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THE REQUIREMENT OF GENUINE USE IN TRADEMARK LAW: THEORETICAL AND
PRACTICAL PROBLEMS

Master thesis

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LIST OF ABBREVIATIONS

BoA - Boards of Appeal (often used in the context of EUIPO or patent offices)

CJEU - Court of Justice of the European Union

ECJ - European Court of Justice

EGC – European General Court

EU - European Union

EUIPO - European Union Intellectual Property Office

EUTMD - European Union Trade Mark Directive

EUTMR - European Union Trade Mark Regulation

ITU - Intention to Use

OHIM - Office for Harmonization in the Internal Market (now EUIPO)

TM - Trademark

TRIPS - Trade-Related Aspects of Intellectual Property Rights

WIPO - World Intellectual Property Organization

INTRODUCTION

The relevance of the master thesis. Due to their informative, communication, and quality functions, trademarks are obtaining increasing importance in commercial affairs. Although not all applications render new registrations, the EU is no exception to this trend of rising number of trademarks in force. For example, “The EUIPO received a record 101 021 EU trademark applications during the first six months of 2021, an increase of around 24 % compared with the same period last year.”¹ Eventually, the number of registered trademarks and controversial trademarks in the market grow directly proportionally,² resulting in the enhanced need to address practical and theoretical concerns related to them.

Trademarks are not only popular, but also substantially problematic. With the cluttering of the registrars by trademark registration requests, governments found themselves obliged to introduce additional requirements to keep trademarks as fluid as the market itself. One of such conditions is the demand for genuine use of the trademark. At the EU level, the requirement of the mandatory application is justified by several collective interests. Firstly, it is argued that such an obligation will reduce the total number of registered and protected trademarks and, consequently, the number of conflicts that arise between them. It is also expressly stated in EU legislation that without the mandatory use the trademark registers would be clogged with unused trademarks preventing others from valid registration of identical or similar marks which are actually used or intended to be used.³ Moreover, it is argued that trademarks fulfill their functions only when they are actually used on the market. Therefore, there can also be seen a clear collective interest in protecting consumers and their informed choices.⁴ Furthermore, The European Commission held that defensive and strategic registrations which extend the scope of protection of primary trademarks

¹ **2021 Volumes & Service Charter Highlights. EUIPO.** https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/news/2021_Volumes_and_Service_Charter_Highlights_en.pdf

² **WIPO Caseload Summary. WIPO Mediation, Arbitration, Expert Determination Cases and Good Offices Requests (2012-2021)** <https://www.wipo.int/amc/en/center/caseload.html#:~:text=To%20date%2C%2070%25%20of%20WIPO,in%20mediation%20cases%20of%2075%25> .

³ BODENHAUSEN, Georg Hendrik Christiaan Bodenhausen, Guide to the Application of the Paris Convention for the Protection of Industrial Property as revised at Stockholm in 1967, p. 75.

⁴ See Recital 31 Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks.

without the intention to actually use such trademarks⁵ must be refused⁶. Accordingly, there can be found another statement in the European legislation which provides that “there is no justification for protecting EU trademarks or, as against them, any trademark which has been registered before them, except where the trademarks are actually used”.^{7 8} Therefore, genuine use is the core for maintaining trademark rights. On the other hand, trademark owners have to come up with innovative measures to overcome threats to their registered trademarks for non-use. To balance the conflicting interests of the parties, dependence on a term as vague as ‘genuine’ is not sufficient and it is vital to find suitable and legally sound mechanisms for producing adequate evidence to prove active trademark use, especially now, when trademarks are at the peak of their demand.

Furthermore, even though case-law of the CJEU has attempted to interpret the requirement of genuineness in the context of trademark use in many of its decisions, they usually deal with different specific questions relating to the concept in question. The relevant case law ends up being fragmented and somewhat contradicting, resulting in the need for further doctrinal research and systematization.

Therefore, the relevance of this master thesis is conditioned by a need for new approaches and adaptation of legal acts due to ongoing social and market changes. There is a scientific need to explore theoretical and practical problems of the requirement of genuine use in trademark law, as there are inconsistencies between peculiarities of the current market and methods used to interpret and enforce this requirement.

Scientific research problem. Despite being of decisive importance for the maintenance of trademark registration, EU legislation does not define the term genuine use of trademark. This omission creates challenges of interpretation and application of the requirement, as finding the proper meaning of the concept compels a profound analysis of the case-law of the CJEU. The lack of definitiveness gives rise to several theoretical and practical questions in this regard, such as:

- What is the justification of the requirement to use the trademark?

⁵ NELSON, Lisa. Should defensive trade marks be part of your portfolio protection strategy?. In: FB Rice Patent & Trade Mark Attorneys [online]. [accessed 6 May. 2018]. Available from: https://www.fbrice.com.au/publication/Should_defensive_trade_marks_be_part_of_your_portfolio_protection_strategy.aspx.

⁶ Case C-40/01 Ansul, Opinion of Advocate General, p. 42.

⁷ See Recital 24 Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark.

⁸ Feuerstein, M., & Arnerstål, S. (n.d.). *Department of Law Spring Term 2018 Genuine Use of Trade Marks*. PP 7-8. Retrieved from <https://www.diva-portal.org/smash/get/diva2:1216537/FULLTEXT01.pdf>

- **How has the notion of genuine use been developing through the statutory and case law?**
- **What is the current level of interpretation of the term genuine use in trademark acts on international and EU level?**
- **What are the theoretical concerns connected with the lack of definition of the genuine use requirement in trademark law?**
- **Is genuine use of trademark universal requirement across the globe? What are the alternatives used in jurisdictions outside the EU? How could the EU Trademark Regulation and EU Trademark Directive be modified to reflect current development of interpretation of the genuine use in trademark law?**
- **What are the temporal problems of genuine use of a trademark? Is 5 years relevant grace period for non-use of the registered mark? Will the benefits of reducing the grace period for trademarks in the EU outweigh the potential costs and drawbacks for their owners?**
- **What are the geographical issues of the Genuine use of a trademark?**
- **What is the impact of technological development on proof of genuine use in trademark law? Does e-evidence broaden scope of the territoriality principle of trademark law? What kind of e-evidence may be used to prove the genuine use? How does ECJ examine e-evidences of trademark use?**

The level of the analysis of the research problem. The existing literature in the sphere of the genuine use of the trademarks includes the work of such scholar as prof. Bolton, who conducted a comprehensive study of the definition of genuine use requirements of community trademarks in light of an expanding European Union. In addition to that, the question of the legal uncertainty in the field of genuine use of the trademark has been analyzed by scholars and practitioners worldwide including Frank I. Schechter, L. Bently and B. Sherman, etc.

The scientific novelty of the master thesis. The scope of the research does not limit itself to the mere definition of the term of genuine use, as it is done by most scholars, and further examines practical and theoretical issues of the process of its actual establishment. The research includes recommendations on most current problems of temporal and geographical factors of genuine use. Furthermore, the research deals with the latest developments in the interpretation and proof of the requirement in question, examining court's decisions regarding e-evidences of trademark use, which has not been assessed in doctrine yet.

The aim of the master thesis – The thesis aims to get a fairly clear idea about the concept of the requirement of the genuine use in trademark law, addressing the theoretical and practical problems of its utilization. Therefore, one of the main purposes of this thesis is to provide its reader with a complex description and analysis of the concept of genuine use, in retrospect and currently, within and outside of the EU legislation and practice. Besides, the thesis should clarify certain procedural aspects connected with the concept of genuine use, namely those related to proving the genuineness of use of a trademark, such as its temporal and geographical aspects. This thesis aims to address technological developments and the possibilities they offer to stakeholders for proving the genuine use of trademarks, as well as the risks associated with increased flexibility.

The objectives of the master thesis. - In order to achieve the established aim of this master thesis the following tasks have to be carried out:

- 1) to analyze development of trademark functions, the problem of conflicting interests regarding abandoned trademarks and justifications of the requirement to use the trademark genuinely;
- 2) to analyze statutory regulation and historical development of the requirement of genuine use in trademark law in order to understand its evolution and current standing;
- 3) to analyze case law and identify the core problems that may arise while interpreting and applying the requirement of genuine use in trademark;
- 4) to analyze problem of the uniform definition of the genuine use requirement;
- 5) to analyze grace period tendencies and give recommendations;
- 6) to analyze use of e-evidence to prove genuine use.

The practical significance of the master thesis. The current research will be useful for scholars and practitioners in the field of competition law and trademark law, who deal with the issues of “squatting in trade law” and the requirement of its genuine use.

The master thesis can also be useful for trademark attorneys, as well as the trademark holders, intending to maintain the stability of their ownership rights or oppose such rights of others. The research establishes a comprehensive context of trademark functions and maintenance to make the research accessible and understandable to the broader audience, including readers who are not familiar with the topic at hand.

Furthermore, the thesis can also be useful for the students studying trademark and intellectual property law who seek to deepen their knowledge in such controversial issue as the requirement of genuine use in trademark law.

As regards the European Union policymakers, this research presents a value from the perspective of possible amendments to the current EU legislation in the sphere of the trademark law as it contains advice and proposals for some minor but probably useful amendments to the EU trademark Regulation and EU trademark Directive with the aim of making it more flexible and clearer for the lawyers who work in this sphere when applying provisions of applicable substantive law and trademark proprietors.

The defended statements.

- Requirement of genuine use is a crucial concern of trademark law.
- EUTMD and EUTMR need to undergo amendments to provide a more clear understanding of the requirement of genuine use in trademark law.
- Grace period for non-use in the EU should be reduced to 3 years.
- E-evidence is going to be increasingly addressed to prove genuine use of the trademark.

Methods used in the master thesis. Depending on the aim and material used in each chapter, combinations of several research methods applied throughout the thesis. Historical legal research was used to gain insights into archival materials and past versions of legal documents, tracing shifts of trademark functions and the evolution trajectory of the modern understanding and regulation of genuine use requirement over time. Moreover, comparative legal methods were applied when analyzing regulatory frameworks and judicial interpretations of genuine use requirements in different jurisdictions. Practical problems related to genuine use of trademark were analyzed based on case studies and conference observation.

The structure of the master thesis. The master thesis has three main parts that are divided into chapters and sub chapters.

The first part – discusses the importance of the requirement of “genuine use” in trademark law by providing its general overview.

chapter (1.1) concentrates on functions of trademark, while

chapter (1.2) deals with the problem of conflicting interests regarding abandoned and warehoused trademarks and

chapter (1.3) takes a view on the notion and justifications of the requirement to use the trademark.

In the second part, which is concentrated again on theoretical problems, main international and eu level legal acts are examined:

chapter (2.1) researches Paris Convention for The Protection of Industrial Property

chapter (2.2) - EU directives

chapter (2.3) - EU regulations

chapter (2.4) - TRIPS Agreement and last

chapter (2.5) summarizes general implications of the historical development of the requirement of genuine use in trademark law through legal acts.

Third part delves into the development of the requirement of genuine use of trademark through ECJ case law.

this part has two chapters,

chapter (3.2) discussing 'minimax case' and

chapter (3.2) studying 'laboratoire de la mer case'.

fourth part incorporates analysis of the practical and theoretical problems of the requirement of genuine use in trademark law.

chapter (4.1) analyses problem of the uniform definition of the genuine use requirement

chapter (4.2) discusses temporal aspects of genuine use - grace period tendencies and recommendations. it has three subchapters:

subchapter (4.2.1) analysing rationale of the grace period for non-use of a trademark

subchapter (4.2.2) review of the legal tendencies regarding duration of the grace period for non-use of a trademark

subchapter (4.2.3) benefits and justifications of shorter grace period for non-use of a trademark

last chapter chapter (4.3) is about the geographical dimension and e-evidence of genuine use. here two EGC cases

subchapter (4.3.1) Coca - Cola v EUIPO - Mitico (master), and

subchapter (4.3.2) bet365 group ltd, v. European union intellectual property office (EUIPO) are analysed to come to the conclusions in

subchapter (4.3.3) which is about e-evidence of genuine use.

1. OVERVIEW OF THE REQUIREMENT OF GENUINE USE IN TRADEMARK LAW

Researching the practical and theoretical problems surrounding genuine use requirement in trademark law necessitates a comprehensive understanding of the fundamental aspects of this legal framework. This chapter delves into the intricacies of genuine use requirement, examining its role, justifications, and implications within the more extensive context of trademark law. It digs in the exploration of the evolving functions of trademark, as well as the pivotal impact of the requirement of genuine use on commerce and consumer welfare, embarking on uncertainties between safeguarding legitimate trademark rights and preventing their misuse. This chapter does not limit itself with establishment of theoretical and historical background but also discusses real-world challenges such as warehousing and abandonment of trademarks. Following chapter confronts the complexities of conflicting interests surrounding dormant trademarks, in order to clarify the rationale behind the requirement of genuine use and its intended objectives. It highlights the practical implications of the requirement on owners, registries, competitors and consumers. Furthermore, discussion of the functions of trademark and overview of the requirement of the genuine use makes the research accessible and understandable to the broader audience, including readers who are not familiar with the topic at hand.

1.1.Functions and Utilization of Trademarks

Acknowledgment that utilizing something as intended inherently implies fulfillment of its functions, for example using a pen as a stationery tool means writing with it, highlights the innate connection between a trademark's functions and its use. This subchapter evaluates the purposes for which owners must use a trademark to achieve its role from ancient to modern times.

According to the modern definition applied in current legal acts and doctrine, trademark is a distinctive symbol, including words, graphics, colors, shapes, sounds, and even smells or combinations thereof that is capable of carrying valuable information about the unique identity,

quality, and origin of the goods and services, and is used to distinguish goodwill of one undertaking from the other.’⁹ ‘In effect, the trademark is the commercial substitute for one's signature.’¹⁰

Trademark has gone down the long line of development, switching its purpose several times. Initially marks were used to demonstrate ownership. In Roman times it was common for pottery to be embossed or impressed with a mark.¹¹ Farmers would earmark their animals and merchants would brand their goods before shipment, for their own convenience - to differentiate and prove ownership over them, or identify and retrieve surviving goods in case they would get lost or damaged.¹²

During medieval times, the trademark function switched from an indication of ownership to a source of liability. Such evolution was brought about by the prospering of complex guild structures. Members of guilds used marks for slightly different purposes. Guilds controlled who could market goods and offer services and were, more than that, concerned with the quality of the produced items. The use of marks enabled the Identification of the source of defective products. Therefore, members of the guilds were obliged to apply identifying marks or signs to the goods and were held liable if their quality was unsatisfactory.¹³ Merchants’ marks were used in commerce in Britain from the thirteenth century; By the end of the sixteenth century, it was very common for shopkeepers to erect signs illustrating their trade.¹⁴

It should be noted that by the ninetieth century, marks had become more sophisticated in detail.¹⁵ However, this is already during the next milestone in the evolution of trademark functions – the Industrial Revolution. The Industrial Revolution, accompanied by increase of regional trade and factory manufacturing, saw an enormous growth in the use of names and marks in advertising.¹⁶ This way, the functions of indication of ownership and source of liability adapted to the current economy's needs, and the concept closest to the modern trademark was born.

⁹ Senftleben, M. (2017). European Trademark Law. Oxford University Press, p. 1; World Intellectual Property Organization (WIPO) > About IP > Trademarks > [What is a trademark? \(17.03.2024\)](#); Longman Dictionary of Contemporary English, 2006; Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trademark." Official Journal of the European Union L 154/1 (2017): Chapter II, Section I, Article 4;

¹⁰ Garner, Bryan A., ed. "Trademark." Black's Law Dictionary, 9th ed., s.v. "Trademark." file:///C:/Users/user/Downloads/blacks-law-dictionary_compress.pdf

¹¹ David I Bainbridge, Intellectual Property (1999), p. 521.

¹² P. Mollerup, Marks of Excellence: The History and the Taxonomy of Trademarks (1997) 15-42.

¹³ S. Diamond, 'The Historical development of Trademarks' (1975), 65 TM Rep 265, 272.

¹⁴ David I Bainbridge, *supra* note 3.

¹⁵ *Ibid.*

¹⁶ David I Bainbridge, Intellectual Property, 8th ed. 2010, p. 655.

Nowadays, we can differentiate between the classical and contemporary purposes of trademark use. The historical designation, also known as the identification function, of the trademark, is to indicate goods and services of the same source. “The essential function of the trade-mark . . . is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user, by enabling him without any possibility of confusion to distinguish that product from products which have another origin.”¹⁷ Moreover, according to the ‘Anonymous Source Doctrine’ „a trade mark needs to only designate a single, though possibly anonymous, source. Therefore, the significance of the trademarks’ origin function is not really that a product emerges from a particular source, but rather that all products attached to the mark emerge from the same source.”¹⁸

Another classical function of a trademark is a quality function to “guarantee to the consumer that the owner of the mark followed the necessary quality control standards when producing the product bearing that mark.”¹⁹ As we already discussed, initially, it was the trade organizations – guilds that required their members to apply identifying marks to the goods and ensured that the marked goods were of satisfactory quality.²⁰ Later, even after the guilds ceased to exist, the role as a quality indicator began to operate automatically in the market economy, as customers became aware that items bearing specific markings denoting certain producers or sellers were often of superior quality or were made in accordance with certain standards. „Purchasers of goods started to rely on the signs the goods bore as truthful indications of the source of the goods. Importantly they began to use them to assist their purchasing decisions. Over time, as consumers started to realize that some marks indicated a particular manufacturer and, in turn, goods of a certain standard, the nature of the mark changed from being a source of liability to becoming an indicator of quality.”²¹

Development of trademark functionality continued after the Industrial Revolution and resulted in modern functions of a trademark. Next big step towards changes occurred in the beginning of the twentieth century, when trademarks become way more than an indication of an origin or quality and gained the properties of a marketing tool. “...the trademark is not merely the symbol of good will but often the most effective agent for the creation of goodwill, imprinting upon the public mind an anonymous and impersonal guarantee of satisfaction, creating a desire for further

¹⁷ ECJ 23 May 1978, Case 102/77, Hoffmann-La Roche/Centrafarm

¹⁸ CJEU Case 85/76, Hoffman La Roche v. Centrafarm

¹⁹ Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 1926, supra note 9, at 824.

²⁰ P. Mollerup, Marks of Excellence: The History and Taxonomy of Trade Marks (1997), cited in Bently and Sherman, Intellectual Property Law (2004), p. 694.

²¹ Bently, Lionel, 1964- & Sherman, Brad. (2004). Intellectual property law / L. Bently and B. Sherman. Oxford : Oxford University Press. P.694.

satisfactions. The mark actually sells the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power”.²² ‘The advertising’ or ‘persuasive’ function of a trademark is fulfilled when promotion and the previous satisfactory experience of customers combine its inherent attractiveness.²³ Thus, some modern marks give rise to the demand for the goods or services provided under them, not based on the expectation of particular quality but because of the trademark itself, due to its distinctiveness, ability to allure emotions, and reinforcement by advertising. Such transformation in the functions of trademarks is described as their switch from being ‘Signals,’ serving as a source identificatory, to being ‘Symbols,’ evoking associations.²⁴

In more recent doctrine, marks are discussed as an identity determinant, ‘Mythical’ subject that is able to put a label on a consumer.²⁵ Such ontological perception of the mark entails that with the product, the consumer purchases an ‘experience envelope’, which contributes to formation and expression of their identity.²⁶ As a result, instead of being hidden away on a label or packaging, trademarks are now exposed front and center, sometimes even all over the product, becoming part of the its design.²⁷

Changes in the functions of trademark were reflected in ECJ practice as well. For example, in case *L’Oréal v. Bellure* the court comments on functions of trademark that go beyond their classical use: „.....the exclusive right under Article 5(1)(a) of Directive 89/104 was conferred in order to enable the trademark proprietor to protect his specific interests as proprietor, that is, to ensure that the trademark can fulfill its functions [...] These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services but also its other functions, in particular, that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising“.²⁸ Hence, the Court recognizes trademarks as a means of interaction with customers, carrying valuable information and worth investing in.

²² Schechter, *supra* note 11, at 814–16

²³ Brown, Ralph S. “Advertising and the Public Interest: Legal Protection of Trade Symbols.” *The Yale Law Journal* 57, no. 7 (1948): 1165, 1189.

²⁴ T. Drescher, ‘The transformation and Evolution of Trademarks-From Signals to Symbols to Myth’ (1992) 82 *TM Rep* 301.

²⁵ *Ibid.*

²⁶ Bently, Lionel, 1964- & Sherman, Brad. (2004). *Intellectual property law* / L. Bently and B. Sherman. Oxford : Oxford University Press. P.695.

²⁷ Mary Stringham, *THE RISE AND FALL OF LOGOMANIA*. Article in the online magazine – Mission. <https://www.missionmag.org/the-rise-and-fall-of-logomania/>

²⁸ *ECJ case C-487/07, L’Oréal v. Bellure*

However, contrary to other forms of intellectual property, such as copyrights or patents, trademarks are not protected based on their creativity. Even if a mark's idea is clever or has a special charm, the mark itself, lacking any underlying goodwill, is not the subject of protection.²⁹ Classical functions of trademarks justify measures of their protection with deontological and consequentialist theories. Deontological theory orientates on justice and fairness and is centered on the prevention of misinterpretation and misappropriation of trademarks. Therefore, by ensuring that consumers are not misled or tricked into buying products or services that they believe to be from a different company, it aims to protect consumers from market deception and confusion and trademark owners from unfair competition.³⁰ On the other hand, the same functions lead to more consequentialist justifications. Firstly, trademarks lower consumer search costs and increases incentives to invest in brand quality and image. With the realization of the social utility of the marks, they were not only concerned with the interests of proprietors themselves, but consumers' benefits were also involved and the functions began to be tied to the social economy.³¹

Therefore, understanding the purposes of a trademark becomes essential in comprehending the requirements of its genuine use. For example, knowing from and into what the modern functions of trademarks have developed makes it undoubtful that applying a mark to demonstrate ownership over an item is insufficient nowadays. Based on this assumption, contemporary trademarks must primarily indicate origin and ensure quality to be considered genuinely used in commerce. While influence on customers' emotions and personalities may contribute to a trademark's overall performance, they are subjective categories that are not essential for fulfilling the fundamental purposes of trademarks. Moreover, the above deontological and consequentialist theories justify trademark protection based on its classical (not modern) purposes. Therefore, it is reasonable to put a threshold on source indication and quality assurance functions, as these are more objective and measurable, directly benefit consumers and contribute to the integrity of the trademark system and market economy.

In conclusion, tracing the evolution of trademarks across different eras reveals the range of roles they have played, from serving as indicators of ownership in ancient times to triggering emotional resonance and having cultural significance in the modern period. However, in the specific context of the requirement of genuine use classical functions of trademarks are the most important to consider.

²⁹ Stephan L. Carter, "The Trouble with Trademark", *The Yale Law Journal*, Vol. 99, (1990): 767-768.

³⁰ Sheff, Jeremy N. "Marks, Morals, and Markets." *Stanford Law Review* 65, no. 4 (2013): 761-815.

³¹ *Ibid.*

1.2. The Problem of Conflicting Interests Regarding Warehoused or Abandoned Trademarks

Possession of a registered trademark comes with several invaluable rights, forming a comprehensive protection of the mark and associated goodwill. Among them are the right to its exclusive use, to protection against dilution of distinctiveness, and to the commencement of legal action against infringements, seeking remedies such as injunctions, damages, or recovery of profits.³² Moreover, the rights of trademark owners extend beyond mere protection against infringement. Additionally, they provide an opportunity to license or assign the trademark to other parties³³, amplifying its commercial value for mutual benefit. Such licensing or assignment allows trademark owners to extend market reach, simultaneously retaining control over the brand image and quality of associated products or services.

Furthermore, aiming to accommodate the modern functions of trademarks, the interpretation of protection that their owners already enjoy has broadened recently to encompass emerging risks and challenges in the global and digital markets. Nowadays, the common law right of passing off, or an equivalent continental law right of trademark proprietors to prevent all third parties not having their consent from using registered trademark in the course of trade and in relation to similar goods or services, is further reaching. For example, the evolution of comparative advertising has brought forth new considerations pertaining to trademark protection. Traditionally, trademarks were predominantly protected from uses that compromised their primary function of indicating the origin of goods or services. However, contemporary trademark law acknowledges that comparative advertising can impact other essential functions of the mark, such as the reputation of associated goodwill, without causing dilution. According to the findings of the ECJ in the L'Oréal case "the proprietor of a registered trademark is entitled to prevent the use by a third party, in a comparative advertisement [...] even where such use is not capable of jeopardizing the essential function of the mark, which is to indicate the origin of the goods or services, provided that such use affects or is liable to affect one of the other functions of the mark."³⁴ Therefore, regardless of whether it directly impairs the mark's origin-indicating purpose, trademark owners are entitled to forbid third-

³² See for instance Art. 9 of EUTMR (2017)

³³ Ibid. Art. 25

³⁴ ECJ 18 June 2009, Case C-487/07, L'Oréal/Bellure, § 58

party use of their registered marks in comparative advertising that could adversely affect its any other function. With broadened protection, entrepreneurs are incentivized to register trademarks and enforce their exclusive rights. However, the risk and temptation to abuse those privileges also enhance.³⁵

As trademarks are adaptable instruments, in practice, their ownership can be used not only as a shield but also as a sword when companies have offensive strategies and enforce their trademark rights aggressively. The offensive use of a trademark relies on its exploitation to establish a better position or extend market presence, which, if not balanced and constrained, can have far-reaching negative consequences on the interests of other entrepreneurs, consumers, and the market economy in general.

The possibility of market distortion is the core of the problem, and one way to distort the market is by warehousing or abandoning trademarks. The distinction between these two approaches is that the owners of warehoused trademarks actively hold their registrations with zero or insignificant current use or even intention to use them in commerce in the future. In such cases, while warehoused trademarks retain legal protection, they are reserved for strategic purposes, such as squatting and selling them at a profit to legitimate businesses seeking to establish or expand their market presence. Despite the absence of malicious intentions in their future use, trademarks that are abandoned by mere neglect (instead of following proper procedures for relinquishment) result in the same effects as warehoused ones.

More specifically, trademarks not used on the market pose severe problems for the interests of different parties, such as customers, companies, registers, and the system's integrity in general. First, Trademarks that have been abandoned or stored might prevent legitimate businesses from using potentially profitable marks for their goods or services. These trademarks monopolize particular market niches by occupying valuable brand names or identifiers without actively employing them in commerce. One real-life example of how unrestrained registration can incentivize predatory patterns is the case of a well-known soft drink company, Seven-up, that attempted to register more than one hundred thirty-eight possible trademarks for soft drinks that might have potentially rivaled theirs, including Cum Laude, Sunberry, Frucosa, and Pardon.³⁶ Thus, trademarks not used for a legitimate purpose impose fictitious obstacles

³⁵ Argument of enhanced possibility of warehousing was one of the leading objections against the United States Trademark Association (an organization that represents the interests of American trademark owners), that has been trying for decades to convince the Congress to institute an intent-to-use system. See *The trouble with Trademarks*, p. 778,

³⁶ Wall St. J., Oct. 16, 1980, at 31, col. 1. See *The Trouble with Trademarks*, p. 780

and prevent competitors, especially market entrants, from establishing their presence and providing alternative goods or services. Such distortion threatens the fundamentals of fair competition, which are vital for promoting economic growth and consumer welfare, in addition to stifling innovation and entrepreneurship. The effects of market entrance constraints on SMEs are also tied to customer interests, who, as a result, experience reduced diversity of products and services on the market and limited choices.

Furthermore, even if trademark offices do not reject applications for marks similar to existing warehoused or abandoned ones, businesses may encounter challenges almost immediately after registering them. Abandoned and warehoused marks weaken protection for already registered and legitimately used trademarks, as owners who do not actively use them may still have the legal right to assert infringement claims against businesses with similar marks and take legal action to protect their exclusivity. Such exacerbated uncertainty and increased legal risks will raise research expenditures and cause costly, time-consuming legal actions for businesses that operate in markets where abandoned or warehoused trademarks are common, diverting funds from their core activities. The significance of trademark registries in upholding a solid and trustworthy trademark system may not be overlooked while discussing stakeholders' interests. Registers give trademark owners security, clarity, and dependable information so they may stand up for their rights and prevent infringement or unlawful use of trademarks. However, abandoned and warehoused trademarks undermine their efficacy by cluttering records with not actively utilized or maintained marks. There is a higher chance of unintentional infringement and legal issues due to this clutter, making it challenging for companies, lawyers, and trademark offices to assess the availability of marks appropriately. Furthermore, the costs and resources needed to maintain and monitor abandoned trademarks in the register significantly increase the administrative burden on trademark offices and authorities.

In the end, persistence of unused trademarks on the market deters not only individual interests of stakeholders, but also weakens the predictability and dependability of intellectual property rights and erodes public confidence in the trademark system as a whole, which ultimately dilutes value of trademark registration and impedes incentive to invest in them.

To sum up, while trademark owners have exclusive rights and protections, these rights are not absolute and must be balanced against the interests of other stakeholders and the need to prevent unfair competition, safeguard consumer welfare, strengthen dependability of trademark registers and foster innovation in general.

1.3. Justifications of the Requirement to Use the Trademark

Based on the conclusions drawn up in previous two subchapters, trademarks serve the system of intellectual property and business in various ways. Analysis of a trademark's functions, the rationale behind conferred safeguarding and associated risks of abuse, demonstrate that modern trademark protection is at the crossroads of encouraging innovation, enabling fair competition, and maintaining brand identification while minimizing the chances of trademark stockpiling, monopoly, and entry barriers on the market. Information about the unique identity and reputation of the brand carried by the trademark can help businesses create recognition and loyalty in the marketplace. It also fosters competition and innovation, encouraging businesses to fund the development and promotion of new and better products and services. However, protection of marks that carry zero information to clients involve significant costs, granting too much for too little. The requirement of genuine use is one example of a legislative tool to strike a precise balance between the frequently opposing interests of stakeholders. By analyzing notion and justifications of the requirement to use the trademark, this subchapter aims to showcase its importance, how it eases market entrance, prevents trademark owners from monopolizing terms, symbols, or design components, and makes trademark rights available to all businesses.

The purpose of a trademark has several consequences for the level of legal protection that it offers. Therefore, one of the primary justifications for the requirement of genuine use is that trademarks are intended to function as accurate source identificatory, helping consumers distinguish the goods or services of one provider from those of another. In *Ansul BV vs. Ajax Brandbeveiliging BV* case ECJ argued that “The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.” It is self-evident that if a mark is not used and if a consumer does not see it on a regular basis, its function as an ownership or quality indicator is rendered ineffective. As a result, the protection of a trademark that cannot observe its basic purpose is meaningless and unjustifiable. Under such circumstances,

it appears obvious why use obligation is introduced in contrast to the significantly good protection of trademark proprietors' rights that the law provides. The requirement of genuine use is a tool to ascertain that registered trademarks are applied in the market. In other words, it is an instrument to ensure that trademarks fulfill their function and facilitate several key principles of trademark law, such as the protection of consumers, the promotion of fair competition, and the need to prevent trademark abuse.

Another key justification for the requirement of genuine use is the promotion of fair competition. Trademarks are valuable assets that confer exclusive rights on the trademark owner to use the mark in commerce. If a trademark is registered but not used, this can create a barrier to entry for competitors who may be prevented from using similar or identical marks in connection with their own goods or services, as discussed in more details in subchapter 1.2. of this thesis. By requiring genuine use of a trademark, law helps to ensure that competitors are not unfairly excluded from the marketplace just because someone else was quicker to register a certain symbol without the intention of its commercial use.

The requirement of genuine use also serves to prevent trademark abuse. Trademarks are shields and swords at the same time. They can be used for a variety of purposes beyond their intended function as source identifiers, including as weapons to stifle competition or receive rent from other market participants. If a trademark is registered but not used, it can become subject to squatting. By requiring genuine use of a trademark, trademark law helps to prevent this type of abuse and ensure that trademarks are used for their intended purpose.

In addition to these justifications, the requirement of genuine use is consistent with broader principles of property law and contract law. Trademark registration confers property rights to the trademark owner, but these rights are not absolute and must be exercised in a manner that is aligned with the public interest.

Last but not least, the requirement of genuine trademark use has noteworthy consequences for the administrative entities overseeing trademark registrations. This requirement acts as a natural filter, ensuring that only trademarks with genuine commercial value are kept on the registry. By eliminating the need to maintain a lengthy list of dormant or underutilized trademarks, administrative organizations can maximize their productivity and resources. As a result, the trademark registry becomes more transparent and reliable, making the application process easier for anyone seeking to register a trademark and boosting public trust in the system.

Essentially, the criterion of actual use preserves trademark law's core values and expedites administrative processes, ensuring the continued efficacy of trademark registration systems. In conclusion, in the framework of trademark law, the requirement of genuine use that is based on a variety of theoretical justifications, acts as a is a fundamental aspect and one of the key mechanisms for maintaining the integrity and effectiveness of registered trademarks. While trademarks serve functions ranging from identification and quality assurance to advertisement, they act in full potency only if they are actively applied in commerce. Moreover, behind the requirement to use lies a complex challenge in balancing the rights of trademark owners with the broader goals of fair competition and consumer protection. In summary, the integrity, equity, and effectiveness of the trademark ecosystem are seriously jeopardized by the neglect to cancel trademarks that have been abandoned or stored. Proactive steps must be taken to detect and cancel dormant trademarks, encourage openness in the trademark registration procedure, and bolster enforcement mechanisms against abusive trademark usage in order to address this problem. Regulators and legislators can preserve the values of fair competition, safeguard the interests of consumers, and promote an environment in the market that encourages innovation, expansion, and prosperity by doing this.

2. HISTORICAL DEVELOPMENT OF THE REQUIREMENT OF GENUINE USE IN TRADEMARK LAW THROUGH LEGAL ACTS

The fact that the requirement of genuine use, its interpretation, coverage, and exceptions have been gradually changing through time is prominent in the texts of international, regional, and national legal acts regulating trademarks. Circumstances of emergence and further amendments of the requirement in question prove its importance, simultaneously giving a perspective of the development of modern understanding of genuine use. For a more generalized look, this chapter will discuss the international and regional timeline of legal acts containing this requirement, including the Paris Convention for the Protection of Industrial Property, TRIPS Agreement, and EU Trademark Directives and Regulations.

2.1. Paris Convention for the Protection of Industrial Property

In international legal instruments, the requirement to use registered trademarks was introduced as early as the beginning of the 20th century. Article 5, Section C, subparagraph 1, was added to the Paris Convention for the Protection of Industrial Property as a result of the Hague Revision Conference in 1925. Provision is not a strict requirement of use itself, as it gives member states freedom of choice to make use compulsory or not; however, it acknowledges that the registration may be cancelled due to non-use "only after a reasonable period, and then only if the person concerned does not justify his inaction."³⁷ Further clarifications as to what constituted protected use were added to the convention after the 1934 Revision Conference of London. It was put in subparagraph 2 of the same Article 5, Section C, that the "use of a trademark by the proprietor in a form differing in elements that do not alter the distinctive character of the mark in the form in which it was registered in one of the countries of the Union (the countries to which this convention applies³⁸) shall not entail invalidation of the registration and shall not diminish the protection granted to the mark."³⁹

Therefore, until 1994, when the TRIPS agreement introduced Article 19, international principles regarding the use of trademarks were that: 1) its mandatory character depended on the jurisdiction; 2) owners had a reasonable period to put their trademarks on the market; 3) they had the right of justifiable non-use; and 4) in the Subparagraph 2, we already saw specification of the acceptable use - in a form different than registered but without altering the distinctive character of the mark.

Even though nowadays the requirement of genuine use is perceived as a means of ensuring that individuals or companies that are not using the mark in commerce do not abuse it, it is evident that drafters of the Paris Convention had the protection of trademark owners' rights in mind, thus softening the requirement for them and providing with escapes from it in the jurisdictions where use was mandatory.

³⁷ Paris Convention for the Protection of Industrial Property of March 20, 1883. WIPO Database of Intellectual Property. Legislative Texts WO020EN. Accessed on 14.03.2023. P. 5. <https://www.wipo.int/wipolex/en/text/287556>.

³⁸ Ibid. P. 2

³⁹ Ibid. P. 5-6.

2.2. EU Directives

EU first attempted to approximate Member States' laws relating to trademarks in 1980, as the European Commission adopted the Proposal for a first Council Directive. When speaking about the importance of the requirement of genuine use, we should mention that it was addressed by Article 11 of the Proposal, which according to its second recital, did not find full-scale harmonization necessary, but concentrated on those provisions of national law which most directly affect the free movement of goods and services.⁴⁰

Article 11 had four paragraphs and provided that a trademark shall be put to serious use in the Member State concerned, with goods and services in respect of which it was registered, unless legitimate reasons existed for not doing so.⁴¹ Term 'serious use' is a predecessor to 'genuine use.' In line with the Paris Convention, Article 11 also acknowledged the possibility of a legitimate justification for not using the trademark seriously. Subsequently, in its second paragraph, it was declared that the circumstances arising independently of the proprietor's will were sufficient to constitute legitimate reasons for not using the trademark. However, this proposition, as discussed below, did not make it to the final version of the Directive.⁴² Following that, the third paragraph acknowledged that the use of a trademark by people other than the owner, particularly by a licensee or by a person affiliated with the owner economically, had to be taken to constitute the use by the owner. The Proposal also dealt with the repercussions of non-use. According to Articles 12 and 14, it could lead to the trademark's potential inability to be enforced in opposition proceedings or its invalidation, respectively. The Proposal goes as specific as determining the duration of the grace period of five consecutive years. This proposal resulted in the first EU TM Directive in 1989, which entered into force in 1992.⁴³ However, the 1989 Directive did not fully reflect proposed provisions, as further discussed in this paragraph.

In 1983 Article 13, which for the renewal of trademark registration required declaration of use, indicating the goods or services in respect of which the trademark had been used in required

⁴⁰ Official Journal of the European Communities, C 351, 31 December 1980, P. 1. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:1980:351:TOC>

⁴¹ Ibid. P. 4

⁴² Official Journal of the European Communities, L 40, 11 February 1989, p. 6. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:1989:040:TOC>

⁴³ Council Decision of 19 December 1991 postponing the date on which the national provisions applying Directive 84/104/EEC to approximate the laws of the Member States relating to trade marks are to be put into effect.

manner for five years prior to the expiry of the registration, was deleted, while other provisions concerning genuine use remained unchanged.⁴⁴

In 1985 Article 11, underwent significant modifications. First, it now incorporated period of justified non-use. It was expressly provided that the trademark shall be subject to sanctions if it has not been put to genuine use within an uninterrupted period of five years following its registration or if such use has been suspended during an uninterrupted period of five years. One of the other easy-to-spot changes was substituting the term serious use with the term genuine use. Another modification was inspired by the Paris Convention, which permitted the trademark owner to use it in a form different from the one registered as long as the mark's distinctive character was not changed. It was also explicitly established that affixing the trademark to goods or their packaging in the Member States for export purposes constituted legitimate use. Finally, the legislator decided to expand the group of people whose use of trademark equalled the use of proprietor and included in the scope anybody using the trademark with the owner's permission, thus licence or economical association with the proprietor stopped being relevant. The remaining articles dealing more with procedural matters maintained their sense despite minor phrasing modifications.⁴⁵

Some more changes were initiated in 1989. The use of the trademark moved upper for one provision and was now regulated by Article 10. The final version of the enacted directive contained some terminological modifications. The term 'legitimate' regarding reasons for non-use was substituted with 'proper,' which was no longer defined in any way as the rule that the legitimate reason for not using a trademark could have been any circumstance arising independently of the will of the proprietor of a trademark⁴⁶ was eliminated. This change was an attempt to limit the scope of excuses for non-use practically by giving the discretion of the decision to the court while introducing one more vague term in the Directive. Except for the word 'revocation' being used instead of 'invalidity' in Article 12 of the EU TM Directive 1989, which was the new version of Article 14 of the 1985 proposal, the grounds of voidness remained unchanged.⁴⁷ The later modification in terminology limited the scope of the consequences of non-use, depriving it of the retroactive effect and differentiating trademarks that were initially valid but voided after certain circumstances arose. On the other hand, the range of the legal and administrative repercussions for

⁴⁴ Official Journal of the European Communities, C 307, 14 November 1983, p. 65. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:1983:307:TOC>

⁴⁵ Official Journal of the European Communities, C 351, 31 December 1985, p. 12. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:1985:351:TOC>

⁴⁶ Official Journal of the European Communities, L 40, 11 February 1989, p. 6. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:1989:040:TOC>

⁴⁷ Ibid. P.6

failing to utilize a trademark expanded to include not only its ineffectiveness in opposition procedures but also in invalidation and infringement cases. The first, in practice, meant that the existence of an earlier trademark that did not fulfil the requirement of genuine use could not be ground to refuse registration of a later trademark.⁴⁸ The second suggested that infringement proceedings could not be successfully invoked if, as a result of the defendant's counterclaim for revocation of the allegedly infringed trademark, it was established that claimant's trademark could be revoked on the ground of non-use.⁴⁹ However, these opposition and infringement proceedings rules were only optional for the Member States.⁵⁰

Provisions dealing with genuine use did not change in EU TM Directive 2008, which replaced the EU TM Directive 1989.⁵¹ Contrariwise, the EU TM Directive 2015 brought certain modifications in the area. According to the notification made by the European Union to the WTO under Article 63.2 of TRIPS, the EU TM Directive 2015 "modernizes and improves the trademark systems of the EU Member States, by amending outdated provisions, increasing legal certainty, and clarifying trademark rights in terms of their scope and limitations."⁵² This modernization also addressed the requirement of genuine use bringing it closer to the provisions contained in the contemporary EU TM Regulation 2015. However, changes were brought about mainly by the different systematic compositions of that Directive. Namely, sanctions for non-use that comprised Article 11 of the EU TM Directive 2008 were now regulated in separate articles as defences in infringement⁵³, revocation⁵⁴, and opposition proceedings.⁵⁵ Two main differences that more detailed regulation of sanctions made were: first, it became mandatory for every member state to provide non-use as a defence in infringement and opposition proceedings alongside the invalidation proceedings, and second, it was established that the burden of proof laid on the proprietor of the trademark in each case. Additionally, more procedural aspects were prescribed, such as the date from which the five-year grace period of justifiable non-use shall be calculated in different circumstances - in case the member state provides for the opposition proceedings or with regards to trademarks registered under international arrangements.

⁴⁸ Ibid. P. 6

⁴⁹ Ibid. P. 6

⁵⁰ Ibid. P.6

⁵¹ See Article 17 EU TM Directive 2008.

⁵² The notification by the European Union to the WTO under Article 63.2 of TRIPS. <https://www.wipo.int/wipolex/en/legislation/details/15947>

⁵³ Article 17 EU TM Directive 2015

⁵⁴ Article 44(1) and (2) EU TM Directive 2015

⁵⁵ Article 46 (3) EU TM Directive 2015

Since 1980 till now the EU TM Directive has evolved, intending to provide clarity and legal certainty to the requirement of genuine use, adding more and more details to the provisions.

2.3. EU regulations

Conversely from the EU Trademark Directives, regulations do not aim to harmonize national legislations of trademarks but deal with supranational, European trademarks that have an equal effect in each state throughout the EU.⁵⁶ Regulations are directly applicable in Member States without the necessity of implementation through the national legislative acts.⁵⁷ This means that member states do not have any discretion to modify its provisions. Thus, regulations are harder to make consensus on and EU Trademark Regulation is the perfect example of this. The first proposal for a regulation governing EU trademarks was adopted concurrently with the first proposal for an EU TM directive in 1980⁵⁸, 16 years after the publication of a preliminary draft of a Convention for a European Trademark in 1964⁵⁹. Due to these concurrent adoptions, the provisions pertaining to the required use of trademarks were nearly identical in both of these legislative acts, with the exception that, in contrast to the directive proposal, which foresaw non-use as merely ground for revocation or defense in opposition proceedings, the regulation proposal already included the unenforceability of non-used trademark in invalidity proceedings⁶⁰, as well as permitted filing a counterclaim in infringement proceedings for a cancellation.⁶¹ Due to this advantage, the procedural consequences of non-use of a trademark, required relatively minor modifications during the drafting process before the EU TM Regulation 1994⁶² was eventually enacted at the end of 1993.⁶³ The final text of the EU TM Regulation 1994 included certain changes from the previous Commission draft. Generally, in relation to provisions dealing with genuine use, the proposal for the regulation went through same changes as the proposal for the first directive, so

⁵⁶ REGULATION (EU) 2017/1001 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on the European Union trade mark (codification). Recitals (4) and (7)

⁵⁷ Article 288 Treaty on the Functioning of the European Union.

⁵⁸ Official Journal of the European Communities, C 351, 31 December 1980, p. 5.

⁵⁹ Bulletin of the European Communities, Supplement 8/76, p. 5.

⁶⁰ See Article 78 Proposal for a Council Regulation on Community trade marks published in Official Journal of the European Communities, C 351, 31 December 1980, p. 23.

⁶¹ See Article 47 Proposal for a Council Regulation on Community trade marks published in Official Journal of the European Communities, C 351, 31 December 1980, p. 17.

⁶² Official Journal of the European Communities, L 11, 14 January 1994, p 1.

⁶³ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.

the article concerning a requirement of genuine use was changed in a similar manner as the EU TM Directive 1989 discussed above.

Currently, requirement of genuine use is regulated by EU TM Regulation 2017, which resulted after non-significant modifications made in 2009⁶⁴, when the EU TM Regulation 1994 was repealed and codified, and subsequently, in 2015⁶⁵.

Wording of the Article 18 EU TM Regulation 2017 that sets forth the basic substantive requirement for the obligation to use registered trademarks, is almost identical to the EU TM Directive 2008. It reads as follows: “If, within a period of five years following registration, the proprietor has not put the EU trade mark to genuine use in the Union in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the EU trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use. According to Article 18(1)(a) and (b) EUTMR, use of the EUTM in a form differing in elements that do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trade mark in the form as used is also registered in the name of the proprietor, and the affixing of the EUTM to goods or to the packaging thereof in the European Union solely for export purposes, also constitute use within the meaning of Article 18(1) EUTMR. According to Article 18(2) EUTMR, use of the EUTM with the consent of the proprietor will be deemed to constitute use by the proprietor.”⁶⁶ Therefore, differently from the latest EU TM Directive it does not contain provisions reflecting beginning of the five-year grace period and obligation to enter such date in the register.⁶⁷

However, EU TM Regulation is not the only document regulating requirement of use of the community trademark. It is supplemented by the EU TM Delegated Regulation 2017⁶⁸ and EU

⁶⁴ Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version). See Article 166 EU TM Regulation 2009.

⁶⁵ See Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs).

⁶⁶ Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trademark.

⁶⁷ See article 16 (1) – (4) of EU TM Directive 2015

⁶⁸ Commission Delegated Regulation (EU) 2017/1430 of 18 May 2017 supplementing Council Regulation (EC) No 207/2009 on the European Union trade mark and repealing Commission Regulations (EC) No 2868/95 and (EC) 216/96.

TM Implementing Regulation 2017⁶⁹ both providing specific procedural rules including those dealing with genuine use. More specifically, Article 10(2) EUTMDR deals with the procedure of submission of the proof of use or showing that there are proper reasons for non-use, as well as what can be regarded as evidence. The consequences of a lack of use in opposition proceedings are also dealt with in Article 47(2) and (3) EUTMR. Its modern wording regarding the starting date of the grace period is the result of Amending Regulation (EU) 2015/2424, which entered into force on 23/03/2016. Previously, the 5-year period was computed backwards from the date of publication of the contested EUTM application.

2.4. TRIPS Agreement

The TRIPS agreement, ratified in 1994 as an annex to the Agreement creating the World Trade Organization, further pursued the goal of the Paris Convention to protect the rights of the trademark proprietors in jurisdictions where the use of the trademark was declared mandatory. Article 19 of the TRIPS agreement added some insights as to what constituted a reasonable period of non-use and what was considered justifiable reasons for the exception. The minimum grace period decreased to at least three years. Exceptions justifying non-use were declared to be circumstances arising independently of the trademark owner's will that prevent the use of the trademark, such as import restrictions or other government requirements for goods or services protected by the trademark. TRIPS agreement introduced other criteria of the modern genuine use - use by third parties but subject to the owner's control was recognized as protected.

Until now, Paris Convention and Trips Agreement are the primary documents regulating the requirements for using trademarks on the global level. As it can be seen, provisions set minimum standards and can be subject to interpretation.

⁶⁹ Commission Implementing Regulation (EU) 2017/1431 of 18 May 2017 laying down detailed rules for implementing certain provisions of Council Regulation (EC) No 207/2009 on the European Union trade mark.

2.5. General Implications of The Historical Development of The Requirement of Genuine Use In Trademark Law Through Legal Acts.

Since 1925, when the requirement for the use of a trademark first appeared in the Paris Convention, it has been changing to reflect the development of society and technologies. Amendments were either structural, terminological, or substantial, aiming to encourage clarity and legal certainty of the requirement. However, after almost a century of development, provisions are still criticized for containing terms subject to interpretation. Thus, ambiguity is the central theoretical problem of the requirement of genuine use in trademark law. Even though the loose character of brief and straightforward provisions has the benefit of making law flexible to changes in society, leaving the definition of genuine use exposed to subjective interpretation also means putting the enforcement of trademark rights at risk.

Observation of different legal acts shows that the level of development and scrutiny of the provisions dealing with the use of trademarks depends not only on how late it emerged but also on the scope of application of the document. The provisions in international documents, the Paris Convention and TRIPS Agreement are very general, mainly concerning substantive and not procedural law. EU legislation, which covers both the substantive and procedural components of the concept, is also a significant component of the legal framework pertaining to the idea of genuine use. The core clauses in the EU TM Directive 2015 and EU TM Regulation 2017 are mostly identical. However, EU TM Regulation 2017 is supplemented with two other regulations giving specificities of the requirement. This set of legal acts makes requirement of genuine use of the EU Trademark the clearest and the most detailed one among discussed documents.

3. DEVELOPMENT OF THE REQUIREMENT OF GENUINE USE OF TRADEMARK THROUGH ECJ CASE LAW

Case law is a crucial source for comprehending the meaning of 'genuine' when describing trademark use. As discussed in the previous part of this thesis, neither international nor regional acts attempted to clarify what precisely 'genuine use' meant throughout their development. Therefore, in parallel with legal provisions, several important principles regarding the interpretation of this term have been evolving through the rulings of the Court of Justice.

This chapter discusses two of such court cases. ‘Minimax Case’ was chosen in particular, as it is deemed to be a landmark decision in the interpretation of genuine use requirement, establishing a test for its assessment and determination. Decision in ‘Laboratoire de la mer Case’, published not long after, further elaborates this test. In combination chosen cases not only demonstrate the role of CJEU in defining the concept from different angles, and an attempt to systemize standards, but give comprehensive understanding of basic criteria of the genuine use test and serve as a precedent, setting guidance for future cases.

3.1. ‘Minimax Case’

European Court of Justice made its milestone decision in the *Ansul BV vs. Ajax Brandbeveiliging BV* case in 2003, which is also known as the Minimax case.⁷⁰ Request for the preliminary ruling that led to the discussion of the genuine use was lodged in ECJ by the Hoge Raad der Nederlanden (Supreme Court of the Netherlands) following its judgment of January 26, 2001, and under Article 234 EC. Dutch national court was dealing with the dispute on the use of the trademark Minimax for products and services offered by the firms Ansul BV (hereinafter "Ansul") and Ajax Brandbeveiliging BV (hereinafter "Ajax"). Ansul was a Dutch company that had registered the word 'Minimax' in the Benelux trademark office for fire extinguishers and associated products. In 1992, Ajax, a subsidiary of the German Minimax GmbH, registered a mark configuring the word 'Minimax' in a particular way in the Benelux countries, and in 1994 started selling in Netherlands similar products related to fire protection, including fire extinguishers produced by the Minimax GmbH. Meanwhile, in 1988 Ansul's registration expired, and since May 2, 1989, Ansul has not sold fire extinguishers under the Minimax mark. Instead, between 1989 and 1994, Ansul sold fire extinguisher component parts and extinguishing substances bearing the Minimax mark and provided maintenance, checking, and repair services for equipment bearing it, as well as sold stickers and strips with the Minimax mark to fire extinguisher maintenance companies.

The dispute arose when Ansul filed a trademark infringement lawsuit against Ajax. Eventually, the case went to the European Court of Justice to determine the validity of Ansul's trademark and whether Ajax infringed it. Court was asked two questions. First, whether the interpretation of the Dutch Supreme Court was acceptable, and, in case of a negative answer, on what criteria should the term's meaning have been based. Second, if activities carried by Ansul from 1989 to 1994, thus

⁷⁰ Judgement of 11/03/2003, C-40/01, Minimax, EU:C:2003:145

circumstance where no new goods were traded under the registered mark, but other activities were engaged in, constituted genuine use. While deciding on the case, the ECJ faced the issue that despite being mentioned in various legal acts, none of them contained any guidance as to how genuine use should have been interpreted. Therefore, the scope of the term was to be determined based only on an analysis of the text of the EU TM Directive itself.⁷¹

First finding was derived from the eighth recital of the Directive, which stated that trademarks 'must actually be used or, if not used, be subject to revocation'.⁷² Actual use was not less ambiguous requirement than genuine use, those expressions are tautological. Therefore, court proceeded with development of specific criteria bearing in mind recital eight and the sub-context of actuality. It further established that 'to be used genuinely, mark should not be merely token, serving to preserve the rights conferred by the registration.'⁷³ 'Where use is a mere sham, is formalistic or notional, where it is empty of substance and directed solely at avoiding revocation and does not serve to carve out an opening in the market for the goods and services to which it relates, that use does not constitute genuine use.'⁷⁴ The Judgement emphasized detriment of lack of intention of the proprietor to associate mark with the product and importance of using it in a way that fulfills its essential function to 'guarantee the identity of the origin of goods or services to the consumer or end user by enabling them, without any possibility of confusion, to distinguish the product or service from others which have another origin.'⁷⁵

Court further denotes that genuine use means public use of the mark. 'It follows that 'genuine use' of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned.'⁷⁶ To clarify reason behind the criteria, Decision once again underlines functionality of the trademark by stating that 'the protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial raison d'être, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns.

⁷¹ Ibid. Para 34

⁷² Ibid. Para. 35

⁷³ Ibid. Para. 36

⁷⁴ Case C-40/01 Ansul, Opinion of Advocate General. Para. 51 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:62001CC0040>

⁷⁵ 11/03/2003, C-40/01, Minimax, EU:C:2003:145, Para. 36

⁷⁶ Ibid. Para. 37

Such use may be either by the trademark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.’⁷⁷ Thus, to be genuinely used, the mark must be visible to the clients if not for actual purchase, at least due to advertising.

The Court decision proceeds with listing the factual circumstances that must be considered when establishing genuine use of a trademark, simultaneously underlying individuality of each instance. According to the judgment, combination of facts should be assessed in a way to determine, whether the mark warrants ‘in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.’⁷⁸ These factors are ‘inter alia, the nature of the goods or services at issue, the characteristics of the market concerned, and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or services concerned on the corresponding market.’⁷⁹

To summarize findings of the Minimax case, when assessing whether the use of the trademark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly:

- a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark,
- b) the nature of the goods or services at issue,
- c) the characteristics of the market,
- d) the scale and frequency of use of the mark.⁸⁰

3.2. ‘Laboratoire de la mer Case’

the Court further elaborated the Minimax criteria in its order for Case C-259/02 between La Mer Technology Inc. (hereinafter ‘La Mer Technology’), a company incorporated under United States law, and Laboratoires Goemar SA (hereinafter ‘Laboratoires Goemar’), a company incorporated under French law, on the interpretation of Articles 10(1) and 12(1) of First Council Directive

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid. Para 39

⁸⁰ Ibid. Para. 38

89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.⁸¹

Questions for a preliminary ruling arose during the proceedings for a decision revoking the rights of Laboratoires Goemar in the two trademarks consisting of the words 'Laboratoire de la mer', registered in the United Kingdom for goods it produces.⁸² The main point of disagreement was whether Laboratoires Goemar SA. had genuinely used its registered trademark within the five-year period preceding La Mer Technology Inc.'s applications for its revocation. Two main convergences – the geographical location of registration and the scope of subjected products - have to be noted. La Mer Technology Inc. had intended to use the "La Mer" mark for the marketing of cosmetics and related products within the UK market, exactly where Laboratoires Goemar SA had obtained registration for their trade mark "Laboratoire de la mer", for a range of goods, including pharmaceuticals, veterinary products, sanitary items, and dietetic products containing marine ingredients (Class 5), as well as perfumes and cosmetics infused with marine elements (Class 3).⁸³

The Court's key findings and interpretations after discussion whether Laboratoires Goemar SA. used the trademark appropriately during the relevant time period, can be summarized as follows:

- Among the factors that may be considered when assessing whether the use of a trademark is genuine are the characteristics of the goods and services, the frequency or regularity of the mark's use, if it is used to market all the identical goods or services of the proprietor or just some of them.

⁸⁴

- Case also eliminates the 'de minimis rule', meaning that as long as it is enough to serve a business purpose in the particular economic sector appropriately, even insignificant usage like the use by a single importer in a Member State may be considered genuine. 'Use of the mark by a single client which imports the products for which the mark is registered can be sufficient to demonstrate that such use is genuine if it appears that the import operation has a genuine commercial justification for the proprietor of the mark.'⁸⁵

- The Court clarified that according to the directive, the designation of use of the trademark as "genuine use" is contingent only on consideration of the circumstances that predate the filing of the application for revocation; However, it does not prevent appropriate analysis of any

⁸¹ 27/01/2004, C-259/02, Laboratoire de la mer, EU:C:2004:50

⁸² Ibid. Para. 2

⁸³ Ibid. Para 6

⁸⁴ Ibid. Para. 22

⁸⁵ Ibid para. 24-25

circumstances arising after filing, provided that they do not show owner's intention to merely refute that claim. In such case, the national court will make a decision which facts take into account.

To summarize, in the context of the requirement of genuine use, the *Minimax* and *Laboratoire de la Mer* cases hold important implications. *Minimax* emphasizes that even seemingly insignificant deviations from real usage might endanger a trademark's ability to maintain its legal status. *Laboratoire de la Mer*, on the other hand, is an example of the complex interaction between intellectual rights and regulatory clearances. It demonstrates the difficulties faced by trademark owners when they come into regulatory barriers that may limit their capacity to really make use of their protected ideas.

4. ANALYSIS OF THE PARTICULAR PRACTICAL AND THEORETICAL PROBLEMS OF THE REQUIREMENT OF GENUINE USE IN TRADEMARK LAW

4.1. Problem of the uniform Definition of the Genuine Use Requirement

Analysis of the legislation and case law shows that the lack of a uniform definition for such a vague term as 'genuine' is the central theoretical problem of the discussed requirement. The meaning of trademark use becomes most relevant in three scenarios. The first is when we discuss the justification of trademark protection.⁸⁶ The second is debate whether certain uses constitute an infringement of ownership rights. The third is non-use as the basis for the revocation of trademark registration. The uniform interpretation of 'genuine use' is as important as its existence, since disharmony will bring about legal ambiguity. In case interested parties are not able to adapt themselves to the rules, the risk of disputes is more likely to be raised and within the administrative system itself, uncertainty will result in inefficiency.⁸⁷

The most obvious way to demonstrate the use is if a proprietor manages to prove sales of articles bearing registered trademark. Use of trademark in advertising may also count, especially if they are connected with the intention to sell marked products. Other types of use, such as internal

⁸⁶ According to the ninth recital to the community trade mark regulation – 'there is no justification for protecting earlier trademarks except where the marks are actually used.'

⁸⁷ Lili Zhang. *Genuine Use of Trade Marks: Criteria and Assessment*. FACULTY OF LAW Lund University. MasterThesis. P. 13

preparatory works of businesses to launch a product or service, as well as negotiations in this regard may not count.⁸⁸ It is already a common understanding that use via associated marks, as well as use by the licensee is sufficient to maintain registration over the mark.⁸⁹

Another question is what does term Genuine add to the requirement. In legal doctrine, in the context of trademark law, genuine use has two approaches.⁹⁰ According to the first understanding, any use which is not artificial and token will suffice. This is also called a subjective genuineness of the use, because the test is whether there was intent of the proprietor to make fictitious application of the mark merely to retain it. In this case, the use can be *de minimis*, meaning that substantial use in the trademark protection measures can be disregarded. Opposing approach, or objective genuineness of the use, where assessment takes into account actual measures taken to bring the mark to the customer's attention. In this case the use must be substantial. Criteria of 'substantial' will vary from industry to industry, depending on the viewpoint of an average consumer.⁹¹

Such contrasting understanding of genuineness has many practical implications as well. First, adherence to the requirement and its complete understanding demands extensive knowledge of case law in the EU and at the level of specific jurisdictions. What may be considered genuine use in one country might not meet the threshold in another; therefore, entrepreneurs and often lawyers are not sure if specific actions or lack thereof violate the requirement. Secondly, Jurisdictional Variability is a considerable concern, especially for businesses operating internationally. They may have to keep track and navigate through the significantly different legal standards. Therefore, the diversified definition often results in disputes and complexity for trademark owners who may need to engage in multiple legal proceedings in various jurisdictions to protect their trademarks adequately, bearing increased legal costs. What is important is that the protection of trademarks is equally essential for businesses of every size. Therefore, ambiguity strains resource and deters smaller businesses from seeking trademark protection internationally. All those mentioned above ultimately affect the stability and predictability of trademark protection.

⁸⁸ Bently, Lionel, 1964- & Sherman, Brad. (2004). Intellectual property law / L. Bently and B. Sherman. Oxford : Oxford University Press. P.886

⁸⁹ Ibid. P. 888

⁹⁰ L. Bently and R. Burrell, 'The requirement of Trademark Use', (2002) 13 Australian Intellectual property journal p. 181. L. Bently, 'Use and the Community Trade Mark: What is its role? What should it be?', Paper delivered at Fordham University, April 2002.

⁹¹ When evaluating genuineness, the focus should be on the perspective of the average consumer, considering the expectations of the general public regarding how products are marketed and where they are sold: Tiffany & Co/Emballages mixtes et plastique sarl, R1018/2000-3 (3 Dec. 2002).

Nevertheless, legislation, especially international acts, refrains from defining the requirement of genuine use, and there are some legitimate reasons for this as well. First of all, rigid definition of ‘Genuine Use’ in law would deter its adaptability to the changing business practices. Advancements in e-commerce and digital marketing have changed the ways businesses use their trademarks. For example, with strict definitions, the requirement of genuine use would not be able to adapt to non-traditional types of trademarks, such as smell or sound.

Secondly, due to the diversity and breadth of its application, the definition of the requirement of genuine use would have to be flexible and sector-specific at the same time. A strict, one-size-fits-all definition may not be suitable for industries with varying marketing and distribution methods.

Thirdly, strict and uniform criteria could also be burdensome to small businesses. Meeting rigid criteria might necessitate expenses or efforts that do not necessarily contribute to the protection of consumers or competition.

Moreover, by allowing businesses flexibility in their trademarks, a more adaptable approach can promote innovation in branding and marketing strategies, ultimately benefitting consumers.

There are substantial arguments on both sides, and this controversy is reflected in national legislation of specific jurisdictions. On the national level of EU countries, the requirement of genuine use is mainly uniform. The names of the legal acts regulating trademarks and their structure are different. However, the substance of the provision, as expected, mimics the EU directive. In Table 1, provisions of national law of EU member states from different regions and with distinct economic backgrounds are analyzed along with non-EU jurisdictions like China, USA, and Georgia.

Table 1. Comparison of legislation regulating trademark use requirement

Country	Legal act	Article	Substance of the provision as of September 2023
France	Intellectual Property Code	Article L714-5	An owner who has not put his mark to genuine use in connection with the goods or services referred to in the registration during an uninterrupted period of five years, without good reason, shall be liable to

			<p>revocation of his rights. The following shall be assimilated to such use:</p> <p>1° Use made with the consent of the owner of the mark;</p> <p>2° The use by a person authorized to use the collective mark or the guarantee mark;</p> <p>3° Use of the mark in a modified form which does not alter its distinctive nature;</p> <p>4° Affixing of the mark on goods or their packaging exclusively for export.”⁹²</p>
Lithuania	Law on Trade Marks And Current Summary Version Of The Republic Of Lithuania	Article 47(2) and (3). Deregistration of the mark And Article 23 of the Current summary version	<p>Article 47. Deregistration of the mark</p> <p>2. The registration of a trademark may be revoked if, within five years from the date of issuance of the trademark registration certificate, the owner of the trademark in the Republic of Lithuania has not commenced using the trademark or has not made serious preparations to use it to mark goods and/or services for which the trademark was registered, or if the trademark has not been used for five consecutive years, except in cases where serious reasons, such as import restrictions or other</p>

⁹² Code de la propriété intellectuelle : Chapitre IV : Transmission et perte du droit sur la marque (Articles L714-1 à L714-8). Article L714-5. <https://www.legifrance.gouv.fr/codes/id/LEGIARTI000039381616/2019-12-15/>

Original: Encourt la déchéance de ses droits le titulaire de la marque qui, sans justes motifs, n'en a pas fait un usage sérieux, pour les produits ou services pour lesquels la marque est enregistrée, pendant une période ininterrompue de cinq ans. Le point de départ de cette période est fixé au plus tôt à la date de l'enregistrement de la marque suivant les modalités précisées par un décret en Conseil d'Etat.

Est assimilé à un usage au sens du premier alinéa :

1° L'usage fait avec le consentement du titulaire de la marque ;

2° L'usage fait par une personne habilitée à utiliser la marque collective ou la marque de garantie ;

3° L'usage de la marque, par le titulaire ou avec son consentement, sous une forme modifiée n'en altérant pas le caractère distinctif, que la marque soit ou non enregistrée au nom du titulaire sous la forme utilisée ;

4° L'apposition de la marque sur des produits ou leur conditionnement, par le titulaire ou avec son consentement, exclusivement en vue de l'exportation.

	Trademark s Law		<p>circumstances beyond the control of the trademark owner, prevented the use of the trademark.</p> <p>3. According to the paragraph 2 of this Article, the following shall also be considered as trademark use:</p> <p>1) the use of the trademark in a form that differs in its elements but does not alter the distinctive characteristics of the trademark as recorded in the Register of Trademarks of the Republic of Lithuania;</p> <p>2) the use of the trademark exclusively for export purposes for marking goods or their packaging in the Republic of Lithuania.⁹³</p> <p>3)</p> <p>Article 23. Cancellation of registration of the mark due to non-use of the mark</p> <p>1. The registration of a mark may be revoked if it has not been actually used in the Republic of Lithuania to mark the goods or services for which it was registered for a continuous period of five years and if there are no important reasons not to use it.</p> <p>4) 2. It is not possible to demand that the trademark registration be revoked on the basis specified in paragraph 1 of this article, if the use of the trademark was actually started or resumed before</p>
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⁹³ Republic of Lithuania Law on Trade Marks (2000) <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.111762>

Original text: “ **47 straipsnis. Ženklo registracijos panaikinimas**

2. Ženklo registracija gali būti panaikinta, jeigu per penkerius metus po ženklo registracijos liudijimo išdavimo dienos ženklo savininkas Lietuvos Respublikoje nepradėjo naudoti ženklo ar rimtai nesirengė juo žymėti prekes ir (ar) paslaugas, kurioms tas ženklas buvo įregistruotas, arba jeigu ženklas nebuvo naudojamas penkerius metus iš eilės, išskyrus atvejus, kai naudoti ženklą sutrukdė rimtos priežastys, pavyzdžiui, importo suvaržymas ar kitos nuo ženklo savininko valios nepriklausančios aplinkybės.

3. Pagal šio straipsnio 2 dalį naudojimu taip pat laikoma:

1) ženklo naudojimas tokia forma, kuri skiriasi savo elementais, bet nepakeičia skiriamųjų ženklo požymių, įrašytų Lietuvos Respublikos prekių ženklų registre;

2) ženklo naudojimas prekėms ar jų pakuotėms žymėti Lietuvos Respublikoje išimtinai eksporto tikslais. ”

			<p>the date of submission of the request for cancellation of trademark registration, except for the case specified in paragraph 3 of this article.</p> <p>5) 3. When making a decision on the cancellation of the registration of the mark, the use of the mark, started or renewed within a period of three months before the date of submission of the request for cancellation of the registration of the mark, it is not taken into account, if this three-month period began no earlier than after the end of a continuous period of non-use of the mark of five years and if the owner of the mark took measures to start or renew the use of the mark only after learning that a request for the cancellation of the registration of the mark may be filed or has been filed. ⁹⁴</p>
China	Trade Mark Law of People's Republic of China	Accordingly, article 44(3) and Article 3	<p>Where any person who uses a registered trade mark has committed any of the following, the Trade Mark Office shall order him to rectify the situation within a specified period or even cancel the registered trade mark ... (4) where the use of the registered trade mark has ceased for three consecutive years. ⁹⁵</p>

⁹⁴CURRENT SUMMARY VERSION OF THE REPUBLIC OF LITHUANIA TRADEMARKS LAW <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.111762/asr>

„23 straipsnis. Ženklo registracijos panaikinimas dėl ženklo nenaudojimo

1. Ženklo registracija gali būti panaikinta, jeigu nepertraukiamą penkerių metų laikotarpį jis nebuvo iš tikrųjų naudojamas Lietuvos Respublikoje prekėms ar paslaugoms, kurioms jis buvo įregistruotas, žymėti ir jeigu nėra svarbių priežasčių jo nenaudoti.
2. Negalima reikalauti, kad šio straipsnio 1 dalyje nurodytu pagrindu ženklo registracija būtų panaikinta, jeigu iki prašymo panaikinti ženklo registraciją pateikimo dienos ženklo naudojimas iš tikrųjų buvo pradėtas arba atnaujintas, išskyrus šio straipsnio 3 dalyje nurodytą atvejį.
3. Priimant sprendimą dėl ženklo registracijos panaikinimo, neatsižvelgiama į ženklo naudojimą, pradėtą ar atnaujintą per trijų mėnesių laikotarpį iki prašymo panaikinti ženklo registraciją pateikimo dienos, jeigu šis trijų mėnesių laikotarpis prasidėjo ne anksčiau negu pasibaigus nepertraukiamam penkerių metų ženklo nenaudojimo laikotarpiui ir jeigu ženklo savininkas ėmėsi priemonių pradėti ar atnaujinti ženklo naudojimą tik sužinojęs, kad gali būti paduotas ar yra paduotas prašymas dėl ženklo registracijos panaikinimo.“

⁹⁵ Trade Mark Law of People's Republic of China. Promulgated by the State Council on 3 August 2002 and entered into force on 15 September 2002. Adopted at the 24th Session of the Standing Committee of the Fifth National People's Congress on 23 August 1982, revised for the first time according to the Decision on the Amendment of the Trade Mark Law of the People's Republic of China adopted at the 30th Session of the Standing Committee of the Seventh National People's Congress, on 22 February 1993, and revised for the second time according to the Decision on the

	And Implementing Regulations on Trade Mark Law of People's Republic of China		The use of trade marks referred to in the Trade Mark Law and these Regulations include, among other things, the use of trade marks on goods, packages or containers thereof and commodity trading instruments, or use of trade marks in advertisements, exhibitions and other commercial activities. ⁹⁶
USA	15 U.S. Code – Lanham Act	§1052 (a)Application for use of trademark and (b)Applicatio n for bona fide intention to use trademark	(a) (1) The owner of a trademark used in commerce may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director, and such number of specimens or facsimiles of the mark as used as may be required by the Director. (3) The statement shall be verified by the applicant and specify that— (C) the mark is in use in commerce; (b) (1) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may request registration of its trademark on the principal

Amendment of the Trade Mark Law of the People's Republic of China adopted at the 24th Session of the Standing Committee of the Ninth National People's Congress on 27 October 2001. http://www.npc.gov.cn/zgrdw/englishnpc/Law/2007-12/13/content_1384018.htm

⁹⁶ Implementing Regulations on Trade Mark Law of People's Republic of China. Promulgated by the State Council on 3 August 2002 and entered into force on 15 September 2002. <https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/cn/cn342en.pdf>

			<p>register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application and a verified statement, in such form as may be prescribed by the Director.</p> <p>(3)The statement shall be verified by the applicant and specify—</p> <p>(C) that, to the best of the verifier’s knowledge and belief, the facts recited in the application are accurate;⁹⁷</p>
Georgia	LAW OF GEORGIA ON TRADEMARKS	<p>Article 27. Grounds for cancellation of trademark registration</p> <p>And</p> <p>Article 24. Use of Trademarks</p>	<p>2. A trademark registration shall be cancelled by a court at the request of a third party if:</p> <p>a) the trademark has not been used for five consecutive years for the goods for which the trademark has been registered in Georgia. If the use of the trademark started or if its use was resumed in the period between the expiry of the abovementioned five-year term and the date of filing a request for cancellation of registration, nobody may request the cancellation of the trademark registration;⁹⁸</p>

⁹⁷ 15 U.S. Code § 1051 - Application for registration; verification

⁹⁸ Law of Georgia on Trademarks: <https://www.matsne.gov.ge/ka/document/view/11482?publication=8>

2. სასაქონლო ნიშნის რეგისტრაციას აუქმებს სასამართლო მესამე პირის მოთხოვნით, თუ:

ა) სასაქონლო ნიშანი არ გამოიყენებოდა უწყვეტად 5 წლის განმავლობაში იმ საქონელზე, რომლის მიმართაც არის ეს ნიშანი რეგისტრირებული საქართველოში. თუ ნიშნის გამოყენება დაიწყო ან განახლდა აღნიშნული ხუთწლიანი ვადის გასვლიდან სასაქონლო ნიშნის რეგისტრაციის გაუქმების მოთხოვნის შეტანამდე შუალედში, არავის არ აქვს უფლება, მოითხოვოს სასაქონლო ნიშნის რეგისტრაციის გაუქმება;

მუხლი 24. სასაქონლო ნიშნის გამოყენება

1. სასაქონლო ნიშნის გამოყენებად ითვლება საქართველოს ტერიტორიაზე განხორციელებული ისეთი ქმედებები, როგორიცაა მისი აღბეჭდვა იმ საქონელზე, რომლის მიმართაც ის რეგისტრირებულია, ასევე ამ საქონლის შეფუთვაზე, გამოფენასა და ბაზრობაზე წარმოდგენილ ექსპონატებზე, აბრაზე, ოფიციალურ ბლანკზე, ეტიკეტზე, რეკლამაში, ბეჭდვით გამოცემაში, აგრეთვე სასაქონლო ნიშნის სხვაგვარი გამოყენება მფლობელის, ლიცენზიატის ან მესამე პირის მიერ მფლობელისაგან

			<p>1. Actions performed in the territory of Georgia, such as: affixing of trademarks to the goods for which they have been registered or affixing trademarks to packaging of such goods, to exhibits displayed at exhibitions and trade fairs, to signboards, official letterheads, and to labels, and application of trademarks in advertisements and publications, as well as other application thereof by holders, licensees or third parties on the basis of the rights conferred by proprietors, shall be considered as the use of trademarks. The use of a slightly distinctive sign instead of a registered trademark shall also be construed as the use of a trademark.</p> <p>2. If a geographical indication or an appellation of origin protected in Georgia is included in a trademark as an unprotected part, the use of such trademarks shall be allowed upon the permission of an appropriate authority, which is regulated by the legislation of Georgia and international agreements to which Georgia is a party.</p>
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Comparison of contrasting jurisdictions in the Table 1 outlines many differences between discussed legal acts. However, this Thesis will concentrate only on the term ‘genuine use’, its presence or absence in the law, analogues and level of provided definition.

Among the various jurisdictions under discussion, the term "genuine/actual use" is directly addressed only by two EU member states, namely Lithuania and France. This alignment is not coincidental but rather a consequence of the harmonization of laws by the EUTMR 2017, resulting

მინიჭებული უფლების საფუძველზე. სასაქონლო ნიშნის გამოყენებად ითვლება რეგისტრირებული სასაქონლო ნიშნის ნაცვლად მისგან უმნიშვნელოდ განსხვავებული ნიშნის გამოყენებაც.

2. ისეთი სასაქონლო ნიშნების გამოყენება, რომლებშიც საქართველოში დაცული გეოგრაფიული აღნიშვნა ან ადგილწარმოშობის დასახელება დაუცველი ნაწილის სახით არის ჩართული, დასაშვებია შესაბამისი კომპეტენტური ორგანოს თანხმობით, რაც რეგულირდება საქართველოს კანონმდებლობითა და საერთაშორისო შეთანხმებებით, რომელთა მონაწილეც არის საქართველო.

in a unified legislative approach within the European Union. However, it is noteworthy that Lithuania's provision goes beyond mere actual use, extending protection to cases where a trademark proprietor has taken significant steps towards utilizing the mark to identify goods and/or services. This provision introduces a nuanced dimension by recognizing not just actual use but also substantial preparations towards use, although the exact criteria defining "serious use" remain unspecified by law.

Meanwhile, both Lithuanian and French legal frameworks offer similar definitions of use. They both acknowledge that the use of a trademark with the proprietor's consent or authorization, as well as its use in a form that retains its distinctive characteristics despite minor alterations, qualifies as valid use. This delineation underscores the importance of maintaining the trademark's core identity while allowing for reasonable adaptations to suit varying contexts or markets.

Thus, while the concept of genuine/actual use is more explicitly addressed in the Lithuanian and French legal contexts, the broader framework of trademark law within the EU emphasizes the significance of both protecting established trademarks through genuine use and recognizing the preparatory efforts of proprietors towards future use.

Omission of term genuine in legal acts of remaining jurisdictions rises question whether such specification in the provision is actually needed and whether mere requirement of use is sufficient to guarantee fairness and functionality of trademark system, and whether introduction of the term of genuineness, despite of its inherent ambiguity, can contribute to the predictability of the requirement to of use, or should EU legal acts completely omit it. In this regard case law of Georgian courts were further analyzed.

In the legal protection of intellectual property, experts interpret the definition of the "use of a trademark" in fundamental international treaties as allowing more leeway for individual countries to tailor their approach based on their economic situation or other factors. Currently, the determination of whether a trademark has been used is subject to varying levels of precision and requirements in different countries, both through legislative acts and judicial practices. The more economically and legally developed a country is, the stricter the requirements businesses must meet to establish the validity of trademark use within that country. Additionally, in all countries, the maximum duration for the benefit of a trademark is three years. If a country has set minimal, fair, and straightforward requirements to determine trademark use, then Georgia stands out as one of the leaders in this regard.

Indeed, the definition of trademark use in Georgian law is solely provided in Article 24. This definition encompasses actions conducted within Georgia's borders, such as incorporating trademarks onto registered goods or their packaging, displaying trademarks at trade shows and exhibitions, affixing trademarks to advertisements, official letterheads, and labels, utilizing trademarks in publications and advertisements, and employing trademarks in other ways by owners, licensees, or third parties based on the rights granted by proprietors. As previously mentioned, Georgian law does not mandate that the use be genuine. The Law on Trademarks does not define, nor do other legislative acts or Supreme Court decisions explain the quantities, time durations, etc., for the above actions. Article 24 of the Law on Trademarks neither establishes that the actions listed there must be performed all at once nor defines a minimum list of possible actions, which gives six grounds to assume that even small amounts of each of the actions mentioned there should be sufficient to prove that there is use of the trademark. - In such disputes, it is essential and decisive for the court to determine which action occurred from the list mentioned in Article 24 of the Law on Trademarks. At first glance, the list of specific examples of sufficient use may suggest that the law is predictable and appears lenient and broad, but a closer examination of case law reveals otherwise.

In case N 330210017001771864, the appellant requested to annule decision of the first instance court to revoke trademark registration due to non-use for five years. Appellant argued that the cookies bearing registered trademark were sold on the territory of the occupied region of Abkhazia and presented invoices as evidence of its use in the market. However, in both instances Georgian court additionally requested proof of crossing Georgian border, to demonstrate import of products in the territory of the country, which due to the lack of control over the borders of Abkhazia was impossible.

The appellant believed that the judge should have evaluated only one fact - whether biscuits were sold in Georgia with the protected disputed trademark. "The law does not require the owner of the mark to prove how this product entered the Georgian market. Such a request is, for example, completely meaningless when the use of a trademark is proved only by placing an advertisement. The judge made a decision not based on the assessment of whether the sale of goods took place in Sukhumi but based on the assessment of how legally these goods arrived in Sukhumi through customs, which is the result of an erroneous interpretation of Article 24 of the law. In the position of the list of actions, "various uses" - the import of products with the mentioned trademark to the territory of Georgia, which is confirmed by the contract, customs declarations, or invoices, should

also be considered. All this was presented to the court in the first instance, but the court disregarded it, resulting in the wrong decision." ⁹⁹

This case demonstrates how even seemingly clear requirements may put unforeseen burdens on entrepreneurs. In the author's opinion, including the term "genuine" in trademark law can enhance predictability by providing a specific reference point for courts and legal practitioners to interpret and apply the trademark use requirement consistently so that the entrepreneurs and legal practitioners do not get tricked by the simple wording of the respective provision and lead into the situation, where courts can enforce it with different level of rigor each time. The case law of the Georgian court above makes it evident that without the incorporation of genuineness, judgments do not get more predictable and do not lead to more significant certainty in legal outcomes. Analysis and understanding of this term, already accumulated in the case law of ECJ, brings us to the conclusion that the requirement of genuineness must be maintained but better interpreted for stakeholders.

When analyzing ECJ orders and decisions, it becomes evident that problems concerning the defined notion of 'genuine use' mentioned before are familiar and have been discussed in several court cases. Therefore, the court has already developed principles that are general enough to be used as a law. Suggested provision based on ECJ case law to be incorporated in EUTMD and EUTMR can be:

1. Genuine use of the trademark must be public and align with the fundamental function of a trademark to ensure the consumer's ability to differentiate the origin of goods or services without any potential for confusion, thus distinguishing them from those originating from a different source.
2. Genuine use does not include token use to preserve the rights conferred by the mark.

⁹⁹ Decision of the Appellate court of Georgia on case N 330210017001771864;

[file:///C:/Users/user/Downloads/508266%20\(4\).pdf](file:///C:/Users/user/Downloads/508266%20(4).pdf), Page 5-6.

„მოსამართლემ კი გადაწყვეტილება მიიღო არა იმის შეფასების საფუძველზე ჰქონდა თუ არა ადგილი სოხუმში საქონლის გაყიდვის ფაქტს, არამედ იმის შეფასებით თუ რამდენად კანონიერად იყო მოხვედრილი ეს საქონელი სოხუმში საბაჟოს გავლით, რაც აშკარად მცდარი განმარტების შედეგია კანონის მუხლი 24-ისა. ქმედებების ჩამონათვალის პოზიციაში „სხვადასხვა გამოყენება“ - უნდა განიხილებოდეს ასევე აღნიშნული სასაქონლო ნიშნით დატანილი პროდუქციის იმპორტი საქართველოს ტერიტორიაზე, რომელიც დასტურდება ხელშეკრულებით, საბაჟო დეკლარაციებით თუ ინვოისებით. ყოველივე ეს წარდგენილი იყო პირველი ინსტანციის სასამართლოში, მაგრამ მისი შეფასება მოხდა არა სწორედ სასამართლოს მიერ და შედეგად მიღებულ იქნა არა სწორი გადაწყვეტილება.“

3. Criteria that must be cumulatively considered when assessing genuine use include, among others:

- a) the nature of the goods or services
- b) characteristics of the market
- c) the scale and frequency of use
- d) intention of the proprietor to create or maintain a market presence.

Suggested draft provision is completely based on the case law, namely definition introduced by ECJ in *Ansul BV vs. Ajax Brandbeveiliging BV* case. “Genuine use must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.”¹⁰⁰ “It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned.”¹⁰¹ Since 2003, this definition has been cited in numerous other judgements, opinions and orders for two decades¹⁰² and has proven to be flexible enough to maintain relevance and applicability.

There are a couple of reasons why the standard of genuine use developed in case law has to be codified, even though it is also completely valid and enforceable in existing forms. Firstly, in many legal systems under the scope of EU, there is a hierarchy of laws where statutory law takes precedence over case law. Hierarchy makes case law less reliable and more reluctant to the risk of the emergence of contradicting superior statutory law. Moreover, Legal acts are more flexible to be changed through the democratic process by elected legislators instead of judges, thus faster to adapt to changing public norms. Finally, Statutory law provides a clear and accessible written framework for regulations, allowing for consistent application across cases and over time. In other words, it guarantees stability and predictability, which are essential for individuals and businesses

¹⁰⁰ Judgement of 11/03/2003, C-40/01, *Minimax*, EU:C:2003:145. Para. 36

¹⁰¹ *Ibid.* Para. 37

¹⁰² See ECJ documents: Judgement of 2 February 2016, T-170/13, *ECLI:EU:T:2016:55*; Order C-259/02 *ECLI:EU:C:2004:50* of 27 January 2004, *La Mer Technology Inc. v. Laboratoires Goemar SA*; Judgment T-268/18, *ECLI:EU:T:2019:452*, 27 June 2019, *Sandrone v EUIPO - J. García Carrión (Luciano Sandrone)*; Judgment C-442/07, *ECLI:EU:C:2008:696*, 09 December 2008, *Verein Radetzky-Orden*; Judgment T-910/1, *ECLI:EU:T:2019:221*, 04 April 2019, *Hesse v EUIPO - Wedl & Hofmann (TESTA ROSSA)*.

to understand and comply with the law. More specifically to our provision, the flexibility of suggested criteria of genuine use is well tested through constant practical application. Therefore, legal acts incorporating it will not need frequent modification to adapt to the changing circumstances, needs, and developments. Additionally, as it is already a common practice, courts judging on the genuine use of a trademark are most likely to cite paragraphs 36 and 37 of the Minimax case, which is the basis and inspiration for the suggested provision. Incorporating it into statutory law would prevent trademark owners from the need to study court practices, making the substance of the requirement more accessible and adherence easier. Such basic definition would give entrepreneurs understanding of the requirement, without excessive burdening of their freedom to plan and execute their business and marketing strategies.

To sum up, definition of genuine use of trademark is a fundamental theoretical obstacle in trademark law. It produces contradictions, doubts, and complications that have an impact on businesses and legal professionals. establishing a harmonized, internationally accepted definition of genuine use could ease confusion and inconsistency across jurisdictions. Subsequently, there would be clearer legal system, fewer disputes, and more predictable circumstances for international trade.

4.2. Temporal Aspects of Genuine Use - Grace Period Tendencies and Recommendations

The temporal element of the genuine use, concerning both the time and duration of the application, presents a topic of complex discussions in the theory of trademark law. This chapter delves into the concerns of trademark usage in time, illuminating its intricacies and changing patterns.

There are different temporal factors to consider, including the minimum sufficient duration for a trademark to qualify as genuinely used, which can be challenging. The distinction between continuous use and intermittent use of a trademark can affect its genuine use status and calculation; also, there can be grace periods during which non-use of a trademark does not result in its loss. In this chapter, current thesis will mainly focus on the latest.

4.2.1. Rationale behind the grace period for non-use of a trademark

Even though ensuring that the mark is genuinely used on the market is the cornerstone of trademark law, it also includes the controversial rule of grace period for non-use, addressing the many and changing demands of trademark owners and making genuine use less burdening.

The grace period for the non-use of a trademark is a timeframe during which the non-use of the trademark does not constitute grounds to revoke its registration. The rationale behind such an exception period is to give businesses enough time to establish their brand and assess the demand for their product before having an obligation to enter the market and actually sell their products or services. This opportunity to delay begging of dealing might have paramount importance and be particularly substantial for small and medium-sized businesses and startups, which may need more resources to start trading immediately but still need to protect the exclusivity rights of their trademark.

For brand owners, the grace period is both a shield and a sword. On one hand, it can offer a solution to clear the path for trademarks that get hijacked in a particular jurisdiction. For example, suppose a company or person wants to register a trademark identical or similar to the one under someone else's ownership but not used in the market after the expiration of the grace period. In that case, they have the right to require annulment of the competing trademark and register their own instead. However, they may also appear on the other side of the table. The limited grace period may pressure entrepreneurs to prematurely start actual trading activities in order to maintain exclusivity rights on trademarks.

Therefore, the theoretical problem of the temporal aspects of the requirement of genuine use, more specifically the duration of the grace period of non-use, is to find an optimal and fair duration of grace period, balancing rights of both parties, owners of old and new trademarks and ensuring stability of business development.

4.2.2. Review of the legal tendencies regarding duration of the grace period for non-use of a trademark

The emergence of the obligation to demonstrate genuine use of the trademark is not uniform worldwide. Trademark proprietors are given a grace period of a certain amount, reasonability of which can be a subject of controversy.

Paris Convention for the Protection of Industrial Property of March 20, 1883 does not determine any specific number of years. Signatory jurisdictions of the document are free to choose any amount as long as the timeframe is reasonable. “If, in any country, use of the registered mark is compulsory, the registration may be canceled only after a reasonable period, and then only if the person concerned does not justify his inaction.”¹⁰³ While according to the Article 19 (1) of the TRIPS agreement: “If use is required to maintain a registration, the registration may be canceled only after an uninterrupted period of **at least three years of non-use**, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner.”¹⁰⁴ In EU, according to both, Trademark Directive 2015 and Trademark Regulation 2017 such period is 5 years after the registration, or suspension of use of a trademark.¹⁰⁵ ¹⁰⁶ To summarize, on EU level minimum duration of the grace period is 5 years, while on international level jurisdictions may choose to give to the proprietors only 3 years.

If the basis for the action is non-use, most countries (approximately 75%) have a five-year grace period before a party may initiate non-use proceedings.¹⁰⁷ However, some jurisdictions out of EU borders, even large economies, such as the U.S. and China, for example, make use of flexibility of international legal framework, do not share the 5-year grace period and have somewhat different approaches.

In China, interested third parties can request cancellation of the trademark registration if it is not used for three consecutive years.¹⁰⁸ However, in the beginning of 2023, after asking for public feedback on its draft recommendations, the IP Administration is poised to make yet more substantial changes to China's trademark law. The law will most certainly undergo its fifth change since it was initially enacted. The proposed recommendations would make several significant changes to the law, including increasing the prohibition on applications made in bad faith and putting more pressure on trademark owners to use their registrations or risk losing them.¹⁰⁹

One of the proposed changes suggests a new “proof of use” requirement every five years. According to the new Article 61 provision of the Trade Mark Law of People’s Republic of China,

¹⁰³ See Paris Convention for the Protection of Industrial Property of March 20, 1883 art.5(C(1))

¹⁰⁴ TRIPS Agreement 1994, Article 19(1)

¹⁰⁵ See EUTMD 2015 art. 16(1) and EUTMR 2017 art. 18

¹⁰⁶ Appropriate provisions of the mentioned legal acts are discussed in more details in Chapter 3 of this thesis.

¹⁰⁷ INTA Board Resolution Madrid Protocol: Dependency Period. March 20, 2017. P.2
https://www.wipo.int/edocs/mdocs/madrid/en/mm_ld_wg_17/mm_ld_wg_17_inta.pdf

¹⁰⁸ Trade Mark Law of People’s Republic of China. Article 44(3)

¹⁰⁹ Pattloch Tomas Dr.; Popple Louise. More proposed amendments to Chinese trademark law (2023, March 2)
<https://www.taylorwessing.com/en/insights-and-events/insights/2023/03/bu-more-proposed-amendments-to-chinese-trademark-law>

a statement of use must be submitted by proprietors of the registered trademark within 12 months after the conclusion of each five-years-period starting on the date of registration. There will be a grace period of six months. If no statement of use is made, trademarks risk being de-registered. The Chinese trademark office maintains the right to examine provided usage proof and, if necessary, request additional data.¹¹⁰

Impact of the new timeframe on the grace period is unclear for now. However, the official explanation implies that the three-year grace period will not change. In fact, newly introduced clause strongly aiming at “decluttering” the register - which by July 2023 contained more than 44 million live registrations¹¹¹ – makes the use requirement even stricter. Currently, filing of use statements and evidence is not voluntary in mainland China. according to the Trademark Law in force, Evidence of use is required only when a registered mark is challenged by third parties by means of non-use cancellation action. With the new requirement, however, even those trademarks that do not get confronted for non-use by third parties cannot escape the obligation to continuously use the trademark and report on it.

¹¹⁰ Ibid. “Article 61 [statement on trademark use] The trademark registrant shall, within 12 months after every five years from the registration date, make a statement to the intellectual property administrative department of the State Council the use of the trademark on the approved goods or the justifiable reasons for not using the trademark. The trademark registrant may make a centralized statement of the use of multiple trademarks within the above-mentioned period. If no statement is made at the expiration of the time limit, the intellectual property administrative department of the State Council shall notify the trademark registrant. If the trademark registrant fails to make a statement within six months from the date of receipt of the notice, it shall be deemed to have abandoned the registered trademark, and the intellectual property administrative department of the State Council shall cancel the registered trademark. The intellectual property administrative department of the State Council shall conduct a random spot check on the authenticity of the statement, and may, if necessary, require the trademark registrant to supplement relevant evidence or entrust the local intellectual property administrative department to carry out verification. The intellectual property administrative department of the State Council shall cancel the registered trademark if the statement is not true after spot check.”

See also: Notice of the State Intellectual Property Office on Public Comments on the "Draft Amendment to the Trademark Law of the People's Republic of China (Draft for Comment)". State Administration for Market Regulation of People's Republic of China. 2023-01-13. https://www.cnipa.gov.cn/art/2023/1/13/art_75_181410.html

¹¹¹ ‘Millions of patents and trademarks already registered in China in the first half of 2023.’ HFG. 22 Aug 2023.

<https://www.hfgip.com/news/millions-patents-and-trademarks-already-registered-china-first-half-2023#:~:text=By%20July%202023%2C%20the%20number,China%20has%20reached%2044.537%20million.>

Original information (in Chinese):

<https://www.cnipa.gov.cn/module/download/downfile.jsp?classid=0&showname=2023%E5%B9%B41-7%E6%9C%88%E7%9F%A5%E8%AF%86%E4%BA%A7%E6%9D%83%E4%B8%BB%E8%A6%81%E7%BB%9F%E8%AE%A1%E6%95%B0%E6%8D%AE%EF%BC%88%E7%9F%A5%E8%AF%86%E4%BA%A7%E6%9D%83%E7%BB%9F%E8%AE%A1%E7%AE%80%E6%8A%A52023%E5%B9%B4%E7%AC%AC9%E6%9C%9F%EF%BC%89.pdf&filename=f8c88e050eb444ff8650606d979812ff.pdf>

Terms are even shorter in the U.S. where there are two levels of trademark, state and federal, which with its essence can be paralleled with the EU and National trademarks. Yet, there are many differences between the EU and U.S. approach to the grace period for non-use.¹¹²

Contrasting to EU, where the proof of trademark use on market before its registration is decisive only to acquire sufficient distinctiveness through the utilization to register descriptive trademarks¹¹³, in the U.S. use in commerce is a mandatory prerequisite of registration of all trademarks on both levels. However, on the federal level there is an exception. Here one can apply for two types of trademarks, ‘use in commerce’ and ‘intent to use’ (ITU). Difference between them is whether at time of registration the mark is already used in trade or not. ITU gives owners 6 months to start dealing.¹¹⁴ This is practically a U.S. alternative to the 5-year grace period provided for by EU law, with the distinction that it applies before registration of a trademark. Despite this exception, trademark registration will not be finalized unless a successful statement of use is filed. At the state level, proof of actual use even before the registration is mandatory and reliance on the ITU is impossible at all.

Another substantial difference between the EU and U.S. Laws is that not only maintenance but maintaining trademark rights in the US also requires proof of use. When trademark registration is renewed in every 10 years, evidence of use must be submitted. While in the EU the registration and renewal only require the payment of fees. Basically, depending on the basis of trademark registration there are several registration maintenance documents and deadlines for their filing. Mandatory filings to keep a trademark registration valid are: 1) **Between the fifth and sixth years after the registration date** for a Declaration of Use and/or Excusable Nonuse; 2) **Between the ninth and 10th years after the registration date** for the Declaration of Use and/or Excusable Nonuse and an Application for Renewal and 3) **Every 10 years after that (between the 19th and 20th years, 29th and 30th years, etc.)** for Declarations of Use and/or Excusable Nonuse and an Application for Renewal. There is also a six-month grace period after each of the above deadlines. For additional fee, Trademark owner can file declarations during the grace period. Registration will be canceled or deemed expired If declaration is not filed before the end of the grace period.

¹¹² See Bolton, Emily. "Defining Genuine Use Requirements of Community Trade Marks in Light of an Expanding European Union." WIPO Doc. WIPO/IPR/GE/11/TOPIC3. Accessed May 31, 2024.
https://www.wipo.int/edocs/mdocs/mdocs/en/wipo_ipr_ge_11/wipo_ipr_ge_11_topic3.pdf.

¹¹³ See for example European Union Trademark Regulation (2017) Article 7 (3):
“Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested as a consequence of the use which has been made of it.”

¹¹⁴ 15 U.S.C. 1051 (SECTION 1 OF THE LANHAM ACT): APPLICATION FOR REGISTRATION; VERIFICATION. (b) Application for bona fide intention to use trademark
<https://www.bitlaw.com/source/15usc/1051.html>

As a conclusion, temporal aspects of genuine use are multifaceted problems. Many jurisdictions find their own way to address the problem of the balance between needs of the businesses and public interests to develop an integrated market. Differences in the approach lead to the doubt whether 5 years is an adequate grace period.

2.3. Benefits and justifications of shorter grace period for non-use of a trademark

Shorter grace period means on the one hand, less time between trademark registration and its actual use on the market and on the other, burden to business to start trading in a limited timeframe. Therefore, the question to be answered is if the benefits of reducing the grace period for trademarks in the EU will outweigh the potential costs and drawbacks for their owners.

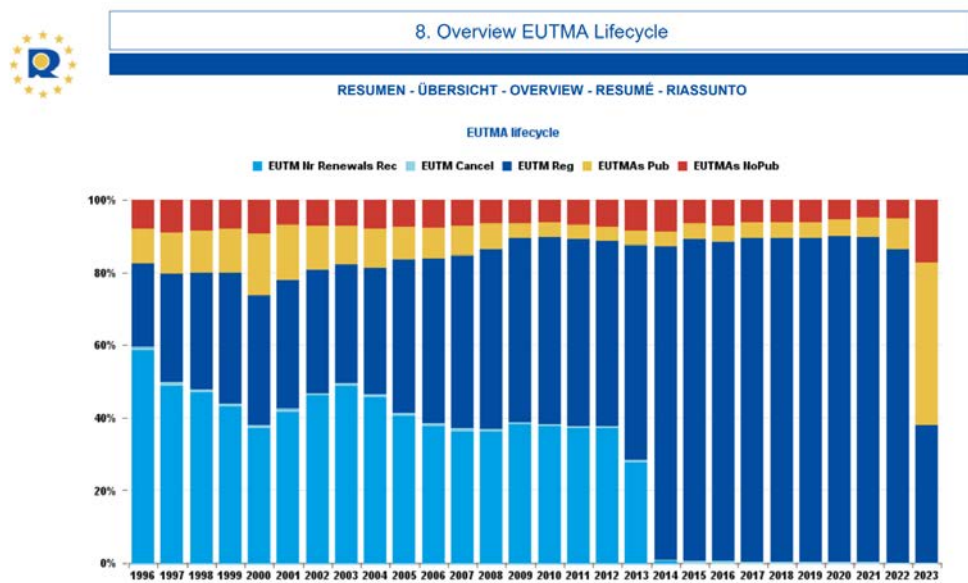
One of the main reasons why EU maintains requirement of genuine use is the objective of decluttering the trademark registries. Some jurisdictions shorten time frame of grace period for this exact reason, as drastic increase in trademark registration has become global concern. for example, in 2019 Australia decreased it from 5 to 3 years.¹¹⁵

The risk of cluttering the register may be assumed based on the ratio between two main figures - strong growth of the number of trademark registrations in the past decades in conjunction with the fall of the first renewal rate of trademarks. Such imbalance suggests that the register is cluttered by an increasing number of trademarks not in use which remain on the register during their first ten years. Existence of unapplied trademarks may be blocking other applications which hold back the start of the revocation proceedings against them. Observing the recent EUIPO Statistics for European Union Trademarks (see Picture 1), it becomes obvious that risk of cluttering is quite prominent in the EU. Reduction of the grace period to 3 years, which is the minimum requirement of TRIPS agreement, so cannot be surpassed, would facilitate faster filtration of newly added trademarks.

¹¹⁵ GRACE PERIOD REDUCTION FOR TRADE MARK NON-USE ACTION, Bell Lega Group, June 2019. <https://belllegal.com.au/grace-period-reduction-for-trade-mark-non-use-action/> (Last accessed: 12.03.2023).

“In its 2016 study, the Productivity Commission discovered that the trade marks registry is overflowing with idle trademarks, which may limit the opportunities for lawful users to utilize marks that are comparable. They suggested shortening the grace period that prevents trademark challenges based on non-use. The Australia Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018 (Amendment Act) put the suggestion into effect in 2019. It was approved by the Royal Assent last year.”

Picture 1. Overview EUTMA Lifecycle



Secondly, as the opposition to an argument for longer grace period favors the interests of trademark owners, it should be noted that businesses have to deal with less complicated procedures between the formation of ideas, registration of trademark and actually starting trading, than they had to when the 5-year grace period was initially established. In reality, where companies get registered in a day, or online even without the need for arrival to the country of registration, such a long grace period should not be justified by its impact on timelines of business strategies. Moreover, seekers of trademark registration have a whole application period to prepare to enter the market, as calculation of grace period starts from registration and not from filing of the application. Moreover, businesses that objectively need more time could be covered by the exceptions.

Thirdly, a longer grace period means a longer possibility to misuse the trademark avoiding responsibility. **Sven Sturmman**, chair of 2nd Board of Appeal of EUIPO, spoke about the need to shorten grace period from 5 to 3 years during the conference “Question the TradeMark Judges 2023” held in the United Kingdom in March of the current year.¹¹⁶ He argued that the 5-year grace period creates an unfair business environment as trademark owners get excessive protection. He further makes his point by discussing an example of a trademark for software. As EUIPO allows mark registration for software alone, its proprietors get the opportunity to go after each other similar trademark that has any type of software. Such protection seems to be unjustifiably broad. Therefore, Mr. Sturmman suggests that there should be more frequent checks of the genuine

¹¹⁶ Question the Trade Mark Judges 2023. Event organized by the UCL Institute of Brand and Innovation Law (IBIL) and MARQUES, the European Association of Trade Mark Owner. From 9:40 to 11:21. Video uploaded on 15.03.2023. <https://youtu.be/iy5EmVYtIBY?t=580>

intentions of trademark registration and use. Shorter grace period would facilitate such an arrangement.

Lastly, a longer grace period creates entry barriers for the companies seeking trademark, as brand owners are not able to remove unused trademarks and establish their own. Therefore, businesses seeking trademark registration in the EU may lose in competition with businesses operating under trademark rules with shorter deadlines. For example, as discussed above, in China they would need to wait for just 3 years for the grace period of the desired trademark to expire, two years less than in the EU.

To summarize, the 5-year grace period is outdated, does not correspond to actual needs of companies, and provides unfair privileges to trademark owners, enabling them to manipulate the market. Moreover, it fails to respond to the risk of cluttering of trademark registers due to imbalance between numbers of registration and renewal of trademarks. Therefore, the answer to the question posed in the beginning of this chapter, in the author's opinion, is that benefits of reducing the grace period for trademarks in the EU will outweigh the potential costs and drawbacks for their owners.

4.3.The Geographical Dimension – E-evidence of Genuine Use

The geographical aspect of genuine use raises questions concerning the extent to which a trademark must be used in a specific location to preserve its legal protection. This issue has important implications in an increasingly globalized world where enterprises frequently operate across borders. Digital transformation has changed commerce, erased national boundaries, and allowed enterprises to operate efficiently on a global scale. Trademark law still has a difficult time balancing territoriality principle with global economic practices. In this chapter, we will go through two EGC cases to analyze the impact digital transformation has already made on developing evidence of the genuine use and territoriality principle.

4.3.1. Coca - Cola v EUIPO - Mitico (Master)

On December 11, 2014, the General Court of the European Union (EGC) issued a ruling in a dispute involving the possibility of trademark confusion between "Master" by Modern Industrial

& Trading Investment Co. Ltd and "Coca Cola" by The Coca-Cola Company.¹¹⁷ This Case is significant since it discusses using a webpage screenshot as evidence of use in the market.

Dispute arose after modern Industrial & Trading Investment Co. Ltd., known as "Mitico," applied to the Office for Harmonization in the Internal Market (OHIM) on May 10, 2010, to register a community trademark. The property in question was a word/device mark covering various products, including nonalcoholic beverages. The Coca-Cola Company, a multinational beverage producer well-known for its nonalcoholic products, launched an opposition to Mitico's application in October 2010. Applicant based its opposition on four former Coca-Cola-related Community word/device trademarks and a figurative "C" mark previously registered in the UK. Due to the "Spencerian script," similar letter "a" design, and the use of a "tail" for the initial letter, The Coca-Cola Company argued that the "Master" trademark was aesthetically similar to their earlier registrations. It contended that there was potential confusion because of these visual similarities, even if they agreed that the trademarks differed in pronunciation and meaning. The Office for Harmonization in the Internal Market (OHIM) first denied Coca-Cola's opposition to registering a trademark Coca-Cola, obviously dissatisfied with the ruling, decided to take the case before the Board of Appeal (BoA).¹¹⁸

During the opposition proceedings, the applicant, Coca-Cola Company, presented a substantial body of evidence that it believed was pertinent to the commercial use of the trademark by the intervener. Among this evidence was a witness statement dated February 23, 2011, submitted by Mrs. R., who was acting as the applicant's lawyer at the time. This statement was accompanied by screenshots of the intervener's website, 'www.mastercola.com,' generated on February 16, 2011. The presented material sought to highlight how the trademark was being used in a specific form on the mentioned website. These screenshots were intended to demonstrate that the intervener, Mitico, was actively employing the trademark in question in the course of its business operations. However, the beverage bottles on the screenshots had 'Master Cola' written on the label, while the disputed trademark was just 'Master.'¹¹⁹

Based on the presented evidence, the Board of Appeal evaluated a risk of free riding, an unfair advantage being gained from a similar trademark's reputation. In its initial ruling, the Board determined that the screenshots from the intervener's website, www.mastercola.com, were

¹¹⁷ Coca - Cola v EUIPO - Mitico (Master) ECLI:EU:T:2017:877. Case T-61/16, (EUROPEAN GENERAL COURT December 7, 2017).

¹¹⁸ Ibid. Para. 1-13

¹¹⁹ Ibid. Para. 11

irrelevant to the trademark in question due to lack of similarity of the label to the conflicted trademark and, therefore, not taken into account. Although the Board pointed out that if these screenshots were connected to the disputed trademark to more extent, its registration might be barred. In other words, the issue was not the use of screenshot as such, trademark's prohibition might have been debatable if it was utilized otherwise in the marketplace. The BoA went on to explain why, in its opinion, the facts could not support the objection, particularly when demonstrating a risk of free-riding. BoA argued that the website was primarily in Arabic with some limited English content, and there was no indication of online ordering for delivery to the EU. Therefore, the evidence did not support the claim that the intervener had utilized the presentation within the European Union. Second, the intervener did not necessarily aim to market its products in the EU in the same way that it did in Syria and the Middle East, but by filing an EU trademark with a different presentation. Thirdly, the Board of Appeal found that the applicant had also failed to demonstrate how any particular image from the four earlier Coca-Cola trademarks could be applied to the contested application in the European Union or elsewhere, particularly with regard to the products in Classes 29 and 30, but also concerning the beverages in Class 32. As a result, the Board of Appeal concluded that the provided material needed to sufficiently demonstrate what Coca-Cola stood for.¹²⁰

Following that the Coca-Cola Company appealed the BoA's ruling to the General Court of the European Union (EGC). In the Master case (T 480/12, EU: T:2014:1062) judgment from December 11, 2014, the Court made a significant advancement by determining that the screenshots from the aforementioned intervener's website, www.mastercola.com, were a key component of this evidence, which the board of appeal had ignored. The Court ruled that the trademark law principle of territoriality does not preclude taking into account instances of the mark's use outside the European Union as evidence for assuming the mark will likely be used commercially within the EU, especially when establishing the risk of unfair advantage taken from the reputation of an earlier EU trademark. "It follows, in the present case, that the principle of territoriality does not preclude taking into consideration evidence relating to the actual commercial use of the mark applied for Master (in combination with the term 'cola') in Syria and the Middle East, such as excerpts from the website 'www.mastercola.com', which is written mainly in Arabic, for the purpose of establishing a risk that the use of that mark in the Union takes unfair advantage of the reputation of the four earlier Coca-Cola EU trade marks."¹²¹

¹²⁰ Ibid. Para. 23

¹²¹ Ibid. Para. 89

The court then refuted arguments of the BoA claiming that the presented facts could not demonstrate a risk of free riding. First of all, the court did not share the conclusion that the evidence failed to establish the intervener's use of the 'www.mastercola.com' website in the EU. "Admittedly, it should be noted that the website 'www.mastercola.com', in its present state, does not primarily target EU consumers, in the light both of the lack of any reference on that website to the European Union and of its being written mainly in Arabic. This is true despite the presence of its '.com' element highlighted by the applicant, as well as that of the English page it contains at the following address: <http://www.mastercola.com/companyprofile-en.htm>. However, that observation does not make the excerpts from that website irrelevant,"¹²² because "evidence of actual use occurring anywhere in the world may be indicative of the manner in which the mark applied for could be used in the European Union, so that such use outside the European Union may help to establish whether use of the mark applied for is likely to take unfair advantage of the reputation of the earlier marks." Thus, screenshots of the company webpage could have been used to establish a logical inference on the likely commercial use of the mark applied for in the European Union. "In that regard, it must be noted that the 'www.mastercola.com' website is not static and could be amended in order to target EU consumers, in particular by adding content in one or more official languages of the Union."¹²³ "It is therefore logically foreseeable that the intervener, if it obtains the registration of the mark applied for, will amend its website in accordance with such an intention to market its goods under that mark in the Union."¹²⁴

The second argument of the Board of Appeal held that it was not definite that Mitico intended to promote its goods in the same way in the European Union as it did in Syria and the Middle East. "The court contends in response that in the absence of any specific information as to the intervener's commercial intentions in the Union ... The case law makes it possible to conclude that there is a risk of free-riding based on logical inferences — provided that they are not limited to mere suppositions — resulting from an analysis of probabilities and taking into account the usual practices in the relevant commercial sector and all the other circumstances of the case."¹²⁵ By producing excerpts from the website 'www.mastercola.com,' the applicant proved actual use outside the European Union of the trademark applied for by the intervener. Therefore, the burden of proof to prove the contrary switched to the intervener.

¹²² Ibid. Para. 93

¹²³ Ibid. Para. 98

¹²⁴ Ibid. Para. 97

¹²⁵ Ibid. Para. 102-103

Moreover, the court argued that indication of the number of EU consumers who visited the website, 'www.mastercola.com', is inappropriate evidence to assess risk of free-riding in the European Union, which should be hypothetical and not actual.¹²⁶

Using screenshots of the website as evidence and finding that the webpage used in Syria and written in Arabic could impact the EU, the *Coca-Cola v EUIPO - Mitico* (Master) case significantly widened the principle of territoriality. Interestingly, the case's implications were not based on consumers' impressions of what they would see on the webpage. In the absence of other evidence, the characteristics of the website were taken as a *prima facie* basis for logical inference. The case demonstrates the openness of EGC to take maximum advantage of e-evidence.

4.3.2. bet365 Group Ltd, v. European Union Intellectual Property Office (EUIPO)

In May 2007, bet365 Group Ltd registered an EU trademark for the word "BET 365," encompassing a wide range of goods and services across different categories. When the examiner expressed concerns that the mark was essentially descriptive and lacked the necessary unique character for trademark registration, the initial application hit a roadblock. According to the Article 7(1)(c) of Regulation No. 40/94 "trademarks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;" In the opinion of the examiner, the word "bet" directly referred to betting, although "365" may be read as a reference to the number of days in a year, suggesting that year-round betting services were offered. This further complicated the registration process because the mark was determined to lack distinctive character required under Article 7(1)(b) of Regulation No. 40/94.¹²⁷

However, bet365 Group Ltd decided to dispute this initial evaluation. They argued that their trademark had developed a unique character over time due to frequent use, as Article 7(3) of

¹²⁶ Ibid. Para. 106

¹²⁷ bet365 Group Ltd, v. European Union Intellectual Property Office (EUIPO), ECLI:EU:T:2017:912, Case T-304/16 (European General Court December 14, 2017). Para.1-4

Regulation No. 40/94 permitted. This argument was based on the idea that the mark had gained market recognition and had been associated to their particular products. By assembling a solid body of supporting data, bet365 Group Ltd was able to prove that they were the only users of this mark for the relevant range of products and services. "Evidence submitted by the applicant contained the word element 'bet365', which constitutes the contested mark, used either alone, with different typography and colors, or as part of terms or figurative representations such as 'bet365 bingo' and 'bet365.com', or it included representations combining that word element with color, graphics or particular figurative elements and a colored background, which constitute other marks registered by the applicant."¹²⁸ Subsequently, the trademark was published and registered in 2012 for specific goods and services in several classes, including "Provision of betting, gambling and gaming services through physical and electronic sites and telephonic centers" (class 41).¹²⁹

Nevertheless, the complications with trademark registration continued. Mr. Robert Hansen entered the picture in 2013 by requesting a declaration of the "BET 365" trademark's invalidity. He claimed that the mark lacked inherent uniqueness and continued to be descriptive of the products and services it covered. This started a new round of discussions.¹³⁰

A new duty of the bet365 was to show that the mark had acquired distinctiveness for bet365 Group Ltd. They added declarations from Mr. C. and Mr. H., dated January 2014 and December 2013, respectively, to their earlier testimony, along with additional documents demonstrating the mark's ongoing and expanding use, market penetration, and promotional activities. The evidence was taken into consideration by the Cancellation Division, which once more affirmed the mark's acquired distinctiveness. However, Mr. Hansen persisted and appealed the ruling to the EUIPO's Fifth Board of Appeal. The challenged March 2016 judgment against bet365 Group Ltd. resulted from this appeal. The Board of Appeal argued that there was insufficient evidence to demonstrate that a sizable chunk of the pertinent public connected the mark with the place of origin of the products and services. They emphasized that the evidence mostly showed the use of "bet365" to refer to the firm or its website rather than as a distinguishing mark designating specific goods and services, despite noting the company's financial success and market share. In conclusion, the Board of Appeal rejected bet365 Group Ltd's claim of acquired distinctiveness since it was determined that the company had not done enough to demonstrate consumer awareness of and identification of the "BET 365" mark as a distinctive trademark.¹³¹

¹²⁸ Ibid. Para. 39

¹²⁹ Ibid. Para. 5-7.

¹³⁰ Ibid. Para. 8

¹³¹ Ibid. Para. 11-17

Finally, bet365 filed a case to the General Court (EGC) against European Union Intellectual Property Office (EUIPO) seeking annulment of the contested decision. Among other peculiarities of the case, EGC commented on whether using the contested mark as the name of a website www.bet365.com could constitute the use of the mark 'as a trademark'. The relevance and acceptable scope of evidence presented to the court demonstrating information on website or frequency of its use was also evaluated.

In this regard, in point 77 of the contested judgment, the Board of Appeal observed that the use of the subject mark as the...domain name is not use of the mark as a trademark identifying and distinguishing the [holder's] goods and services. On the other hand, the applicant also admitted that using the contested mark as the name of a website alone would not be sufficient to prove that it has been used as a trademark but contended that, in this case, it provided a substantial amount of evidence demonstrating the use of its mark, allowing the commercial origin of its online betting and gambling services to be determined.¹³²

The court proceeded with the analysis of related case law and stated that a sign can combine role of the trademark with other functions and in some situations, it can include a website name. To be considered distinctive under law, a sign must, however, be quickly recognized by the relevant public as designating the specific commercial source of the goods or services, ensuring unambiguous differentiation from goods or services of a different origin. "It follows from settled case-law that it is not impossible to use the same element as a mark in the context of another use, for example, as all or part of the name of a website. However, a sign which also fulfils functions other than that of the mark is distinctive for the purposes of Article 7 or Article 52(2) of Regulation No 207/2009, only if it can be perceived immediately by the relevant public as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin."¹³³ Court decided that in this case, the Board of Appeal made a legal mistake when it disregarded the possibility that using the challenged mark as the domain name for a website could qualify as using the mark "as a trademark". The assessment of the relevant public's perception when it sees or uses the element "bet365" or "bet365.com" during its internet use, depends entirely on the documents and information presented in that regard.

Court based its assessment of whether webpage constituted a trademark on the following criteria:

¹³² Ibid. Para. 41

¹³³ Ibid. Para. 42

- 1) only the applicant uses the element 'bet365' for the marketing of gambling and betting services.
- 2) the applicant confirmed at the hearing without being contradicted, that element bet365 is found in all the marks it uses to identify its services in a general manner.
- 3) its website is its main gambling and betting sales channel.
- 4) in that sector, most of the marks used by online operators are, like the contested mark, inherently descriptive.
- 5) it is well known that betters and players are, in the very great majority of cases, regular customers.¹³⁴

The last, fifth point is of utmost importance. Following court's logic, it is reasonable to assume that majority of the customers connecting to the applicant's website at "www.bet365.com" does not do so by accident and regularly uses the contested mark or its derived marks to identify services offered by the applicant, as opposed to services offered by its competitors, in a similar manner to a customer returning to a real-life shop whose sign corresponds to the mark of the goods they whose sign corresponds to the mark of the goods and services that he interested in and, which are traded there.¹³⁵

According to the decision, in addition to the perception of the website by customers, "in the context and circumstances of the present case, information such as the number of connections to the applicant's website, that website's ranking in terms of the number of visits in various countries or the number of times the contested mark or its derived marks were the subject of a search using internet search engines is information which can help to show that the contested mark has acquired distinctive character through use. The same may be true of extracts of pages from the applicant's website or other websites, in various languages, on which the contested mark or its derived marks appear, provided that the scope of the evidence adduced can illustrate significant use of the contested mark as a mark."¹³⁶

In the decision the court also criticized EUIPO for relying on case-law where companies failed to demonstrate use of their trademark through internet address, that were not relatable to the

¹³⁴ Ibid. Para. 44

¹³⁵ judgments of 13 May 2009, *Schuhpark Fascies v OHIM — Leder & Schuh (jello SCHUHPARK)* (T-183/08, not published, EU:T:2009:156), and of 18 January 2011, *Advance Magazine Publishers v OHIM — Capela & Irmãos (VOGUE)* (T-382/08, not published, EU:T:2011:9)

¹³⁶ Ibid. Para. 46

circumstances of the current Case, but can demonstrate what criteria should the webpage fulfill to be reliable proof of use.

In the first of those cases, which concerned revocation proceedings in respect of the EU trade mark FRUIT, the proprietor of that mark had a website with the address ‘www.fruit.com’, but had failed to adduce any evidence that that mark had been put to genuine use, including on the basis of information provided on that website which referred to another mark. The website thus did not fulfil any commercial or even mere advertising function in respect of the goods covered by the mark in question.¹³⁷

In the second of those cases, which concerned a refusal to register the EU trade mark PHOTOS.COM, when the applicant sold photographs via a website with the address ‘www.photos.com’, the Board of Appeal and the court considered that the evidence adduced by that applicant to establish the acquisition, through use, of distinctive character by the mark at issue was insufficient or ineffective from a geographical, quantitative or temporal point of view for the purposes of establishing a link between the use of that site and the identification of the commercial origin of the photographs available and, as the case may be, sold there. The court, however, stated that the registration of a mark composed of signs or indications which were also used to designate a domain name was not excluded.¹³⁸

in the third case, which concerned opposition proceedings relating to the registration of the EU trade mark FUNNY BANDS on the ground of the previous existence of a non-registered identical trade name used in the internet domain name ‘www.funny-bands.com’, the opponent sought to prove use of that name of more than mere local significance. However, as regards the website at the corresponding address, he only proved that it existed and provided a number of examples of its content, but no evidence that could be used to assess the intensity of its commercial use. In that regard, the court found that that could have been demonstrated, inter alia, by a certain number of connections to the site, by emails received via the site or by the volume of business generated.¹³⁹

To summarize findings of the case, an internet address can serve as a trademark, if it ensures the consumer's ability to differentiate the origin of goods or services without any potential for confusion. Level on which specific domain name fulfills this function can be assessed based on these factors: first, whether only the applicant uses the element contained in the internet address

¹³⁷ judgments of 21 June 2012, *Fruit of the Loom v OHIM — Blueshore Management (FRUIT)*, T-514/10, not published, EU:T:2012:316, paragraphs 59 to 67;

¹³⁸ of 21 November 2012, *PHOTOS.COM*, T-338/11, not published, EU:T:2012:614, paragraphs 48 to 61;

¹³⁹ of 19 November 2014, *Out of the blue v OHIM — Dubois and Another (FUNNY BANDS)*, T-344/13, not published, EU:T:2014:974, paragraphs 26 to 31

for the marketing of its products and services; Secondly, that element of the webpage address is found in all the marks used to identify its services and goods in a general manner. Thirdly, products and services are mainly provided in that webpage; Fourth, the very great majority of visitors are regular customers.

4.3.3. E-evidence of Genuine Use

Even though discussed cases do not directly deal with the proof of genuine use, they provide important implications as to how e-evidence, such as internet domains, screenshots of webpages, their substance, functions, ability to be modified, data of customers visiting it and other characteristics may be treated when it comes to protection of trademark rights. Analyzed cases show that they are often paralleled with real life examples. Webpages are perceived as actual shops and a person regularly entering it, as a consumer that identifies and chooses a specific trademark owner.

Transborder effects of e-evidence substantively eases proof of genuine use. It will have significant practical importance for small and medium size businesses, that otherwise cannot afford collection of proofs from diverse jurisdictions.

CONCLUSIONS

This thesis critically analyzes the practical and theoretical problems surrounding the genuine use requirement in trademark law, its justifications, historical development, global variation, and implications for the modern legal frameworks and court practice. Following conclusions were drawn addressing the research problem and meeting the objective of the research:

1. Justification of the genuine use requirement is intrinsically connected with the functions of the trademark.

Period of emergence and history of statutory and case law developments of the requirement of genuine use in trademark law have demonstrated its connection with the realization and expansion of the functions of trademark in commerce. Requirement of genuine use of trademark reflects the need for balancing the rights of trademark owners with broader competition and consumer protection goals. Nowadays, genuine use requirement ensures that trademarks serve their primary functions of distinguishing goods and services, and preventing misuse that could harm commerce and consumer welfare, warehousing and abandonment of trademarks.

2. Statutory and case law have progressively clarified genuine use.

The systematic and comparative assessment of various legal acts in this research, starting with the Paris Convention and TRIPS agreement and including the EU Trademark Directive and Regulation, demonstrates the gradual evolution of understanding the term. Despite being mentioned and regulated in several acts of international and regional coverage, the case law of the CJEU had a decisive role in interpreting the notion of genuine in the context of the use of trademarks. Nevertheless, despite ongoing refinements, the ambiguity persists, and the need for a uniform definition remains the primary concern, challenging its consistent enforcement and interpretation across different jurisdictions.

3. Temporal aspects of genuine use need modernization.

The research concluded that the temporal aspect of genuine use, particularly the five-year grace period, is outdated and does not reflect the speed and flexibility of current business needs. It creates clutter, fails to balance the interests of different stakeholders, and allows trademark owners to manipulate the market by squatting it. Reducing the grace period to three years, the minimum permitted timeframe by the TRIPS agreement, is growing legal practice worldwide.

4. Technological advancements have transformed evidence of genuine use.

E-evidence such as website screenshots and online activity logs gain practicality. Recent cases like Coca-Cola v EUIPO illustrate how the EU courts adapt to the changes brought about by technological developments, considering e-evidence as substantial proof of use.

The digital shift has most evidently impacted the geographical element of the requirement for genuine use. With e-evidence playing a critical role in proving use across borders, the territoriality principle in trademark law has widened. This shift is especially beneficial for small and medium-sized enterprises that operate primarily online, allowing them to establish genuine use through trustworthy, inexpensive, and accessible means.

Above findings provide insights into the genuine use requirement, highlight its critical role in functioning a trademark and balancing stakeholders' interests, and give a discourse on contemporary practical and theoretical challenges of trademark law. These conclusions lead to the recommendations in the next chapter.

RECOMMENDATIONS

Upon thorough examination of the general legal aspects of the requirement of genuine use and its role in trademark law, as well as the current intellectual property landscape within the European Union, including analyses of legal acts and court cases in the retrospect, coupled with an in-depth assessment of particular practical and theoretical issues pertaining to genuine use in the modern setting, a series of recommendations emerges that could significantly enhance the efficacy and coherence of trademark regulations.

Firstly, research showed that the most prominent theoretical problem of the requirement of the genuine use of a trademark, having far-reaching practical implications, is ambiguity and inconsistency in its definition. Considering this issue, it is recommended to incorporate a provision within EU Commission regulations explicitly defining genuine use. This provision would offer a standardized definition, based on the principles already established in case law and used for decades, providing clarity and consistency in assessing the validity of trademark rights. This initiative would promote legal certainty, mitigate trademark abuse, make law more accessible to the entrepreneurs and foster a fair and competitive marketplace within the EU by formalizing genuine use principles.

Suggested provision based on ECJ case law to be incorporated in EUTMD and EUTMR can be:

1. Genuine use of the trademark must be public and align with the fundamental function of a trademark to ensure the consumer's ability to differentiate the origin of goods or services without any potential for confusion, thus distinguishing them from those originating from a different source.
2. Genuine use does not include token use to preserve the rights conferred by the mark.
3. Criteria that must be cumulatively considered when assessing genuine use include, among others:
 - a) the nature of the goods or services
 - b) characteristics of the market
 - c) the scale and frequency of use
 - d) intention of the proprietor to create or maintain a market presence.

Suggested draft provision is completely based on the case law. It includes principles developed through the consistent use. It is general and flexible enough to be applicable regardless of the

industry where the trademark is used, but sufficiently informative to give clarity and predictability to entrepreneurs and legal practitioners without the need to get acquainted with dozens of ECJ practices.

Secondly, it is advisable to consider reducing the grace period for demonstrating genuine use from five years to three years. It should be acknowledged that the 5-year grace period is outdated, does not correspond to the actual needs of companies, provides unfair privileges to trademark owners, enabling them to manipulate the market. Moreover, it fails to respond to the risk of cluttering trademark registers due to the imbalance between the number of registrations and the renewal of trademarks. Therefore, the benefits of reducing the grace period for trademarks in the EU will outweigh the potential costs and drawbacks for their owners. This adjustment would encourage swift and effective utilization of trademark rights, discouraging speculative registrations and stockpiling and ensuring that trademarks are actively employed in commerce to fulfill their intended purpose of distinguishing goods and services. Moreover, it would put businesses in the EU in the same conditions as their competitors in the USA and China.

Finally, as analyzed above, embracing electronic evidence could substantially enhance the accessibility, reliability, and efficiency of proving genuine use in trademark disputes. The transborder effects of e-evidence substantially ease the burden of proof for genuine use. This will have significant practical importance for small and medium-sized businesses that otherwise need help to afford the collection of proofs from diverse jurisdictions. Therefore, efforts must be focused on creating a thorough legal framework that permits and governs the use of electronic evidence in trademark law.

These recommendations are proactive moves in updating intellectual property laws, strengthening the EU's standing to strengthen its trademark system, advancing fair competition, promoting and defending intellectual property rights, and encouraging innovation in the digital era by putting these proposals into practice.

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ABSTRACT

Requirement to use a trademark is precondition of the maintenance of its registration all over the world. However, EU legislation additionally introduces a vague concept of genuineness in its legislation as a criterion of acceptable use. The study investigates theoretical and practical problems of the requirement of genuine use in trademark law. The author employs methods of historical legal research and comparative legal analysis to get profound understanding of the concept of genuine use in retrospect and currently, within and outside of the EU legislation and court practice, in order to identify specific complications related with the requirement of genuine use.

The study revealed that the main theoretical problem of the requirement is lack of regulatory interpretation, while practical problems include its temporal and geographical aspects. Author recommends addressing identified problems by implementation of amendments in the EU legislation, namely providing a clearer understanding of the requirement of genuine use in trademark law, and reducing the grace period to 3 years. Another solution is increased reliance on e-evidence in the process of proving genuine use of the trademark.

Key words: Trademark, Genuine Use, Trademark Maintenance, IP Law, Trademark Revocation

SUMMARY

‘Requirement of Genuine Use in Trademark: theoretical and practical problems’ is a comprehensive study aiming on clarifying idea about the concept of the requirement of the genuine use in trademark law, addressing the theoretical and practical problems of its utilization. Besides, the thesis should clarify certain procedural aspects connected with the concept of genuine use, namely those related to proving the genuineness of use of a trademark, such as its temporal and geographical aspects. This thesis aims to address technological developments and the possibilities they offer to stakeholders for proving the genuine use of trademarks, as well as the risks associated with increased flexibility.

First chapter delves into the intricacies of genuine use requirement, examining its role, justifications, and implications within the more extensive context of trademark law. It digs in the exploration of the evolving functions of trademark, as well as the pivotal impact of the requirement of genuine use on commerce and consumer welfare, embarking on uncertainties between safeguarding legitimate trademark rights and preventing their misuse. It highlights the practical implications of the requirement on owners, registries, competitors and consumers.

Second chapter analyzes the international and regional timeline of legal acts containing this requirement, including the Paris Convention for the Protection of Industrial Property, TRIPS Agreement, and EU Trademark Directives, Regulations and CJEU court cases.

Third chapter discusses particular practical and theoretical problems of the requirement in question. Ambiguity and inconsistency of interpretation of the requirement is the main theoretical issue, while practical problems include geographic and temporal aspects of the requirement.

Thesis concludes that justification of the genuine use requirement is intrinsically connected with the functions of the trademark; Statutory and case law have progressively clarified genuine use; Temporal aspects of genuine use need modernization, and technological advancements have transformed evidence of genuine use;

Thesis recommends addressing identified problems by implementation of amendments in the EU legislation, namely providing a clearer understanding of the requirement of genuine use in trademark law, and reducing the grace period to 3 years. Another solution is increased reliance on e-evidence in the process of proving genuine use of the trademark.