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Burning Hot: Pitfalls of non-use cancellation actions, notably: inadequate classifications

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Burning hot August day in the picturesque bay of Lindos (Rhodos/Greece)

A recent decision of the Higher Regional Court Vienna (**OLG Vienna**), second – and often last – instance in cancellation and revocation proceedings in Austria, showcases the risks of a mismatch between trademark specifications and actual trademark use.

We are all aware that EU trademark law allows for trademarks to be registered for a vast array of goods and services – initially – irrespective of its actual use. However, within five years from registration, the so-called "grace-period for non-use" ends and such trademarks can only be enforced, or maintained in case of a non-use cancellation action, if their owners are able to show genuine use. Facing a non-use cancellation action is often a tricky moment for trademark owners: Even in the best case, preparing and submitting the necessary evidence is tedious. And there are several pitfalls, such as that use must be proven

- of the trademark *as registered*, or in a form differing in elements which do not alter the distinctive character of the registered trademark,
- and in connection with the goods or services (short "G&S") in respect of which it is registered.

A recent ruling of the OLG Vienna of 12.02.2024 deals with the question if the G&S in the specification were accurately chosen for the intended use (c.f. OLG Vienna case 33 R 106/23k, German version available here):

The Austrian trademark for "BURNING HOT" of the Austrian gaming company Novomatic AG ("Defendant") faced a request for cancellation for non-use at the Austrian Patent Office. The mark basically covered the following G&S:

- Class 9: **Hard and software** in particular for games of chance via telecommunications networks and/or the internet **without payout**;
- Class 28: **Casino equipment**; **slot machines** and / or **electronic gambling games machines** with or without payout; electronic gambling game apparatus, gambling machines, etc. for use in casinos and via the internet (…);
- Class 41: **Operation of** (online internet) **casinos and gambling halls** (..);

The Cancellation Division had found use of the mark (in the relevant place and time) by **designating a game** available only online without wagering and without payout of winnings, but denied sufficient use to be *genuine*. On appeal, the OLG Vienna upheld the cancellation, but with a different reasoning. It took the view that use of a mark of an online game without winning payouts was not covered by the wording of classes 9, 28 and 41.

It held that an **online game** is neither "hardware for gambling", nor "software" in **class 9**: A company that offers software for games of chance offers a programmed data set that *enables* the operation of a game of chance. However, that's was not what the sign "Burning Hot" was used for; rather, it was used for the service of making available a game – whoever programmed it.

Furthermore, "Burning Hot" is not a **game of chance** within the meaning of the Austrian Gambling Act ("GSpG"), which Section 1 (1) GSpG defines as a game the outcome of which depends exclusively or predominantly on chance. In common parlance, a game of chance is also a game for which a stake is placed and which offers the possibility of winning and the risk of losing. The game offered by the defendant does not require a stake and there is no payout.

In relation to classes 28 and 41, the OLG found that a casino is a place, albeit possibly virtual, where games are offered against payment of a stake. The use as established was neither a service of operating online internet casinos (class 41), nor the provision of "casino games with or without payout of winnings" (class 28), because the users of this online gaming offer do not pay a stake. This type of (leisure) activity was not qualified as "casino game".

In conclusion, the use of the sign could not be sub-sumed under the list of goods and services as registered, accordingly, use figures in Austria were not relevant.

The decision highlights the crucial importance of picking the right G&S terms at the time of filing a mark. Also, monitoring if the specification of existing trademarks matches their actual use is essential. In case it is not, or in case the classification / law changes, as it did after the "IP-Translator" decision (Case T-307/10 of the Court of the EU), a re-filing for the correct set of G&S may be an action item. Maybe reviewing trademark portfolios under this aspect is a worthwhile task for burning hot summer days?

PS: You may wish to check out a number of further posts on this blog covering different aspects of genuine use: https://trademarkblog.kluweriplaw.com/category/genuine-use/.

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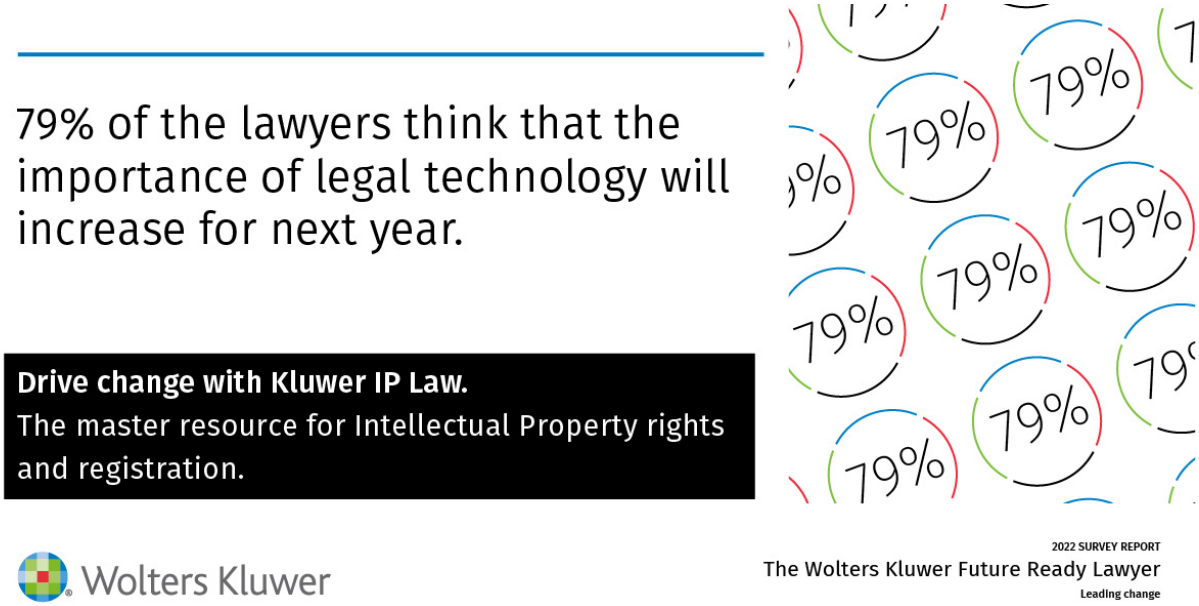

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