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CJEU on “testarossa” – to the rescue of vintage brands

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Vintage brands – generally well-known marks that have been phased out but live on in consumers’ memories – face the challenge that trademarks that are not used are cancelled. The CJEU judgment of 22 October 2020 in the *testarossa* case (C-720/18 and C-721/18) maintains the generous line from the 2003 *Ansul* judgment (C-40/01), saying that a trademark can be maintained for “automobiles” based on re-sales (by the trademark owner) of used cars and of replacement parts and accessories, and on repair and maintenance services, provided these were offered under the mark. What matters is that the “*proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of [the] goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of those goods*” (*testarossa*, § 34, and *Ansul*, § 43).

The Ferrari Testarossa was made from 1984 to 1991, with two successor models produced until 1996. The name paid homage to the Testa Rossa racing car by Ferrari, the 1957 World Sportscar Championship winner. That heritage and the striking design by Pininfarina made the Testarossa a sportscar icon, known way beyond the rather select clientele of Ferrari cars.

The trademark registration for “testarossa” was challenged in Germany based on non-use. It was undisputed that Testarossa models had not been produced in at least 25 years, but Ferrari did certify and sell used Testarossa cars, offer replacement parts, and provide maintenance and repair services for them. The Appeal Court of Düsseldorf referred several questions to the CJEU regarding the concept of genuine use, onus of proof, and the 1892 bilateral IP Agreement between Germany and Switzerland, which establishes that use in one country can maintain a trademark in

the other.

Some of the questions were already answered by *Ansul* but the referring court had doubts whether this was still good law because of the contrary EUIPO practice and Guidelines, and because in *testarossa*, the mark was also registered for the replacement parts. The CJEU, which decided *testarossa* without an opinion of the Advocate General, did not even address the EUIPO practice, nor did it consider it relevant that the mark was registered for replacement parts.

As regards the resale of second-hand goods, while stating that in principle, such resale was not trademark use, the Court held that this could be different where the proprietor itself was using the mark to indicate or even certify origin when re-selling.

The Court had its doubts whether “high-priced luxury sports cars” were a separate sub-category within “automobiles”, as both luxury and sports cars could be quite varied and served multiple purposes. It concluded that, whether there was a sub-category, depended on the consumers’ perception – but where the category was non-divisible, use for a single product within the category of goods would maintain the entire category.

Asked whether there was an EU rule on burden of proof, or whether this was subject to the procedural laws of the Member States, the CJEU went for prevalence of EU law to ensure a homogenous level of trademark protection across the EU. Referring to earlier judgments in appeals from EUIPO cases, it maintained that the onus to prove use was on the proprietor, stating that this was “*in reality merely an application of common sense*” (§ 78).

The CJEU further held that the 1892 Swiss-German IP Agreement, although contrary to EU law, which requires use in the Member State where the mark is registered, and not in another and less a non-EU state, remained binding on German courts while not officially revoked, as it preceded the foundation of the EU. It is, however, clear from the earlier *Rivella* judgment (C-445/12) that the Agreement cannot be taken into account in respect of EU trademarks, or in conflicts with EU trademarks. The German Government would have to take action to comply with the CJEU judgment; meanwhile, the Agreement remains in place.

Returning to vintage brands, *testarossa* is good news for their owners. Of course where the brand was for a fast-moving consumer good, e.g. cosmetics or food and beverages, it won’t help much, as these normally don’t require maintenance services or replacement parts. They will continue to have to rely on unregistered trademarks, unfair competition and other protection mechanisms. In specific cases, the 2014 *Simca* judgment (T-327/12) will also help. Here, the General Court considered that use of a phased-out but well-known car brand to exploit its remaining goodwill was bad faith.

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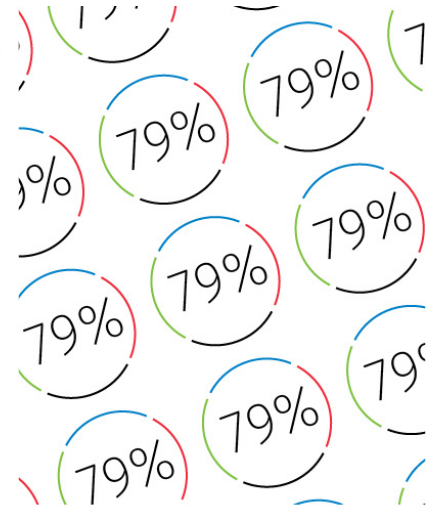
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