ORDER OF THE COURT (Third Chamber)
27 January 2004 *

In Case C-259/02,

REFERENCE to the Court under Article 234 EC by the High Court of Justice of England and Wales, Chancery Division for a preliminary ruling in the proceedings pending before that court between

La Mer Technology Inc.

and

Laboratoires Goemar SA,

on the interpretation of Articles 10(1) and 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1),

* Language of the case: English.

THE COURT (Third Chamber),

composed of: J.N. Cunha Rodrigues, acting as President of the Third Chamber, J.-P. Puissochet (Rapporteur) and F. Macken, Judges,

Advocate General: D. Ruiz-Jarabo Colomer,

Registrar: R. Grass,

having informed the court of referral that the Court proposed to give its decision by a reasoned order in accordance with Article 104(3) of the Rules of Procedure,

having invited the persons referred to in Article 23 of the Statute of the Court of Justice to submit any observations which they might wish to make in that regard,

after hearing the views of the Advocate General,

makes the following

Order

1 By order of 19 December 2001, received at the Court on 15 July 2002, the High Court of Justice of England and Wales, Chancery Division, referred to the Court of Justice for a preliminary ruling under Article 234 EC seven questions on the interpretation of Articles 10(1) and 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, hereinafter 'the Directive').

2 Those questions were raised in the course of proceedings 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, for a decision revoking the rights of Laboratoires Goemar in the two trade marks consisting of the words 'Laboratoire de la mer', which it registered in the United Kingdom for goods which it markets.

Legal framework

Community legislation

3 Article 10(1) to (3) of the Directive provides as follows:

'1. If, within a period of five years following the date of the completion of the registration procedure, the proprietor has not put the trade mark to genuine use in the Member State 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 trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

2. The following shall also constitute use within the meaning of paragraph 1:

(a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

(b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.

3. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.'

4 Article 12(1) of the Directive states:

'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; the commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use, shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.'

Domestic legislation

5 Section 46(1) of the Trade Marks Act 1994 provides:

'The registration of a trade mark may be revoked on any of the following grounds:

(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of five years, and there are no proper reasons for non-use.'

Main proceedings and questions referred to the Court

6 Laboratoires Goemar, established in Saint-Malo (France), specialises in seaweed products. It registered the trade mark Laboratoire de la mer in the United Kingdom, first in 1988, in respect of 'pharmaceutical, veterinary and sanitary products, dietetic products for medical use... all containing marine products', included in Class 5 as defined by the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended ('the Nice Agreement'), and then in 1989, in respect of 'perfumes and cosmetics containing marine products' included in Class 3 of the Nice Agreement.

7 La Mer Technology wishes to use the La Mer mark to market a range of cosmetics and similar goods in the United Kingdom. On 27 March 1998, that is to say, more than five years after the date of registration of the Laboratoire de la mer marks, it made two applications to the Trade Mark Registry for revocation

of the latter, claiming that Laboratoires Goemar had not put them to genuine use during the five years preceding those applications.

8 On 19 June 2001, the Hearing Officer (the competent official in the Trade Mark Registry) granted the applications for revocation of the Laboratoire de la mer marks, but only for 'perfumes' in Class 3 of the Nice Agreement and 'pharmaceutical, veterinary and sanitary products' in Class 5 thereof. That part of the Hearing Officer's decision has not been challenged. The Hearing Officer rejected the remainder of the applications, relating to revocation of the registered trade marks for 'cosmetics containing marine products' in Class 3 and 'dietetic products for medical use' in Class 5.

9 La Mer Technology brought two actions against that latter part of the Hearing Officer's decision before the High Court of Justice of England and Wales, Chancery Division.

10 On 19 December 2001, the High Court allowed the appeal as regards the goods included in Class 5 of the Nice Agreement and, accordingly, made an order for revocation of the trade mark at issue.

11 On the other hand, as regards the trade mark registered for 'cosmetics containing marine products' in Class 3 of the Nice Agreement, the High Court found that Laboratoires Goemar had, during the five years prior to the applications for revocation, appointed the company Health Scope Direct Ltd, established in Scotland, to sell such products in the United Kingdom. The High Court held that while the sale of those products had during that period generated a very low turnover of some hundreds of pounds sterling, that situation reflected the commercial failure of the company which owned the trade mark rather than use of the trade mark solely for the purpose of maintaining its registration. In

addition, the High Court observed that Laboratoires Goemar had, shortly following that same period, recruited a new sales agent in the United Kingdom in order to boost their sales.

12 The High Court found that the main question in the proceedings was whether, in the circumstances, the Laboratoire de la mer trade mark had been put to genuine use within the meaning of the Trade Marks Act 1994. It pointed out that the notion of genuine use had the same scope as that set out in the corresponding provisions of the Directive.

13 In those circumstances, the High Court of Justice of England and Wales, Chancery Division, decided to stay proceedings and to refer the following questions to the Court of Justice of the European Communities for a preliminary ruling:

'1. What factors should be taken into account when deciding whether a mark has been "put to genuine use" in a Member State within the meaning of Articles 10(1) and 12(1) of [the Directive]?

In particular:

2. Should the extent of use of the mark in relation to the goods or services for which the mark is registered in the Member State be taken into account?

3. Is any amount of use, however small, sufficient if it was made with no purpose other than commercially dealing in the goods or providing the service concerned?

4. If the answer to the foregoing question is "no", what is the test for determining how much use is sufficient, and in particular does that test include a consideration of the nature and size of the business of the registered proprietor?

5. Is token or sham use to be disregarded, and in particular is use whose sole or predominant purpose is defeating a potential claim for revocation to be disregarded?

6. What types of use can be considered, and in particular is it necessary to show that the mark has been used in the course of trade in the Member State concerned and, in further particular, would importation by a single customer into that Member State be sufficient?

7. Is it necessary to disregard use occurring after the filing of the application for revocation even for the purpose of testing whether use during the relevant period was genuine?'

Application of Article 104(3) of the Rules of Procedure

14 Since it took the view that the answer to the first six questions could be clearly deduced from the judgment in Case C-40/01 *Ansul* [2003] ECR I-2439, given subsequent to delivery of the order for reference, and that the answer to the seventh question left no room for reasonable doubt, the Court, in accordance with Article 104(3) of its Rules of Procedure, informed the national court that it intended to give its decision by reasoned order and invited the persons referred to in Article 23 of the Statute of the Court of Justice to submit any observations which they might wish to make in that regard.

15 The Commission and the French Government did not submit observations on that point.

16 On the other hand, by judgment of 20 June 2003, the national court, while announcing that it was withdrawing the fifth question referred for a preliminary ruling, stated that it was maintaining the other questions, requesting the Court not to apply Article 104(3) of the Rules of Procedure. La Mer Technology, by letter of 4 July 2003, informed the Court that it was necessary to hold a hearing on the basis of Article 104(4) of the Rules of Procedure. By joint letter of 17 November 2003, signed by their counsel, Laboratoires Goemar and La Mer Technology stated that they shared the assessment of the national court, set out in that judgment of 20 June 2003. By letter of 24 November 2003, the United Kingdom Government expressed the same opinion.

17 The observations referred to in the preceding paragraph are not such as to call in question the Court's decision to apply Article 104(3) of the Rules of Procedure and not to hold a hearing.

First, second, third, fourth and sixth questions

18 By those questions, which it is appropriate to consider together, the national court is essentially asking what criteria and types of use of a trade mark make it possible to determine if the mark has been 'put to genuine use' in a Member State within the meaning of Articles 10(1) and 12(1) of the Directive. The national court asks, inter alia, whether use, even if minimal, can be characterised as genuine if the sole purpose of the proprietor is to market products and services protected by that mark.

19 The reply to those questions may be clearly deduced from paragraphs 35 to 39 of *Ansul*, cited above, in which the Court set out the following conclusions:

'35 ... as Ansul argued, the eighth recital in the preamble to the Directive states that trade marks "must actually be used or, if not used, be subject to revocation". "Genuine use" therefore means actual use of the mark. That approach is confirmed, *inter alia*, by the Dutch version of the Directive, which uses in the eighth recital the words "werkelijk wordt gebruikt", and by other language versions such as the Spanish ("uso efectivo"), Italian ("uso effettivo") and English ("genuine use").

36 "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.

37 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. 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.

38 Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular 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.

39 Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service 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 service concerned on the corresponding market.'

20 It follows from those considerations that the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned.

21 Moreover, it is clear from paragraph 39 of *Ansul* that use of the mark may in some cases be sufficient to establish genuine use within the meaning of the Directive, even if that use is not quantitatively significant. Even minimal use can therefore be sufficient to qualify as genuine, on condition that it is deemed to be justified, in the economic sector concerned, for the purpose of preserving or creating market share for the goods or services protected by the mark.

22 The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case-by-case assessment which is for the national court to carry out. The characteristics of those products

and services, the frequency or regularity of the use of the mark, whether the mark is used for the purpose of marketing all the identical products or services of the proprietor or merely some of them, or evidence which the proprietor is able to provide, are among the factors which may be taken into account.

23 Similarly, as emerges from paragraphs 35 to 39 of *Ansul* set out above, the characteristics of the market concerned, which directly affect the marketing strategy of the proprietor of the mark, may also be taken into account in assessing genuine use of the mark.

24 In addition, 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.

25 In those circumstances, it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A 'de minimis' rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down.

26 Finally, it can clearly be inferred from paragraph 36 of *Ansul* that, where use of the mark does not have as its essential aim the preservation or creation of market share for the goods or services which it protects, such use must be considered in fact to be intended to defeat any request for revocation. Such use cannot be characterised as 'genuine' within the meaning of the Directive.

27 In the light of the foregoing, the answer to the first, second, third, fourth and sixth questions must be that Articles 10(1) and 12(1) of the Directive must be interpreted as meaning that there is 'genuine use' of a trade mark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by that mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial use of the mark is real in the course of trade, particularly 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, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark. When it serves a real commercial purpose, in the circumstances cited above, even minimal use of the mark or use by only a single importer in the Member State concerned can be sufficient to establish genuine use within the meaning of the Directive.

Seventh question

28 By its seventh question, the national court is essentially asking whether the Directive must be interpreted as precluding account being taken of trade mark use which occurs after the filing of an application for revocation when assessing whether use during the relevant period, namely the five years prior to that filing, is genuine.

29 It is clear from Article 12(1) of the Directive that the preservation of a trade mark proprietor's right is predicated on the mark being put to genuine use, in any event before an application for revocation is filed, and that the commencement or resumption of use of the mark, even if it occurs before the filing of an application

for revocation, does not necessarily serve to maintain the rights of the proprietor, if it appears that such commencement or resumption occurred only after he became aware that such an application might be filed.

30 It follows from the foregoing that the Directive makes the classification of use of the trade mark as 'genuine use' of the mark consequential on consideration of the circumstances which pertain during the relevant period and which therefore predate the filing of the application for revocation.

31 Nevertheless, the Directive does not expressly preclude in assessing the genuineness of use during the relevant period, account being taken, where appropriate, of any circumstances subsequent to that filing. Such circumstances may make it possible to confirm or better assess the extent to which the trade mark was used during the relevant period and the real intentions of the proprietor during that time.

32 It is for the national court to determine whether any circumstances subsequent to the filing of the application for revocation confirm the conclusion that the use of the mark was genuine during the relevant period or whether, conversely, they reflect an intention on the part of the proprietor to defeat that claim.

33 The answer to the seventh question must therefore be that, while the Directive makes the classification of use of the trade mark as 'genuine use' consequential only on consideration of the circumstances which pertain in respect of the relevant period and which predate the filing of the application for revocation, it does not preclude, in assessing the genuineness of use during the relevant period, account being taken, where appropriate, of any circumstances subsequent to that

filing. It is for the national court to determine whether such circumstances confirm that the use of the mark during the relevant period was genuine or whether, conversely, they reflect an intention on the part of the proprietor to defeat that claim.

Costs

34 The costs incurred by the United Kingdom and French Governments and by the Commission, which have submitted observations to the Court, are not recoverable. Since these proceedings are, for the parties to the main proceedings, a step in the proceedings pending before the national court, the decision on costs is a matter for that court.

On those grounds,

THE COURT (Third Chamber),

in answer to the questions referred to it by the High Court of Justice England and Wales, Chancery Division, by order of 19 December 2001, hereby rules:

1. Articles 10(1) and 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that there is 'genuine use' of a

trade mark where it is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by that mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial use of the mark is real in the course of trade, particularly 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, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark. When it serves a real commercial purpose, in the circumstances cited above, even minimal use of the mark or use by only a single importer in the Member State concerned can be sufficient to establish genuine use within the meaning of the Directive.

2. While First Directive 89/104 makes the classification of use of the trade mark as 'genuine use' consequential only on consideration of the circumstances which pertain in respect of the relevant period and which predate the filing of the application for revocation, it does not preclude, in assessing the genuineness of use during the relevant period, account being taken, where appropriate, of any circumstances subsequent to that filing. It is for the national court to determine whether such circumstances confirm that the use of the mark during the relevant period was genuine or whether, conversely, they reflect an intention on the part of the proprietor to defeat that claim.

Luxembourg, 27 January 2004.

R. Grass

Registrar

V. Skouris

President