole Community, it is not necessarily that a license must cover the whole Community. Such license

535 Such use is also considered as a genuine use under Article 5C paragraph 2 of the Paris Convention.

536 However, there is no genuine trademark use where the trademark is used in relation to goods that are intended to be given as a gift to purchasers of some other goods marketed by the giver of the gifts, since in this scenario the items given free of charge “are not at all distributed with the aim of penetrating the market for the goods in the same class”. In other words, affixing a trademark to items given free of charge “does not contribute to creating an outlet for those items, or to distinguishing, in the interest of customer, those items from the goods of other undertakings” (cf. Case C-495/07, *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-00137, paras. 21 and 22).

537 Cf. Article 15(1) (b) of the CTMR.

538 Article 9(2)(c) of the CTMR, regards as an infringement a use of a registered trade mark by a third party not having consent of a CTM proprietor. Thus, since a CTM proprietor enjoys exclusive of a CTM for export goods, such use is logically considered genuine.

539 KOOIJ, P.A.C.E. van der, “The Community Trade Mark Regulation: An Article by Article Guide” 44 (Sweet & Maxwell, London 2000).

will remain valid even if it is issued in respect of a single Member State or part of it.⁵⁴⁰ Consequently, the use made by a licensee in respect of a part of a geographical area in a Member State, will be accredited to the CTM proprietor as far as the CTM use requirement is concerned.

VII. Key principles relating to precedence of CTM rights

1. Priority Right

Semantically, the term “Priority” means the right to precede others in order, rank or privilege.⁵⁴¹ The decisive factor in deciding which signs precede the other is a priority date recognized under the CTMR. Article 29 of the CTMR is a legal foundation of the CTM priority right, and is built on the corresponding provisions of the Paris Convention.⁵⁴² The Article stipulates that:

A person who has duly filed an application for a trade mark in or for any state party to the Paris Convention ... shall enjoy, for the purpose of filing a Community trade mark application for the same trade mark in respect of goods and services which are identical with or contained within those for which the application has been filed, a right of priority during a period of six months from the date of filing of the first application.⁵⁴³

Where a priority claim is made,⁵⁴⁴ the mark concerned may only become vulnerable to applications or registrations made before the priority date. Thus, under Article 31 of the CTMR, the date of priority counts as the “date of filing of the Community trade mark application for the purpose of determining which rights

540 Cf. Article 22(1) of the CTMR.

541 <<http://dictionary.reference.com/browse/priority>> (status: 30 July 2012).

542 i.e. Article 4 of the Paris Convention for the Protection of Industrial Property of March 20, 1883 as revised.

543 Article 29(1) of the CTMR.

544 Priority right must be specifically claimed by including in the CTM application a declaration of priority and a copy of the previous application (cf. Article 30 of the CTMR). Pursuant to article 33 of the CTMR, priority claim may also be based on exhibition. However, priority right based on exhibitions differs from the one stipulated under article 29 of the CTMR. Whereas the latter is based on registration or application for registration, the former is based on exhibition of goods bearing the mark at an official or officially recognized international exhibition. To rely on the exhibition priority, a CTM applicant has to submit to OHIM evidence regarding the first date of the exhibition of the goods bearing the mark or of the services rendered under the mark during the exhibition. Thus, a CTM applicant will be required to submit a certificate issued by the competent authority of the exhibition stating the date on which the goods bearing the mark or the services rendered under the mark was first exhibited in connection with the goods or services.