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CJUE, C-720/18 and C-721/18: the CJEU on the genuine use of “Testarossa” trade marks in relation to second hand products and spare parts

On 22 October 2020, the Court of Justice of the European Union (“CJEU”) issued a decision in cases C-720/18 and C-721/18 on the interpretation of Article 12 (1) of (EC) Directive 2008/95 to approximate the laws of the Member States relating to trade marks (the “Trade mark Directive”)¹.

Background to the case and the questions referred to the CJEU



For the purposes of this decision, Ferrari is the owner of an international mark and a German mark covering class 12² registered in 1987 and 1990 for the sign “Testarossa” (the “Trade marks”, see picture above, IR 515107, Ferrari S.p.A.). Between 1984 and 1996, Ferrari sold a sports car model under the Trade marks and produced a further one-off version in 2014.

The Regional Court of Düsseldorf ordered the cancellation of the Trade marks for lack of genuine use, during a period of five years, in Germany and in Switzerland.

In particular, the Regional Court found that, during the period relevant to the assessment of the use of the Trade marks (between 2011 and 2016), Ferrari used them to identify replacement and accessory parts of high-priced luxury sports cars, previously sold under the Trade marks. However, the extent of use was not sufficient to establish genuine use of the Trade marks.

Moreover, as for the sale of used vehicles bearing the Trade marks, the first release onto the market of the goods had already exhausted the relevant trade mark rights. As a result, the sale of second-hand vehicles did not constitute a renewed right-maintaining use of the Trade marks.

Ferrari appealed the decision at issue before the Higher Regional Court of Düsseldorf (the “Referring Court”) which did not fully share the view of the Regional Court. Specifically, above other arguments, the Referring Court noted that the use of a mark does not always have to be extensive in order to be genuine, also

¹ The Trade mark Directive has been repealed and replaced by Directive 2015/2436. Art. 12(1) of the Trade mark Directive (now reproduced in Art. 19(1) of Directive 2015/2436) provided: «A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use. However, no person may claim that the proprietor’s rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed.».

² The specification reads ‘Land vehicles, aircraft and water vehicles and parts thereof; motors and engines for land vehicles; car components, i.e. tow bars, luggage racks, ski racks, mudguards, snow chains, air deflectors, head restraints, seat belts, child safety seats.’

considering the fact that Ferrari used the Trade marks in respect of high-priced sports cars which are typically only produced in small numbers.

As for the territorial extent of the use, according to the CJEU³, the use of a trade mark in Switzerland does not prove the genuine use of the trade mark in Germany. However, the Referring Court noted that it must be taken into consideration the fact that the Convention of 1892 between Switzerland and Germany (the "Convention")⁴ states that the legal disadvantages which, under the laws of the contracting parties, occur when a trade mark has not been used within a certain period of time are precluded if the use takes place in the territory of the other party. Since the Convention is still in force, it would be applied by German courts, having regard to Art. 351 TFEU⁵.

In those circumstances, the Court decided to stay the proceedings and refer to the CJEU the questions summarized below:

- (1) Whether to assess the genuine use within the meaning of Art. 12(1) of the Trade marks Directive, in the case of a trade mark registered in respect of a broad category of products (*i.e.* motors cars and parts thereof), but only used in respect of a particular market segment (*i.e.* high-priced luxury sports cars and parts thereof), one must take into account the market for the registered category of goods overall or just the particular segment thereof;
- (2) Whether the sale of used goods, which had been released onto the market by the trade mark owner in the European Economic Area (the "EEA"), constitutes use of such trade mark;
- (3) Whether the sale of accessory and replacement parts bearing a mark, registered also in respect of parts of the main product, is relevant, even if the main product is no longer sold;
- (4) Whether to assess the genuine use, it must be taken into account the fact that the trade mark's owner offers services - which do not use the trade mark - for products already sold;
- (5) Whether in examining the use of the trade mark in a Member State, one needs to consider the use of the trade mark in Switzerland, based on the 1892 German-Swiss Convention;
- (6) On which party does the burden of proving the genuine use of a trade mark lies, in case of application for revocation.

Findings of the CJEU

As for questions (1) and (3), the CJEU noted that in the case of a broad category of goods or services which may not be divided into several independent subcategories, consumers associate the trade mark registered in respect of such category with all the goods and services identified by the category at hand. As such it would be sufficient to require the owner to prove the genuine use of the trade mark in relation to some of the goods or services in the broad category.

On the other hand, with regard to goods or services in a broad category of goods, which may be divided into several independent subcategories, it is necessary to require the owner to prove the genuine use of the trade mark for each subcategory.

³ Judgement of 12 December 2013, *Rivella International v. OHIM* (C-445/12 P, EU:C:2013:826, paragraphs 49 and 50).

⁴ Convention between Switzerland and Germany concerning the Reciprocal Protection of Patents, Designs and Trademarks signed on 13 April 1892.

⁵ Art. 351 TFEU is concerned with conflicts between "obligations" entered into by Member States and third states on the one hand with their obligations under EU law on the other. It provides that agreements concluded before 1 January 1958 by Member States with third states shall not be affected by the provisions of the Treaties. It continues: "*To the extent that such agreements are not compatible with the Treaties, the Member State or States concerned shall take all appropriate steps to eliminate the incompatibilities established. Member States shall, where necessary, assist each other to this end and shall, where appropriate, adopt a common attitude*".

In the present case, the fact that the goods in respect of which a trade mark has been used are sold at a particularly high price is not sufficient for them to be regarded as an independent subcategory of the class of goods in respect of which that mark was registered.

In the light of the above, the CJEU concluded that Art. 12(1) of the Trade mark Directive must be interpreted as meaning that a trade mark registered in respect of a category of goods and replacement parts thereof must be regarded as having been put to “genuine use” in connection with all the goods in the category, if it has been used only in respect of some of those goods, such as high-priced luxury sports cars, or only in respect of replacement parts or accessories of some of those goods. This applies unless it is apparent, from the relevant facts and evidence, that consumers perceive such goods as an “independent subcategory” of the category of goods in respect of which the mark at issue was registered.

As for question (2) above, **the CJEU took the view that the resale of a second-hand product bearing a trade mark already used (when the main product was first put on the market) constitutes “genuine use” within the meaning of Art. 12(1) of Trade mark Directive where the mark had fulfilled the essential function to guarantee the identity of the origin of the goods for which it was registered.**

The Court explained that the principle of exhaustion of intellectual property rights confirms such an interpretation. A trade mark does not entitle the owner to prohibit its use in relation to goods which have already been put on the market in the EEA under that trade mark by the owner or with his/her consent.

As a result, a trade mark may be used in respect of goods already put on the market under that trade mark. The fact that the owner cannot prohibit third parties from using his/her trade mark in respect of goods already put on the market under that mark does not mean that he/she cannot use it in respect of such goods.

Similarly, as for the following, related question (4), the CJEU held that a mark is put to genuine use by its owner where the services connected with the goods previously sold under the mark at hand have been provided under that mark.

As regards the question concerning the burden of proof that a trade mark has been put to “genuine use”, within the meaning of Art. 12(1) of Trade mark Directive (6), the CJEU concluded by confirming that both under the Trade mark Directive and EU case-law, the burden of proof (not a matter of national procedural law) lies on the owner of the trade mark attacked for revocation.

The Court also answered to the question concerning the interpretation of the international convention between Germany and Switzerland, concluded before the signing of the EC Treaties (5). In the CJEU’s view, the application of the Convention by the German courts may give rise to difficulties. In particular, while a trade mark registered in Germany and used in Switzerland could not be cancelled under the Convention and German law, the owner of that trade mark would not be in a position to provide the proof of genuine use in the territory of the European Union. Therefore, the Federal Republic of Germany is required to take the necessary measures under Art. 351 (2) TFEU to eliminate the incompatibility of the Convention with EU law.