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Wake up and do something! Acquiescence explained.

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The EU trademark law system does not have, unlike the US, a legal concept of "incontestability". Instead, it has "acquiescence", a defence against invalidity or infringement actions which can be raised against the owner of an earlier mark who has acquiesced, for a period of five successive years, in the use of a later registered trademark (applied in good faith) while being aware of such use and indeed the registration of the later mark.

The law, however, does not indicate what kind of actions are needed to prevent acquiescence, and Case C?466/20 (HEITEC AG v HEITECH Promotion Gmb and RW), decided by the CJEU on 19 May 2022, examined whether sending a warning letter, without any subsequent administrative or judicial follow-up, was good enough.

The CJEU did not have many doubts and said no.

The regime of acquiescence, said the CJEU, pursues the objective of striking a balance between the conflicting interests, and ensures that the protection conferred by an earlier trademark remains limited to cases where the owner shows itself to be sufficiently vigilant by opposing the use of signs by other operators likely to infringe its mark (cf. at §47). In addition, the rule on limitation in consequence of acquiescence is intended to safeguard legal certainty, thus if the owner of an earlier mark has knowingly 'acquiesced' in the use of a later mark for a continuous period of five years, the proprietor of this latter mark must be legally certain that such use can no longer be challenged by the proprietor (at §48)

It follows, as already held in the Bud?jovický Budvar ("Bud") case (C?482/09) decided in 2011, that in these circumstances, the owner of an earlier mark is time-barred from seeking a declaration of invalidity or opposing the use of a later mark (and it is also time-barred from bringing ancillary or related claims, such as claims for damages, the provision of information or the destruction of goods, cf. at §73) where it fails to carry out an act that clearly expresses its wish to oppose that use and to remedy the alleged infringement of its rights (at §50).

Therefore, just sending a warning letter is per se not sufficient to clearly express a serious intention to oppose the use and to remedy the alleged infringement of the trademark rights and therefore cannot interrupt the acquiescence. After all, the CJEU observed, if sending a warning letter were sufficient in itself to interrupt the period of limitation, it would allow to circumvent the regime by repeatedly sending warning letters approximately every five years. This would undermine the objectives of the regime and deprive that regime of its effectiveness (at §§53-57).

The CJEU's decision is hardly a surprise, given the prior case law. The real unresolved issue in acquiescence-related cases is what kind of evidence the owner of the later mark must show to demonstrate that the owner of the earlier trademark has 'knowingly tolerated' the use of the later mark (for five years). Since the EU Trademark Directive is silent on this aspect this means that similar situations may be treated differently at national and EUIPO levels.

The General Court in the Sky/Skytec case T-77/15, (here already commented), in the context of invalidity proceedings relating to an EUTM, held that acquiescence required the owner of the later mark to prove the existence of actual knowledge of the use of that mark by the owner of the earlier mark ("*exige que le titulaire de la marque postérieure apporte la preuve de l'existence d'une connaissance effective de l'usage de ladite marque par le titulaire de la marque antérieure*", at §33). The General Court rejected any notion that logical conclusions (arguments) or corroborating incidental evidence could lead to a presumption of such knowledge (at §34). That of course sets the bar very high.

We will have to wait for further cases to have clearer indications.

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