

Summary of Case No. M0900377 “C City Hotel”

On 11 February 2010 the Hungarian Patent Office (“the Office”) decided on an opposition against the registration of the mark „C City Hotel” (figurative mark in colour). The Office rejected the opposition *inter alia* on the ground that the opponent had provided proof of genuine use of the invoked Community trade mark only in one Member State.

On 12 February 2009 a Hungarian company filed an application for the registration of the trade mark „C City Hotel” in respect of various services in Class 43, namely “cocktail lounge services, restaurants, hotel reservations, cafés, hotels, catering”. Following examination as to formal requirements and *ex officio* examination as to absolute grounds for refusal, the Office published the application in the Trade Marks Gazette.

A UK company based in London filed an opposition claiming likelihood of confusion with, and taking unfair advantage of the repute of, its earlier trade marks under Articles 4(1)(b) and (c) of Law No. XI of 1997 on the protection of trade marks and geographical indications (“the TMA”). The opponent argued that it was the proprietor of the Community trade mark “CITY INN” (figurative) of registration number 000615336 and priority date 28 August 1997, registered in respect of goods and services in Classes 33, 35 and 42, and of the Community trade mark “CITY INN contemporary hotels” (figurative) of registration number 003168507 and priority date 15 May 2003, registered in respect of services in Classes 35 and 43. The opponent made reference to the reputation of the latter trade mark but failed to provide any proof thereof.

The opponent argued that the contested mark was applied for in respect of services mainly identical with and partly similar to those covered by his registrations in Classes 42 and 43 and that there was likelihood of confusion with his trade marks.

The applicant stated in his response that the goods and services covered by the opponent’s registrations and those for which the mark was applied for were not identical and argued that the figurative elements of the opponent’s marks and his own mark were greatly dissimilar. The applicant also requested that the Office invite the opponent to submit proof of genuine use of his trade marks under Article 61/E(1) of the TMA.

The opponent responded to the invitation by the Office submitting proof of genuine use of his trade mark 000615336, pointing out that five years had not yet elapsed since the registration of his other trade mark. The submitted documentation revealed that the opponent had used his trade mark only in respect of his six hotels called “City Inn” operated in the UK.

The Office found that the opposition was not founded and decided to register the mark. As the applicant requested proof of genuine use of the opponent’s trade marks, the Office had to examine this issue first. Under Article 76/C(3) of the TMA, the mark is not excluded from protection for the purposes of Article 4(3) if it conflicts with an earlier Community trade mark which has not been put to genuine use by the proprietor in accordance with Article 15 of Council Regulation (EC) 207/2009 on the Community Trade Mark (“the CTMR”). As the earlier trade marks were Community trade marks, Article 15 of the CTMR was applicable instead of provisions of the TMA when examining proof of genuine use.

As to the use of Community trade mark 000615336, the Office concluded that the proof of genuine use submitted by the opponent did not satisfy the requirements laid down in Article 15 of the CTMR.

It was apparent from the submitted documentation that the opponent had been using his trade mark since 1999 in various cities in the UK, namely in Bristol, Glasgow, Birmingham, Westminster, Manchester and Leeds, in respect of services in Class 43. As for the geographical scope of that use, it constituted only local use in a single Member State which could not be interpreted as use “in the Community”. None of the submitted documents supported that the use in question related to any other Member State in addition to the single Member State concerned. Consequently, that use could not be considered to bear significance in the internal market of the European Union. It was admitted that the opponent operated an Internet homepage to promote his services that was available throughout the

European Union. However, this did not affect that the actual services were available for consumers only in the territory of the UK, therefore they only had commercial effect in that part of the European Union in accordance with the Joint Recommendation concerning the Provisions on the Protection of Marks and other Industrial Property Rights in Signs on the Internet, adopted by the General Assembly of WIPO and the Assembly of the Paris Union in 2001.

The cited provision in Article 15 of the CTMR clearly establishes that use is required in the territory of the Community, which is in accordance with the economic and competition policy objectives specified in the Recitals.

The above provision in Article 15 was given a most restrictive interpretation in one of the Joint Statements by the Council and the Commission of the European Communities adopted on 20 December 1993 in the context of adopting the CTMR (hereinafter referred to as the “Joint Statement”). According to that Joint Statement, use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community. On the basis of the ECJ’s ruling in *Antonissen*, C-292/89, it may be established that an explanation of this nature is not legally binding, as expressly confirmed by the ECJ in *Praktiker*, C-418/02, with particular reference to the validity of another Joint Statement relating to the CTMR. In addition, the Joint Statement is not in line with the main objectives of the CTMR.

It is to be stressed that, at the time of adoption of the Joint Statement interpreting Article 15 of the CTMR, the European Union had only twelve Member States, a smaller geographical territory, smaller population and less economic importance. By now, the number of Member States has increased more than twofold, growing from 12 to 27, the overall population of the European Union has exceeded 500 million and the EU’s contribution to the total production of world economy has reached approximately 22%. With all this in mind, application of the Joint Statement, adopted in different circumstances and having no legally binding nature, would be contrary not only to common sense but also to sensible economic considerations.

The ECJ has elaborated its views concerning the general terms and economic functions of genuine use on a number of occasions in cases such as *Ansul*, C-40/01, *La Mer Technology*, C-259/02 and *HIWATT*, T-39/01. Statements contained in these decisions were taken into consideration by the Office when deciding the reported case.

Should the argument that it suffices to provide proof of use of a Community trade mark in only one Member State be accepted, the result would be that the use requirement relating to Community trade marks would be less stringent than that relating to national trade marks. To take an example, if a sign was registered in three Member States as national trade marks, its protection could only be maintained in the respective territories by putting that mark to genuine use in all three Member States concerned. However, an undertaking having the same sign registered as a CTM with effect in the said three Member States (plus 24 further Member States) could sustain its monopoly right by putting the mark to genuine use only in one of those three Member States.

The Community trade mark is governed by three basic principles: autonomy, unitary nature and coexistence. The CTMR is based on all these three principles together, therefore no single principle can separately prevail without limitations. Taking only one of the three principles and examining the whole Regulation from that perspective would lead to misinterpretations of the provisions of the CTMR. The principle of unitary nature is often overruled by the principle of coexistence, especially in the context of the grounds for refusal, opposition, conversion, seniority, the grounds for invalidity or provisions related to the enlargement of the European Union. Accordingly, acceptance of use in only one Member State as genuine use in respect of the whole Community would also contradict Article 7(2) of the CTMR, which precludes registration notwithstanding that the grounds of non-registrability obtain in only part of the Community.

It goes along the same logical line that the provision in Article 112(2)(a) of the CTMR allows conversion only in respect of Member States where the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State. This provision would not make any sense if use in one Member State was to be accepted as sufficient use in respect

of the whole Community. Furthermore, it is to be emphasised that the applicant or proprietor of the Community trade mark is always entitled to use the opportunity of conversion, which option is not available for proprietors of national marks in case their trade marks are revoked. Similarly, applicants of national trade marks lack such an option in case their applications are rejected as a result of successful oppositions based on Community trade marks. It is also not by coincidence that particular provisions in the CTMR contain different terms. The terms “in the Community” and “in a Member State” can no way be considered synonymous and the terms “in the Community” and “in part of the Community” are to be distinguished. Article 15 of the CTMR applies the term “in the Community”, which is the broadest of the above terms and covers the whole Community.

It follows from the above that the sufficient scale of genuine use cannot be determined on the basis of a quantitative and mechanical approach linked to national borders. It cannot, for instance, be stated that use in at least three Member States is sufficient in each and every case. It would fit in the context of the original objectives of the Community trade mark more appropriately to focus on commercial activity crossing the borders of Member States. In determining whether a Community trade mark has been put to genuine use, the internal market of the European Union is to be examined as a unitary whole and a market-oriented approach is to be applied, taking into consideration all relevant circumstances of the case, in particular the nature of the goods and services concerned, instead of examining use in the relation to the territories of particular Member States.

Similar considerations lead to the conclusion that it is not possible to establish a unitary criterion which is generally applicable to all trade mark proprietors, since the sufficient scale of genuine use is greatly influenced by, for example, the size of the enterprise holding the mark. It cannot be required from a tiny market entity to engage in the same volume of activity as a market leader multinational company. Thus, the sufficient scale of genuine use is to be determined on a case-by-case basis.

In the reported case, the Office came to the conclusion that use in one Member State cannot be considered sufficient to prevent others from obtaining *bona fide* rights in the other 26 Member States. It is not justified that an applicant wishing to obtain trade mark protection only in Hungary should lose the opportunity for doing so because another party is using a similar mark in one single Member State of the European Union. Not even competition law considerations support such an outcome as the opponent has been operating hotels only in the UK since 2000. Had the opponent wished to extend his activities to the whole Community, there would have been ample opportunity for him throughout the ten years in question to open hotels in other Member States as well.

On the basis of all the above-mentioned considerations, the Office could not accept that there was sufficient proof of genuine use of Community trade mark 000615336. Consequently, the grounds for refusal specified by the opponent were examined only in respect of the opponent’s other Community trade mark 003168507. In this regard, the Office established that the opponent had not provided proof of the reputation of his mark. The opposition failed also on the limb related to the likelihood of confusion since the Office found that the figurative elements of the marks created dissimilar general impressions and no likelihood of confusion existed.

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