Germany

“PROTI”

First Council Directive of 21 December 1988 to Approximate the Laws of the Member States Relating to Trade Marks (89/104/EEC), Art. 10(1) and (2)(a); The Charter of Fundamental Rights of the European Union, Art. 17(2); Paris Convention for the Protection of Industrial Property, Art. 5.C(2); Trade Mark Act, Sec. 26(3), First and Second Sentence; German Constitution, Art. 14

**Decision of the Federal Supreme Court (Bundesgerichtshof)
17 August 2011 – Case No. I ZR 84/09**

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The following questions are referred to the Court of Justice of the European Union regarding the interpretation of Art. 10(1) and (2)(a) of the first Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ EC No. L 40 of 11 February 1989, p. 1).

1. Is Art. 10(1) and (2)(a) of Directive 89/104/EEC to be interpreted to mean that this provision generally and in principle precludes a national rule according to which the use of a trade mark (mark 1) is to be assumed even when the use of the mark (mark 1) occurs in a form that differs from the form in which it was registered, if these differences do not alter the distinctive character of the mark (mark 1), and if the mark is also registered in the form in which it is used (mark 2)?
2. If question 1 is answered in the negative:
Is the national rule referred to in question 1 compatible with Directive 89/104/EEC if the national provision is interpreted restrictively as not applying to a mark (mark 1) that is only registered in order to secure or expand the scope of protection of a different registered mark (mark 2), which is registered in the form in which it is used?
3. If question 1 is answered in the affirmative or question 2 in the negative:
 - (a) Is there no use of a registered mark (mark 1) within the meaning of Art. 10(1) and (2)(a) of Directive 89/104/EEC

- (aa) if the trade mark proprietor uses the form of a sign that differs only in elements from the registered form of the mark (mark 1) and a further mark (mark 2) of the proprietor, and the distinctive character of the marks (mark 1 and mark 2) is not altered by the differences;
 - (ab) if the trade mark proprietor uses two forms of signs, neither of which corresponds to the registered mark (mark 1), one of which (form 1) however corresponds to another registered trade mark (mark 2) of the proprietor and elements of the second form (form 2) used by the trade mark proprietor differ from both registered marks (mark 1 and mark 2) without the marks' distinctive character being altered by these differences, and this form (form 2) displays a greater similarity to the proprietor's other mark (mark 2)?
- (b) Is a court of a Member State allowed to apply a national provision (here, Sec. 26(3), second sentence, of the Trade Mark Act) that conflicts with a provision of a Directive (here, Art. 10(1) and (2)(a) of Directive 89/104/EEC) in cases the facts of which had already occurred before a decision of the CJEU in which indications of the incompatibility of the Member State's provision with the provision of the Directive appear for the first time (here, ECJ, decision of 13 September 2007, Case No. C-234/06, ECR 2007, I-7333—*Il Ponte Finanziaria/HABM [BAINBRIDGE]*), if the national court judges the confidence placed by one of the parties to the court proceedings in the validity of his constitutionally guaranteed position to have priority over the interest in implementing a provision of the Directive?

Facts:

1 The plaintiff is the proprietor of the word marks No. 39702429, "PROTI" (registered on 3 March 1997) and No. 39549559.8, "PROTIPLUS" (registered on 20 May 1996), and the combined mark No. 39608644.6 (registered on 5 March 1997) ["Proti Power"].

2 The marks are registered amongst other things with respect to proteins. The mark No. 39702429, "PROTI", is also registered for protein with added vitamins and minerals as well as carbohydrates and for foodstuffs with high proportions of protein used to enrich foods.

3 The plaintiff marketed, initially through the private partnership P.R.&M. and subsequently through the limited liability company P., food supplement products under the names “Proti Power”, “PROTIPLUS”, “PROTIPLEX” and “PROTI 4-K” in various getups and with further additions (“Plus 80”, “XXL”, “Power 75, 80 or 90”).

4 The defendant sells a milk-protein mix under the word mark No. 30247818, “Protifit”, registered on 11 February 2003 for further described food supplements, vitamin supplements and dietetic foods and published on 14 March 2003.

5 After the defendant had pled lack of use of the mark “PROTI”, the plaintiff claimed to have used this mark in the designations “Proti Power” and “PROTI-PLUS” in price lists and graphically designed getups [“Proti Power”, “PROTI-PLUS”, “PROTIPLUS 80”].

6 The plaintiff, invoking the priority of his marks, requests that the defendant consent to the cancellation of the mark “Protifit” and the prohibition on the use of this mark. The plaintiff further pursues a claim of divulgence and the determination of the defendant’s obligation to compensate him for damages.

7 The previous instances rejected the claim

8 In his appeal on the law (found admissible by this Court), the plaintiff continues to pursue his claim. The defendant requests that the appeal be dismissed.

9 – II. The appeal’s success depends upon the interpretation of Art. 10(1) and (2)(a) of First Council Directive 89/104/EEC approximating the laws of the Member States regarding trade marks of 21 December 1988 (OJ EC No. L 40 of 11 February 1989, p. 1). Before issuing a decision on the appeal, the Court must first stay proceedings and, pursuant to Art. 267(1)(b) and (3) of the TFEU, refer the case to the CJEU for a preliminary ruling

15 Assessment of the dispute at hand thus depends on the question of whether genuine use can be made of a registered trade mark in a form that only differs from the registration in elements that do not alter the distinctive character of the mark if the mark is also registered in the form in which it has been used (referral question 1). If this question must be answered in the negative, the appeal court decision must be overturned and the matter remanded to the appeal court for re-hearing and decision, because the matter does not yet permit final decision (Sec. 563(1) and (3) Code of Civil Procedure). The same is true if referral question 2 is answered in the affirmative, question 3a in the negative or question 3b in the affirmative. Otherwise, the appeal court correctly held the claims arising from the mark “PROTI” to be unfounded. The appeal on the law of its decision would fail if this were the case, because the plaintiff’s mark “PROTI” would have been liable to cancellation upon publication of the registration of the contested mark “Profit”, the decisive moment pursuant to Sec. 51(4)(1) of the Trade Mark Act, on grounds of revocation.

16 – 3. According to Art. 10(1) of Directive 89/104/EEC, a mark is subject to the sanctions provided for in this Directive if the proprietor of the mark does not make genuine use of that mark for the goods or services with respect to which it is registered within five years of the day on which the registration procedure is completed within the relevant Member State or has suspended such use for an uninterrupted period of five years, unless there are legitimate reasons for non-use. Use within the above meaning, according to Art. 10(2)(a) of Directive 89/104/EEC, includes use of the mark in a form that only differs in elements from the registration without altering the distinctive character of the mark. The provisions correspond to Art. 10(1)(1) and (1)(2)(a) of Directive 2008/95/EC of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks of 22 October 2008 (OJ EC No. L 299, p. 25), which has replaced Directive 89/104/EEC. In the present dispute, however, with respect to the period relevant for assessing the facts, which was before the entry into force of Directive 2008/95/EC on 22 October 2008, Directive 89/104/EEC (hereinafter: Trade Mark Directive) is applicable.

17 The provision in Art. 10(2)(a) of the Trade Mark Directive is implemented in German trade mark law by Sec. 26(3) of the Trade Mark Act. This section reads as follows:

Use of a registered trade mark includes use of the mark in a form which differs from the registration as long as the differences do not alter the distinctive character of the mark. Sentence 1 also applies if the mark is also registered in the form in which it has been used. As this is completely harmonised law, the provision of Section 26(3) of the Trade Mark Act must be interpreted in conformity with the Directive.

18 – (a) What can be considered unclear is whether the provision contained in Sec. 26(3), second sentence, of the Trade Mark Act is in conformity with Art. 10 of the Trade Mark Directive. While the provision of Sec. 26(3), first sentence, of the Trade Mark Act implements Art. 10(2)(a) of the Trade Mark Directive, Sec. 26(3), second sentence, of the Act has no direct basis in the Trade Mark Directive. The German legislature intended this provision to be a clarification of the scope of application of the basic principle enshrined in Sec. 26(3), first sentence, of the Trade Mark Act.

19 – (b) The Court of Justice of the European Union assumed in its decision *Il Ponte Finanziaria/HABM (Bainbridge)* that the provisions on genuine use did not allow the protection granted to one mark via proof of its use to extend to another registered mark whose use is not proven, on grounds that the latter mark differed only slightly from the former mark (Decision of 13 September 2007, Case No. C-234/06, ECR 2007, I-7333, marginal numbers 82–86). This decision referred to Art. 15(1) and (2)(a) of Council Regulation No. 40/94 of 20 December 1993 on the Community Trade Mark. However, these provisions of the Community Trade Mark Regulation (CTMR) correspond in their content, as emphasised by the ECJ, to Art. 10(1) and (2)(a) of the Trade Mark Directive. In the German case law and literature it is debated which effects this decision has on the application and interpretation of Sec. 26(3), second sentence, of the Trade Mark Act.

20 – (aa) Some assume that Sec. 26(3), second sentence, of the Trade Mark Act is in conflict with the ECJ's interpretation of Art. 10(1) and (2)(a) of the Trade Mark Directive. These authors consider an interpretation of Sec. 26(3), second sentence, of the Trade Mark Act in conformity with the Directive to be impossible, and the rule therefore no longer applies. Whether Sec. 26(3), second sentence, of the Trade Mark Act is generally and in principle incompatible with Art. 10(1) and (2)(a) of the Trade Mark Directive is the subject of referral question 1.

21 – (bb) According to the opposing view, Art. 10(1) and (2)(a) of the Trade Mark Directive does not in principle preclude application of Sec. 26(3), second sentence, of the Trade Mark Act. Some assume that the genuine use of a registered mark through a differing, likewise registered sign is only out of the question, within the limits of Art. 10(2)(a) of the Trade Mark Directive (= Sec. 26(3), first sentence, Trade Mark Act), if the non-identical sign that is used is a so-called defensive registration. Some represent that the case law of the CJEU has no basis in the Trade Mark Directive.

22 – (cc) In the view of the Court, Sec. 26(3), second sentence, of the Trade Mark Act is in principle compatible with the Trade Mark Directive and in particular with

Art. 10(2)(a) of the Directive. It is only possible to consider ruling out application of Sec. 26(3), second sentence, of the Trade Mark Act if only one mark is used and the registration of other unused marks is intended for and capable of extending the scope of protection of the only mark used by way of the unused signs.

23 The provision of Sec. 26(3), second sentence, of the Trade Mark Act is based on the idea that through the use of a sign as a mark more than one registered mark can be put to genuine use. This basic principle is in conformity with not only the wording but also the sense and purpose of the provisions of the Trade Mark Directive regarding the use requirement.

24 – (1) According to Recital 12 of the Trade Mark Directive, its provisions must be entirely consistent with the Paris Convention for the Protection of Industrial Property (PC). According to Art. 5.C(2) PC, the use of a trade mark by its proprietor in one of the countries of the Union in a form that differs only in elements from the registered form which does not alter the distinctive character of the mark does not lead to the invalidation of the registration or diminish the protection granted the mark. The question of whether the sign used is likewise registered is not a basis of this provision. In the case law of this Court, therefore, the genuine use of a sign in differing form was not rejected under the Trade Mark Act on grounds that other marks identical or similar to the form used were registered in favour of the trade mark proprietor [citation omitted]. An exception to this rule was made by the Court in cases in which the trade mark proprietor had a new sign registered and this sign had the characteristics of a defensive sign [citation omitted].

25 Article 10(2)(a) of the Trade Mark Directive, like Art. 5.C(2) PC, does not base its assessment of a genuine use of the registered mark by a different form on whether the sign used is registered. The wording of this provision thus does not suggest that an assumption of use within the meaning of Art. 10(1) and (2)(a) of the Trade Mark Directive should be made dependent on the fulfilment of further requirements.

26 – (2) Another argument in favour of assuming genuine use of the registered mark through a different and likewise registered form, as provided for by Sec. 26(3), second sentence, of the Trade Mark Act, is to be found in the sense and purpose of the use requirement. This serves to reduce the total number of marks that are registered and protected in the Community and thus the number of potential conflicts between them (Recital 8, first sentence, Trade Mark Directive). The exclusion of so-called defensive marks is consistent with this goal of the use requirement. A legal regulation of defensive marks is not contained in German trade mark law. Defensive marks is the term used in case law and literature in Germany to designate marks that the proprietor registers in order to secure or extend the scope of protection of a registered and used mark. The maintenance of such defensive signs does not correspond to the sense and purpose of the use requirement.

27 This must be distinguished from the cases in which the registered mark used in a different form lacks this defensive character. This is the case, for example, when the mark proprietor has a registered mark that has been used in the past and that he or

she would like to develop further within the bounds of Art. 10(2)(a) of the Trade Mark Directive (= Sec. 26(3), first sentence, Trade Mark Act) [citations omitted]. If the mark proprietor cannot use both registered marks in a genuine manner simply by using the modernised registered form, he or she loses the priority of the—often more valuable—older mark. If the mark proprietor therefore foregoes the registration of the new mark, he or she bears the double risk that the newly designed sign will not stay within the borders set by Art. 10(2)(a) of the Trade Mark Directive (= Sec. 26(3), first sentence, Trade Mark Act). Where these borders run is to be assessed case by case. If this examination by the courts determines that the diverging elements of the new sign alter the distinctive character of the registered mark (Sec. 26(3), first sentence, Trade Mark Act), the proprietor, due to a lack of genuine use of his registered older mark, loses its protection after a period of five years without having obtained trade mark protection for the new sign through registration. And yet the use requirement does not serve to destroy unnecessarily the economic values embodied by older marks or to hinder the mark proprietor in further developing and modernising his or her already present—valuable—marks.

28 Limiting the genuine use of the form of a sign to one for each registered mark furthermore has the consequence that the mark's proprietor cannot make genuine use of the registered mark that is the core element of its family of marks through the use of the individual registered signs of the family of marks. And yet there exists a practical need for securing the core element of a series of signs through the protection of a likewise registered mark. This need is given, for example, during the time in which the series of marks is being established. During this period, in which the individual marks are not yet present on the market to such an extent that they meet the necessary requirements of a series of marks (cf. ECJ, marginal Nos. 62–65—*Il Ponte Finanziaria/HABM (BAINBRIDGE)*), the proprietor as a rule has a considerable interest in protecting the core element by registering it as a mark, even if this element is not used in isolation.

29 In the case law of the CJEU it is acknowledged that a mark's distinctiveness can be acquired inter alia as a result of the use of that mark as part of another registered trade mark (cf. CJEU decision of 17 July 2008, Case No. C-488/06, ECR 2008, I-5725, marginal number 49—*Aire Limpio/ARBRE MAGIQUE*). Through use of a certain form of a sign, this sign could accordingly acquire the distinctiveness it lacks in itself within the meaning of Art. 3(3), first sentence, of the Trade Mark Directive (= Sec. 8(3) Trade Mark Act) and Art. 7(3) CTMR. However, when applying the principles of the *Il Ponte Finanziaria* decision, the same use after registration of this sign would no longer constitute a genuine use, which would lead to the revocation of this mark.

30 If referral question 1 is answered in the negative, in other words, Art. 10(1) and (2)(a) of the Trade Mark Directive do not conflict in any case with a national rule such as Sec. 26(3), second sentence, of the Trade Mark Act, the question arises whether a respective national provision is compatible with the Trade Mark Directive (referral question 2) if it is not applied to defensive marks.

31 – (3) The following considerations, in the view of this Court, constitute further arguments against limiting the genuine use of a form of a sign to only one registered mark:

32 If the trade mark proprietor uses a form that differs from, but does not alter the distinctiveness of, all registered marks, it seems questionable which registered mark is thus used in a genuine manner within the meaning of Art. 10(2)(a) of the Trade Mark Directive (= Sec. 26(3), first sentence, Trade Mark Act). In the present case, this comes into consideration in the following situation:

33 The sign “PROTIPLUS” is not registered in its graphic designs. By the use alleged by the plaintiff of the graphically designed form of “PROTIPLUS”, therefore, not only the word mark “PROTIPLUS” but also the disputed mark “PROTI” could have been used within the meaning of Art. 10(1) and (2)(a) of the Trade Mark Directive. The same is true of the likewise not registered form “Proti Power”, which according to the plaintiff was used as a pure word sign.

34 It is also questionable whether there is use within the meaning of Art. 10(2)(a) of the Trade Mark Directive if the mark proprietor uses two forms of signs, of which one is identical with one of the registered marks (first form of the sign) and the other (second form of the sign) differs from the two registered marks without altering their distinctive character, and if the other form used (second form of the sign) has greater similarity to the mark that is already being put to genuine use through the identical form (first form of the sign). It is likewise to be assumed that this variation of the facts is present in the dispute at hand. The plaintiff claims to use the sign “PROTIPLUS” not only as a word mark, but also in a graphically designed form. He also purports to use the combined mark “Proti Power” in this form and as a pure word sign. If referral question 1 is answered in the affirmative or referral question 2 in the negative, the case depends on referral question 3a. Through the use of the graphically designed form of “PROTIPLUS” or of “Proti Power” in the form of a pure word sign, both of which are not registered, the mark under dispute, “PROTI”, could have been put to genuine use.

35 – (dd) If referral question 1 is answered in the affirmative or referral question 2 answered in the negative, in the case at hand it is possible that the provision in Sec. 26(3), second sentence, of the Trade Mark Act may not be applied to cases in situations like the present one because the CJEU answers referral question 3a in the affirmative or the court of appeal cannot make the corresponding factual statements on it. The Court then has to answer the question at which moment the provision of Sec. 26(3), second sentence, of the Trade Mark Act can no longer be applied to registered marks that until then have been harmonised by the Trade Mark Directive (Recital 4 of Directive 89/104/EEC and Recital 5 of Directive 2008/95/EC) (referral question 3b).

36 – (1) In the case law of the Federal Supreme Court it is acknowledged that reasons of confidentiality can dictate the application of a change in case law solely to future cases that follow the handing down of the final decision. Accordingly, the new standards dictated by a change of supreme court case law can be excluded from

application in the interpretation of a rule to facts in which the parties involved have taken the necessary measures and decisions in reliance on a long-existent, established supreme court case law before that case law was changed. In these cases, principles of confidentiality can strictly preclude the application of an altered understanding of a rule [citation omitted]. This Court holds the view that the present constellation of facts is at least comparable to this group of cases that has received recognition by the highest instance.

37 – (2) After the use requirement for trade marks was introduced under the German Trade Mark Act, through the Act to Amend the Patent Act, the Trade Mark Act, and further Acts of 4 September 1967 [citation omitted] with effect from 1 January 1968 (Sec. 11(1), No. 4 of the Trade Mark Act), the Court repeatedly stated that a genuine use does not require identical use of the trade mark, but instead changes with no significance for its character as a trade mark, or additions to a sign, must be tolerated [citation omitted]. However, the Court only held slight changes in the form used compared to the registered form as unharmed in this respect because there was no express legislative directive in the Trade Mark Act on genuine use of types of signs that differed from the registered mark [citation omitted]. After the genuine use by different forms was incorporated into Art. 10(2)(a) of the Trade Mark Directive the German legislature assumed that there was no longer ground to continue to apply the German case law, which was felt to be strict [citation omitted]. The provision of Sec. 26(3), second sentence, of the Trade Mark Act likewise aligns itself with the goal of the new use requirement in the trade mark legislation. Before the *BAINBRIDGE* judgment, its compatibility with the Trade Mark Directive was therefore never called into question, as far as is discernable, in the German case law and legal literature. The mark's proprietors, in the light of the legal provision of Sec. 26(3), second sentence, could thus rely on the use of a mark in a form different from that registered but not altering the distinctive character of the mark (Art. 10(2)(a), Trade Mark Directive) being considered use even if the form used was also registered as a trade mark. This Court holds this reliance on the validity of Sec. 26(3), second sentence, of the Trade Mark Act for registered marks to be so weighty as compared to an interpretation in conformity with the Directive pursuant to Art. 10(2)(A) of the Trade Mark Directive, in the case that the provision of Sec. 26(3), second sentence of the Trade Mark Act is not in conformity with the Directive, that the Court intends to continue to apply Sec. 26(3), second sentence, of the Trade Mark Act in accordance with its wording, in any case to facts occurring before the publication of the ECJ's *BAINBRIDGE* judgment.

38 According to the case law of the ECJ, a national court where a case is pending must guarantee the complete effect of Community law by leaving unapplied every provision of national law that is potentially incompatible with it. On the other hand, the case law of the ECJ recognizes that the principles of legal security, protection of confidence and prohibition of retroactive effect can in individual cases preclude the application of a Community rule.

39 In the view of the Court it is thus of decisive significance that the right to a mark falls within the scope of protection of Art. 17(2) of the Charter of Fundamental

Rights of the European Union and of Art. 14 of the German Constitution. A mark owner is not entitled unconditionally to trade mark rights, but these only become concrete through the provisions of trade mark law that are rooted in the Trade Mark Directive. The present case, however, is noteworthy in that the case configuration was explicitly addressed in German law by Sec. 26(3), second sentence, of the Trade Mark Act, and that the reliance of a trade mark owner on the validity of this provision clearly outweighs the interest in a contrary interpretation based on the Trade Mark Directive on grounds of the right to own a mark that is protected by Art. 17(2) of the EU Charter of Fundamental Rights and Art. 14 of the German Constitution.

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