

c) Without due cause

The use of the term “without due cause” in Article 9(1) (c) implies that, under certain circumstances, a defendant is able to derive unfair advantage from, or to cause detriment to, the CTM in any of the ways explained above, without being held liable. To put it simply, a defendant can only be held liable if he fails to show due cause. A trademark use with due cause would therefore signify a different legal situation that may arise only when such a trademark use “can be justified by special circumstances which alter its basically illegal character”. This would be the case, for instance, when the user of the mark is under compulsion to use a CTM with reputation or any other sign confusingly similar to the CTM in such a way that he cannot honestly be asked to refrain from doing so, notwithstanding the damages the owner of the CTM would suffer from such use, or where the user is entitled to the use of this very CTM in his own right and does not have to yield this right to that of the owner of the CTM.⁵⁰⁶

V. Limitations to CTM rights

A CTM registration does not give a proprietor a monopoly over a mark in all circumstances. Third parties may, for instance, use the very CTM owned by an independent person without infringing it. This possibility is clearly described under Articles 12 and 13 of the CTMR, just to mention but a few.⁵⁰⁷ While the legal entitlement to use a CTM pursuant to Article 12 of the CTMR is grounded on the honest use of the CTM by third parties, the entitlement under Article 13 of the CTMR implements the doctrine of CTM exhaustion. The contents of the two Articles are addressed below.

1. Honest use of a CTM

Where third parties use a CTM in a way that is considered honest according to practice of the relevant industry and commercial circle, the proprietor is not entitled to interfere with such use. Three types of use of a CTM by third parties are presumed honest, unless proved otherwise. These are (i) the use of one's own

506 Cf. Benelux Court 01.03.1975 "Claeryn"/"Klarein" 7(3) IIC 420, 425 (176).

507 The limitations discussed under this part do not include, for instance, limitation in consequence of acquiescence, which is discussed *infra* in the part addressing opposition proceedings.

name or address, (ii) descriptive use of the CTM, and (iii) use of a CTM to indicate the intended purpose of a product or service.

a) Use of one's own name and address

According to Article 12(a) of the CTMR, a CTM does not empower the proprietor to bar third parties from using in the course of trade their own names or addresses. The provision allows persons other than a CTM proprietor to use in relation to trade their personal designations, even where the designations concerned are identical or confusingly similar to the CTMR.⁵⁰⁸

A school of thought advocated for by the Council of the European Union and the Commission of the European Communities⁵⁰⁹ set forth a qualified interpretation⁵¹⁰ of Article 12(a) of the CTMR that the Article entitles only natural persons to exercise the right to the use of one's own name or address. In view of this school of thought it may seem that, in most cases the natural persons concerned, should be trading as sole traders.⁵¹¹

However, the ECJ provided a different interpretation which holds that, not only personal names, but also a trade name, may be based upon to enjoy the exception under Article 12(a) of the CTMR.⁵¹²

508 Case C-404/02 *Nichols plc v Registrar of Trade Marks* [2004] ECR I-08499, paras. 33 and 34.

509 This school of thought is contained in the joint declaration issued by the EU Council and the Commission of the European Communities, and recorded in the minutes of the Council when Community Trade Mark Directive (i.e. Council Directive89/104/EEC – harmonising trade mark law) was adopted. (See ECJ, Case C-245/02 *Anheuser-Busch Inc. v Budéjovický Budvar, národní podnik*, reported in the *Official Journal C 219, 14/09/2002 P. 0004 – 0004*, para. 78).

510 “A qualified interpretation” in the sense that statements of the Council and the Commission are not part of the legal text, hence they are without prejudice to the interpretation of the relevant legal text by the ECJ (cf. ECJ, Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-06129, para. 17).

511 However, following the same school of thought, some forms of legal incorporation may qualify to exercise the right to one's name or address as per Article 12(a) of the CTMR. The specific example of this case would be where the incorporation concerned has no independent legal existence other than that of natural persons constituting it, as the case would be for a partnership registered in the United Kingdom. Under the immediately preceding example, partners of the firm would be allowed to adapt their own names (such as *Brian & Smith solicitors*) as the designation of their firm without any liability to the CTM proprietor (cf. Sections 1 and 5 of the UK Partnerships Act of 1890).

512 See Case C-245/02, *Anheuser-Busch Inc. v Budéjovický Budvar, národní podnik, OJ C 219, 14/09/2002 P. 0004 – 0004*, para. 81.

b) Descriptive use of a CTM

Article 12(b) stipulates that a CTM shall not entitle the proprietor to prohibit a third party from using in the course of trade “indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering the service, or other characteristics of the goods or service”. Article 12(b) of the CTMR is thus permissive of the descriptive use, made by third parties, of a protected CTM. An example of a descriptive use of a mark may be drawn from the fact that a juice manufacturer may not be prohibited from mentioning to consumers that his juice contains artificial sweetener of a certain type, even where, by so mentioning he makes use of a proprietor’s CTM registered for sweeteners. Accordingly, a third party may use in course of commercial negotiation, without infringing, a proprietor’s mark for the purposes of revealing the “origin of goods which he has produced himself”, provided he uses the proprietor’s mark “solely to denote the particular characteristics of the goods he is offering for sale so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin”.⁵¹³

However, the descriptive use permitted under Article 12(b) seems to be controversial, since the descriptive use of CTM is likely to injure the proprietor’s interests, particularly, by interfering with the guarantee of origin intimated in paragraph 8 of the preamble to the CTMR. This fear is, nevertheless, arrayed by the proviso to Article 12, described in *iv* below, pursuant to which any purported descriptive use of CTM would be enjoined if it is not honest.⁵¹⁴

c) Use of a CTM to indicate intended purpose

Within the ambit of Article 12(c) of the CTMR, a CTM does not bestow upon its proprietor a right to prohibit a third party from using in the course of trade the CTM “where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts”.⁵¹⁵

513 Cf. *Michael Höllerhoff v Ulrich Freiselen* [2002] ECR I-04187, para.17.

514 See in this respect Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. V Putsch GmbH* [2004] ECR I-00691, para. 27.

515 Cf. ANNAND, R. & NORMAN, H., “Blackstone’s Guide to the Community Trade Mark” 183 (Blackstone Press, London 1998).

The ECJ decision, in *Gillette* case,⁵¹⁶ reiterates that “use of the trade mark by a third party who is not its owner is necessary to indicate the intended purpose of a product marketed by that third party where such use in practice constitutes the only means of providing the public with comprehensible and complete information on that intended purpose in order to preserve the undistorted system of competition in the market for that product”.

In the *BMW*⁵¹⁷ case, the ECJ considered the question whether informative use of a trademark by a third party infringed the exclusive rights of a trademark proprietor. In the case at hand, the defendant used the BMW mark in advertisements to inform the public that he carries out the repair and maintenance of BMW cars or he has specialised, or is a specialist, in the sale or repair and maintenance of those cars. The BMW Company objected to the defendant’s use of the trademark, since the defendant, who carries on a garage business, used in course of trade the proprietor’s mark.⁵¹⁸ In the first place, the ECJ had to determine whether the defendant used a mark in dispute as a trademark as such. The court found that the mark was used as a mark⁵¹⁹ even if infringement could only be upheld if the use complained of was not exempted under Article 12 of the CTMR.

The end results of the case as far as the application of Article 12(c) of the CTM is concerned concurred with the opinion delivered by the Attorney General Jacobs⁵²⁰ who had opined that “if an independent trader carries out the maintenance and repair of BMW cars or is in fact a specialist in that field, that fact cannot in practice be communicated to his customers without using the BMW mark”.⁵²¹

Thus, the defendant’s use of the BMW mark in the *BMW* case was not only considered legitimate but also honest within the meaning of the proviso to Article 12 of the CTMR, as in the circumstances described in the case the defendant observed “a duty to act fairly in relation to the legitimate interests of the trade mark owner”.⁵²²

516 *Gillette Company and Gillette Group Finland Oy v LA-Laboratories Ltd Oy* [2005] ECR I-02337, Para. 1 of the operative part.

517 ECJ, Case C-63/97, *BMW v Ronald Karel Deenik* [1999] ECR I-00905, para. 33.

518 And given the fact that use of trademark in advertisements without authorisation is prohibited under Article 9(2) (d) of the CTMR.

519 ECJ, Case C-63/97 *BMW v Ronald Karel Deenik* [1999] ECR I-00905, operative part at [2].

520 Opinion of Mr. Advocate General Jacobs delivered on 2 April 1998 in ECJ, Case C-63/97 *BMW v Ronald Karel Deenik* [1999] ECR I-00905.

521 ECJ, Case C-63/97 *BMW v Ronald Karel Deenik* [1999] ECR I-00905, para. 60.

522 ECJ, Case C-63/97 *BMW v Ronald Karel Deenik* [1999] ECR I-00905, para. 61.

d) Proviso to Article 12

The proviso to Article 12 of the CTMR requires activities considered to be limitative to the rights enjoyed by the CTM proprietor, as may be undertaken by third parties, to be pursued “in accordance with honest practices in industrial and commercial matters”.⁵²³ According to the ECJ, “the condition of ‘honest practice’ is, in essence, an expression of the duty to act fairly in relation to legitimate interests of the trade-mark proprietor”.⁵²⁴ Thus, the phrase “in accordance with honest practices in industrial or commercial matters” may be associated with the provisions of Article 10bis (2) of the Paris Convention.⁵²⁵ According to the provisions “any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition”. Consequently, Article 10bis (3) mentions three instances of behaviour considered as not honest. Two of these behaviours, being directly relevant to the discussion on Article 12 of the CTMR, are worthy of verbatim quoting:

- (1) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
- (2)...
- (3) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quality, of the goods.

In the light of the above explanation, it is safe to conclude that an act, which on its face value would be permitted under the provisions of Article 12(a), (b) and (c) of the CTMR, will nevertheless be interdicted if it amounts to an unfair competition within the meaning of the provisions of the Paris Convention quoted above.

2. Exhaustion of CTM rights

Article 13(1) of the CTMR provides for the doctrine of trademark exhaustion by stipulating that “a Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the

523 Cf. last sentence of Article 12 of the CTMR.

524 Case C-245/02 *Anheuser-Busch Inc. v Budvar*, reported in the *Official Journal C 219, 14/09/2002 P. 0004 – 0004*, para. 82. Cf. also Case C-100/02 *Gerolsteiner Brunnen [2004] ECR I-00691*, para. 24.

525 Cf. ANNAND, R. & NORMAN, H., “Blackstone’s Guide to the Community Trade Mark” 183 (Blackstone Press, London 1998).

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.