

Newsalert

IP, TMT and Data Protection Department

The CJEU declares the genuine use of the "Testarossa" trademark in relation to the iconic Ferrari model, no longer in production.

On 22 October 2020, the Court of Justice of the European Union ("CJEU") issued an important judgement on the nature and extent of genuine use of trademarks within the meaning of Article 12(1) ('*Grounds for revocation*' according to which a trademark is liable of 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) and Article 13 ('*Grounds for refusal or revocation or invalidity relating to only some of the goods or services*') of Directive 2008/95 to approximate the laws of the Member States relating to trademarks ("**Directive**"). The Directive, applicable to the case at issue, has been replaced by Directive 2015/2436, which sets forth substantially identical provisions on the issues in suit.

Such ruling has been requested in the framework of the *Ferrari S.p.A. c. Du* case (joined cases C-720/18 and C-721/18) and stemmed from two requests for a preliminary ruling from the Higher Regional Court of Düsseldorf, before which Ferrari appealed the first instance decision issued by the Regional Court of Düsseldorf that declared the cancellation for lack of genuine use of two of its "Testarossa" trademarks registered for products in class 12 of the Nice Classification.

The first instance judge held that the extent of the use claimed by Ferrari was not sufficient to demonstrate the genuine use of the trademarks at issue. This since, in particular, Ferrari used those signs: **(a)** to identify replacement parts for the "Testarossa" vehicles, but in a number considered insufficient to constitute right-maintaining use of the trademarks at issue; **(b)** with regard to maintenance services offered for the "Testarossa" vehicles, which use was deemed by the Court as amounting to a mere mention of such signs, rather than a distinctive use thereof; **(c)** with regard to the sale of second-hand vehicles bearing the trademarks at issue, considered not to be valid for the purposes of maintaining the rights on the trademarks, as the relevant rights of Ferrari had already exhausted following the first release onto the market of the vehicles bearing them.

Since the Higher Regional Court of Düsseldorf did not fully agree with the position of the first instance judge, it decided to refer the matter to the CJEU, submitting *inter alia* the following questions for a preliminary ruling concerning the requirements to be taken into account when assessing the genuine use of a sign, namely:

- 1) whether - in the event of a trademark registered with regard to a broad category of products, but only used in respect of a particular market segment thereof (*i.e.* high-priced luxury sports cars and parts thereof) - the market for the overall registered category of products should be taken into account or instead only their particular market segment;
- 2) if the offer for sale of used goods - which have already been released onto the market by the owner of the trademark - constitutes use of such trademark;
- 3) whether - with regard to a trademark registered also for parts of the main product - the offer for sale of its accessory and replacement parts bearing the trademark in suit has relevance, even if the product is no longer sold;
- 4) whether the services offered by the owner of the trademark for the products already sold should be taken into account;
- 5) on which party the burden of proof of genuine use lies.

With reference to the first and third questions, starting from a broad analysis of the legal context of reference, the CJEU notes that - in the case of a broad category of products that is not possible to divide into subcategories (rather than referring to the concept of 'particular market segment' mentioned by the Higher Regional Court of Düsseldorf) - consumers associate the relevant trademark with all the products or services identified by such category, without making any distinction.

In the CJEU's opinion, this is the case of the cars' category, as it is not possible to divide it into subcategories such as sports cars, luxury cars, etc.

Notwithstanding the fact that such high value goods could not be regarded as an independent subcategory, such circumstance - according to the CJEU - is however relevant to determine whether the trademark has been genuinely used. This since - in the specific case at hands - the use of the trademark with reference to a relatively small number of units of products will not be considered merely token, but genuine within the meaning of Article 12(1) of the Directive.

In the light of the foregoing, the CJEU concludes that the use of a trademark only in relation to some of the products or services in the category for which it is registered, will be considered sufficient to avoid its cancellation for lack of genuine use, provided that consumers do not perceive such specific products as an independent subcategory of the main category of goods in respect of which the trademark was registered. According to the CJEU, this is the case of luxury sports cars of very high value, such as those identified by the signs at issue.

Similarly, also the use of a registered trademark for replacement parts forming an integral part of the main goods covered by that trademark (*i.e.* component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of the same customers) is capable of constituting 'genuine use', not only for the replacement parts themselves, but also for the entire goods.

For this reason, the CJEU concludes that the requirement of genuine use of a trademark (registered for a category of products and replacement parts thereof) is met even when the trademark has been used only for replacement parts or accessories that make up some of those products - provided that they are not perceived as belonging to a subcategory in the above terms.

With regard to the second and fourth questions, in opposition to the ruling of the Regional Court of Düsseldorf, the CJEU states that it constitutes genuine use of the trademark by its owner both **(i)** the sale of vehicles on the second-hand market, if the trademark is used in accordance with its essential function of guaranteeing the identity of origin of the goods for which it is registered, and **(ii)** the offer of certain services relating to products previously marketed under that trademark, in so far as those services are offered and identified with the relevant trademark.

Finally, the CJEU concludes by confirming the principle according to which the burden of proof of the genuine use of a trademark lies on its owner.

The decision of the CJEU represents an important step, which will undoubtedly help owners of wide trademarks' portfolios - especially in the luxury sector - to manage their trademarks in the best possible way in order to avoid incurring in a declaration of revocation for lack of genuine use.

Here is the link to the CJEU website:

<http://curia.europa.eu/juris/document/document.jsf?text=&docid=232724&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=10364283>

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