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CJEU puts old seniority claims at stake: If national marks were vulnerable when they lapsed or were surrendered, they still are!

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On 19 April 2018, the CJEU handed down its judgment in the matter Peek & Cloppenburg (PUC), a referral from the German Supreme Court in a litigation between two German companies of that same name (one of which runs under the name of Peek & Cloppenburg [PuC] “North”, the other “West”) (C-148/17).

The question to the Court concerned the conditions under which a national mark that has lapsed or been surrendered by its proprietor who relied on a seniority claim based on that mark could be declared invalid or revoked “a posteriori” (with the result that the seniority is lost). More specifically, in a context of a challenge based on non-use, the CJEU had to decide the relevant point in time for assessing whether the national mark had been genuinely used – at the time that it lapsed or was surrendered, or also at the time of the non-use revocation action.

The CJEU decided that, in the context of a later invalidity or revocation action brought against a national mark that has been surrendered or allowed to lapse, the conditions for cancellation of the mark are to be assessed **only as at the time of the surrender or expiry of that mark**. The effect of the seniority, whereby the trademark owner was to be treated as if the national mark continued to exist was deemed to be limited to the protection enjoyed by the earlier national trademark, not the other effects of registration.

Facts: PuC North had a German mark “PUC” and an EUTM and had claimed the seniority of the German mark under the EUTM. PuC West apparently had use-based rights in Germany that predated the CTM but post-dated the German mark of PuC North. In an earlier litigation, PuC West had requested the revocation of PuC North’s German mark. This action was terminated by PuC North surrendering that mark. Apparently, at the time, it did not occur to PuC West to request the revocation a posteriori of the – now surrendered – mark to get rid of the seniority claim under PuC North’s EUTM.

PuC North subsequently started using PUC in Germany, and PuC West brought an infringement action. In its defense, PuC North relied on its earlier German seniority date. PuC West argued that the German registration had to be revoked because, before its surrender, it had not been genuinely used. PuC North, in turn, argued that the mark could not be revoked because its use in Germany had meanwhile commenced.

Legal issue at stake: The question was – (a) did the use made of the mark in Germany after surrender of the national mark (relying on seniority) count towards the validity of the seniority claim or (b) did the validity of the seniority claim depend on whether the national mark was vulnerable to revocation at the time of its surrender (or expiry). The CJEU went for (b).

Legal background: One would have thought that the law was crystal clear: As per Article 39(3) EUTM Regulation[1], “seniority shall have the sole effect ... that, where the proprietor of the EU trade mark surrenders the [national] mark or allows it to lapse, he shall be **deemed** to continue to have the **same rights as he would have had if the [national] trade mark had continued to be registered**”. With that in mind, using a previously unused mark would save that mark from revocation in accordance with general trademark law in Europe, whether the mark continued to be registered or was “deemed” to continue to be registered, as per Article 39(3) EUTMR.

The key observation by the CJEU is in § 30 of the judgment:

That provision [Article 39(3)] creates a fiction intended to enable the proprietor of the EU mark to continue to enjoy, in that Member State, the protection enjoyed by the earlier national mark which was cancelled and not to enable that mark to continue to exist in the same form. It follows, in particular, that any use of the sign at issue after that cancellation must be regarded, in such a case, as use of the EU mark and not of the cancelled earlier national mark.

Comment: The CJEU judgment is really bad news for EUTM owners who have dropped national rights relying on their EUTMs and seniority claims – which was precisely what the law encouraged them to do. The judgment as well as the reference by the German Supreme Court may be understandable with a view to the facts in that particular case. However, the ease with which acquired positions of thousands of trademark owners are destroyed, 22 years after the first seniority claims were raised, is disturbing. **Seniority was meant to allow the bundling of trademark rights in the EU without any loss of rights.** Losing the possibility to “heal” the non-use of a registered mark by putting it to use is a very significant loss and one which actually means, in practice, that one can only risk dropping a national mark relying on seniority if genuine use in the country in question at that time is beyond any question and is well-documented complying with current and potential future requirements to the evidence of genuine use. That is quite clearly not what the law intended, neither the Regulation nor the Directive – old or new!

[1] Formerly Article 34(2) Regulation 207/2009.

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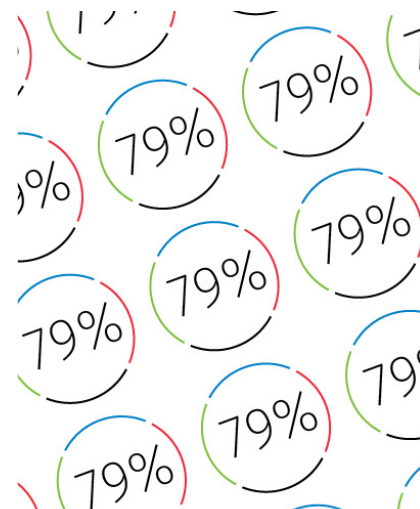
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