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Arctic times for infringers: the licensee can enforce a CTM although the license has not been recorded says the Advocate General

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In his opinion of 17 December 2015 (Case C-163/15) concerning the trade mark ARKTIS, Advocate General Wathelet proposes that recordal of the license is not a necessary condition for the licensee to be able to bring an infringement action based on a CTM.

According to Article 23(1) CTMR, the transfer, *rights in rem* and licenses to a CTM shall have effects *vis-à-vis* third parties in the Member States only if they have been entered in the register. According to the second sentence of the provision, this is different if the third party acquired rights in the CTM while being aware of the transfer, rights in rem or license.

Based on the second sentence of Article 23(1), the first sentence of this provision has often been read as referring to whether someone who acquires rights in the CTM has to respect the pre-existing third-party right, i.e. for example, if a successor in title has to accept an existing license. However, also the contrary position has been taken, whereby the "effects vis-à-vis third parties" include the ability to rely on the licensed mark to bring proceedings against an infringer. This latter interpretation leads to the paradoxical situation that an infringer can defend himself solely on the ground that the license has not been recorded. That was precisely the infringer's argument in the case referred to the CJEU by the Higher Regional Court Düsseldorf (Germany).

Both in Germany and in Spain, the view prevails recordal of the license is not a compulsory requirement for the licensee to bring an infringement action. In Germany, this is in line with the legal tradition relating to national marks: the German trade mark law does not even foresee the recordal of licenses.

However, certainly in Spain there have been contrary decisions. For instance, the Second Instance CTM Court denied the licensee the capacity to act as plaintiff in infringement proceedings in the absence of a recorded license in decisions of 23 January 2009 (DONNA KARAN NY), of 22 January 2013 (DOUGLAS), and on 30 January 2014 (SCHÜTZ). As such, the reference to the CJEU is welcome in that it will provide clarification.

In his opinion on the ARKTIS case, the Advocate General rejects a literal interpretation of Article 23(1) CTMR. Based on the context and purpose of the provision, he concludes that it is meant to protect those who acquire rights in a CTM in *good faith* from contractual rights obtained by other parties unbeknownst to the acquiring party. An infringer, however, cannot be put on the same

footing with such a *good faith* right holder, and consequently, Article 23(1) CTMR does not apply to infringement situations.

It is hoped that the CJEU follows this very sensible opinion. Statistical chances for this are favourable, in that the CJEU follows the AG opinion in about 65-70% of the cases.

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