Reports of Cases

JUDGMENT OF THE COURT (Fifth Chamber)

26 March 2020*

(Reference for a preliminary ruling — Approximation of the laws of the Member States relating to trade marks — Directive 2008/95/EC — Article 5(1)(b) — First subparagraph of Article 10(1) — Article 12(1) — Revocation of a trade mark for lack of genuine use — Right of the trade mark proprietor to plead infringement of his or her exclusive rights as a result of the use by a third party of an identical or similar sign during the period preceding the date on which the revocation took effect)

In Case C-622/18,

REQUEST for a preliminary ruling under Article 267 TFEU from the Cour de cassation (Court of Cassation, France), made by decision of 26 September 2018, received at the Court on 4 October 2018, in the proceedings

AR

v

Cooper International Spirits LLC,

St Dalfour SAS,

Établissement Gabriel Boudier SA,

THE COURT (Fifth Chamber),

composed of E. Regan, President of the Chamber, I. Jarukaitis, E. Juhász (Rapporteur), M. Ilešič and C. Lycourgos, Judges,

Advocate General: G. Pitruzzella,

Registrar: V. Giacobbo-Peyronnel, Administrator,

having regard to the written procedure and further to the hearing on 12 June 2019,

after considering the observations submitted on behalf of:

– AR, by T. Kern, avocate,

– Cooper International Spirits LLC and St Dalfour SAS, by D. Régnier, avocat,

– Établissements Gabriel Boudier SA, by S. Bénoliel-Claux, avocate,

* Language of the case: French.

– the French Government, by A.-L. Desjonquères and R. Coesme, acting as Agents,

– the European Commission, by É. Gippini Fournier and J. Samnadda, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 18 September 2019,

gives the following

Judgment

1 This request for a preliminary ruling concerns the interpretation of Article 5(1)(b), the first subparagraph of Article 10(1) and Article 12(1) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25).

2 The request has been made in proceedings between AR and Cooper International Spirits LLC, St Dalfour SAS and Établissements Gabriel Boudier SA, concerning an action for trade mark infringement brought by AR.

Legal context

European Union law

Directive 2008/95

3 Recitals 6 and 9 of Directive 2008/95 state:

‘(6) … Member States should remain free to determine the effects of revocation or invalidity of trade marks.

…

(9) In order to reduce the total number of trade marks registered and protected in the [European Union] and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation. It is necessary to provide … that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked. In [that case] it is up to the Member States to establish the applicable rules of procedure.’

4 Article 5 of that directive, entitled ‘Rights conferred by a trade mark’, provides, in paragraph 1 thereof:

‘The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.’

5 Article 10 of Directive 2008/95, entitled 'Use of trade marks', provides, in the first subparagraph of paragraph 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.'

6 Article 11 of that directive, entitled 'Sanctions for non-use of a trade mark in legal or administrative proceedings', provides, in paragraph 3 thereof:

'Without prejudice to the application of Article 12, where a counter-claim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).'

7 Article 12 of Directive 2008/95, entitled 'Grounds for revocation', provides, in paragraph 1 thereof:

'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 be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.'

Directive 2004/48/EC

8 Article 13 of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ 2004 L 157, p. 45), entitled 'Damages', provides:

'1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;

or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.'

Regulation (EC) No 207/2009

9 Council Regulation (EC) No 207/2009 of 26 February 2009 on the [European Union] trade mark (OJ 2009 L 78, p. 1) lays down, in Article 9(1), in the first subparagraph of Article 15(1) and in Article 51(1)(a) thereof, provisions which are substantially similar to those laid down, respectively, in Article 5(1), in the first subparagraph of Article 10(1) and in Article 12 of Directive 2008/95.

10 Article 55(1) of Regulation No 207/2009, under the heading 'Consequences of revocation and invalidity', provides:

'The [European Union] trade mark shall be deemed not to have had, as from the date of the application for revocation or of the counterclaim, the effects specified in this Regulation, to the extent that the rights of the proprietor have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be fixed in the decision at the request of one of the parties.'

French law

11 Article L 713-1 of the code de la propriété intellectuelle (Intellectual Property Code), in the version in force at the time of the facts in the main proceedings, provides:

'Registration of a mark confers on its proprietor a property right over that mark for the goods and services designated by the proprietor.'

12 Article L 713-3 of that code provides:

'The following shall be prohibited, unless authorised by the proprietor, where they may result in a likelihood of confusion on the part of the public:

…

(b) the imitation of a trade mark and the use of an imitated mark, for goods or services identical or similar to those designated in the registration.'

13 Article L 714-5 of that code states:

'The rights of a trade mark proprietor who, without proper reason, has not made genuine use of those rights in respect of the goods and services referred to in the registration, during an uninterrupted period of five years, shall be revoked.

…

Revocation shall take effect on the date of expiry of the five-year period laid down in the first paragraph of this article. It shall have absolute effect.'

14 Article L 716-14 of the Intellectual Property Code provides:

'In setting damages, the court shall take into consideration, separately, the negative economic consequences, including lost profits, which the injured party has suffered, the profits made by the infringer and the non-material damage caused to the rightholder by the infringement.

However, the court may, as an alternative and on application by the injured party, award by way of damages a lump sum which shall not be less than the amount of royalties or fees that would have been payable if the infringer had requested authorisation to use the right infringed by the infringer.'

The dispute in the main proceedings and the question referred for a preliminary ruling

15 The appellant in the main proceedings markets alcohol and spirits.

16 On 5 December 2005, he filed an application for registration of the semi-figurative trade mark SAINT GERMAIN with the Institut national de la propriété industrielle (National Institute of Industrial Property, France).

17 That mark was registered on 12 May 2006 under No 3 395 502 for goods and services in Classes 30, 32 and 33 of 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, corresponding in particular to alcoholic beverages (except beers), ciders, digestives, wines and spirits, as well as alcoholic extracts and essences.

18 On 8 June 2012, having learnt that Cooper International Spirits was distributing under the name 'St-Germain' a liqueur manufactured by St Dalfour and Établissements Gabriel Boudier, the appellant in the main proceedings brought proceedings against those three companies before the tribunal de grande instance de Paris (Regional Court, Paris, France) for trade mark infringement by reproduction or, in the alternative, by imitation.

19 In parallel proceedings, by judgment of 28 February 2013, the tribunal de grande instance de Nanterre (Regional Court, Nanterre, France) revoked the appellant in the main proceedings' trade mark SAINT GERMAIN with effect from 13 May 2011. That judgment was upheld by judgment of the cour d'appel de Versailles (Court of Appeal, Versailles, France) of 11 February 2014, which has become irrevocable.

20 Before the tribunal de grande instance de Paris (Regional Court, Paris) the appellant in the main proceedings maintained his claims alleging infringement for the period prior to the revocation which was not time-barred, that is to say, from 8 June 2009 to 13 May 2011.

21 Those claims were dismissed in their entirety by judgment of the tribunal de grande instance de Paris (Regional Court, Paris) of 16 January 2015, on the ground that the trade mark in question had not been used since it had been filed.

22 That judgment was upheld by judgment of the cour d'appel de Paris (Court of Appeal, Paris, France) of 13 September 2016.

23 As grounds for that judgment, the cour d'appel de Paris (Court of Appeal, Paris) found, inter alia, that the evidence relied on by the appellant in the main proceedings was not sufficient to demonstrate that the mark SAINT GERMAIN had actually been used.

24 The cour d'appel de Paris (Court of Appeal, Paris) concluded that the appellant in the main proceedings could not successfully argue that the trade mark's function as a guarantee of origin had been adversely affected, or that the monopoly on use conferred by his mark had been adversely

affected, or indeed that its investment function had been adversely affected, since the use of a sign identical with the trade mark by a competitor is not such, failing any use of that mark, as to impede its use substantially.

25 The appellant in the main proceedings brought an appeal in cassation against that judgment, on the ground that the cour d'appel de Paris (Court of Appeal, Paris) had infringed Articles L 713-3 and L 714-5 of the Intellectual Property Code.

26 In support of that appeal, he submits that all his claims alleging infringement were incorrectly dismissed on the ground that he had not demonstrated that the mark SAINT GERMAIN had actually been used, even though neither EU law nor the Intellectual Property Code provides that, during the five-year period following registration of a trade mark, the proprietor of that mark must prove that the mark has been used in order to benefit from trade mark protection. Moreover, as regards infringement, the likelihood of confusion on the part of the public must be assessed in the abstract, in the light of the subject matter of the registration, and not in relation to a specific situation on the market.

27 Conversely, the respondents in the main proceedings contend that a trade mark performs its essential function only if it is actually used by its proprietor to indicate the commercial origin of the goods or services designated in its registration and that, if the trade mark is not used in accordance with its essential function, the proprietor cannot complain of any adverse effect on that function or a risk of its being adversely affected.

28 The Cour de cassation (Court of Cassation, France) states, as a preliminary point, that the appeal in cassation before it does not take issue with the fact that the cour d'appel de Paris (Court of Appeal, Paris) examined the infringement not in the light of the reproduction of the mark but of its imitation, which presupposes that there is a likelihood of confusion on the part of the public. It points out that, under national law, the court hearing the case on the merits has sole jurisdiction to assess whether there is such a likelihood of confusion and the Cour de cassation (Court of Cassation), for its part, has jurisdiction only to assess whether the judgment under appeal correctly applies the law applicable.

29 It observes that, with regard to infringement by imitation, the Court has held that use of a sign which is identical or similar to the trade mark which gives rise to a likelihood of confusion on the part of the public affects or is liable to affect the essential function of the mark (judgment of 12 June 2008, *O2 Holdings and O2 (UK)*, C-533/06, EU:C:2008:339, paragraph 59), and that, although a trade mark's function of indicating origin is not the only function of the mark that is worthy of protection against injury by third parties (judgment of 22 September 2011, *Interflora and Interflora British Unit*, C-323/09, EU:C:2011:604, paragraph 39), the protection conferred against infringement by reproduction, in so far as it is absolute and reserved for injury caused not only to the mark's essential function, but also to other functions, in particular those of communication, investment or advertising, is broader than the protection provided against infringement by imitation, the application of which requires proof of a likelihood of confusion and, accordingly, the possibility that the essential function of the mark may be affected (judgment of 18 June 2009, *L'Oréal and Others*, C-487/07, EU:C:2009:378, paragraphs 58 and 59).

30 The Cour de cassation (Court of Cassation) also stated that the Court has held that a trade mark is always supposed to fulfil its function of indicating origin, whereas it performs its other functions only in so far as its proprietor uses it to that end, in particular for the purposes of advertising or investment (judgment of 22 September 2011, *Interflora and Interflora British Unit*, C-323/09, EU:C:2011:604, paragraph 40).

31 It adds that, in the light of that case-law, it would appear that, since the present case turns on whether or not there is infringement by imitation, all that needs to be examined is the alleged adverse effect on the essential function of the mark, resulting from a likelihood of confusion.

32 In that regard, it points out that, in the judgment of 21 December 2016, *Länsförsäkringar* (C-654/15, EU:C:2016:998), the Court held that Article 15(1) and Article 51(1)(a) of Regulation No 207/2009 confer on the proprietor of the trade mark a grace period within which to begin to make genuine use of his or her mark, during which he or she may rely on the exclusive rights which the mark confers, pursuant to Article 9(1) of the regulation, in respect of all the goods and services, without having to demonstrate such use. That means that, during that period, the extent of the right conferred on the proprietor of the trade mark must be assessed by reference to the goods and services covered by the registration of the mark, not on the basis of the use which the proprietor was able to make of that mark during that period.

33 The Cour de cassation (Court of Cassation) points out, however, that the case in the main proceedings differs from the case that gave rise to the judgment of 21 December 2016, *Länsförsäkringar* (C-654/15, EU:C:2016:998), in that, in the present case, the trade mark proprietor's rights were revoked as a result of the lack of use of that mark during the five-year period following registration of that mark.

34 The question then arises as to whether the proprietor of a trade mark who has never used it and whose rights in it have been revoked on expiry of the five-year period laid down in the first subparagraph of Article 10(1) of Directive 2008/95 may claim that the essential function of his or her trade mark has been affected and, consequently, seek compensation for injury as a result of the alleged use by a third party of an identical or similar sign during the five-year period following registration of the mark.

35 In those circumstances, the Cour de cassation (Court of Cassation) decided to stay proceedings and to refer the following question to the Court:

'Must Article 5(1)(b) and Articles 10 and 12 of Directive [2008/95] be interpreted as meaning that a proprietor who has never [used his or her] trade mark and whose rights in it were revoked on expiry of the period of five years following publication of its registration can obtain compensation for injury caused by infringement, claiming an adverse effect on the essential function of [his or her] trade mark, caused by use by a third party, before the date on which the revocation took effect, of a sign similar to that trade mark to designate goods or services identical or similar to those for which that trade mark was registered?'

Consideration of the question referred

36 By its question, the referring court asks, in essence, whether Article 5(1)(b), the first subparagraph of Article 10(1) and the first subparagraph of Article 12(1) of Directive 2008/95 must be interpreted as meaning that the proprietor of a trade mark whose rights in that mark have been revoked on expiry of the five-year period from its registration because he or she failed to make genuine use of the mark in the Member State concerned in connection with the goods or services for which it was registered retains the right to claim compensation for the injury sustained as a result of the use by a third party, before the date on which the revocation took effect, of a similar sign in connection with identical or similar goods or services that is liable to be confused with his or her trade mark.

37 In that regard, the Court has previously held that Article 15(1) and Article 51(1)(a) of Regulation No 207/2009 confer on the proprietor of a trade mark a grace period within which to begin to make genuine use of that mark, during which he or she may rely on the exclusive rights which the mark confers, pursuant to Article 9(1) of the regulation, in respect of all the goods or services for which that mark is registered, without having to demonstrate such use (judgment of 21 December 2016, *Länsförsäkringar*, C-654/15, EU:C:2016:998, paragraph 26).

38 In determining, under Article 9(1)(b) of Regulation No 207/2009, whether the goods or services of the alleged infringer are identical or similar to the goods or services covered by the EU trade mark at issue, the extent of the exclusive right conferred by virtue of that provision should be assessed, during the

five-year period following registration of the EU trade mark, by having regard to the goods and services as covered by the mark's registration, and not in relation to the use that the proprietor has been able to make of the mark during that period (judgment of 21 December 2016, *Länsförsäkringar*, C-654/15, EU:C:2016:998, paragraph 27).

39 As Article 9(1), Article 15(1) and Article 51(1)(a) of Regulation No 207/2009 correspond, in essence, to Article 5(1), the first subparagraph of Article 10(1) and the first subparagraph of Article 12(1) of Directive 2008/95, that case-law is entirely applicable by analogy to the interpretation of the latter provisions.

40 It should be added that the Court has held that, from the time when the five-year period following registration of the EU trade mark expires, the extent of that exclusive right may be affected by the finding — made following a counterclaim, or a defence as to the merits, lodged by the third party in infringement proceedings — that the proprietor had at that time not yet begun to make genuine use of his or her mark in respect of some or all of the goods and services for which it has been registered (see, to that effect, judgment of 21 December 2016, *Länsförsäkringar*, C-654/15, EU:C:2016:998, paragraph 28).

41 As the referring court observes, the case in the main proceedings can be distinguished from the case that gave rise to the judgment of 21 December 2016, *Länsförsäkringar* (C-654/15, EU:C:2016:998), in that, specifically, it concerns the question of the scope of that exclusive right on expiry of the grace period where the trade mark has already been revoked.

42 It is therefore necessary to examine whether, under Directive 2008/95, revocation of the rights conferred by the mark concerned may have an effect on whether it is possible for the proprietor to rely, after expiry of the grace period, on infringements of the exclusive rights conferred by that mark which occurred within that period.

43 In that regard, first, in accordance with recital 6 of Directive 2008/95, which states, inter alia, that '[the] Member States should remain free to determine the effects of revocation or invalidity of trade marks', that directive left the national legislature entirely free to determine the date on which revocation of a trade mark takes effect. Secondly, it follows from Article 11(3) of that directive that the Member States remain free to decide whether they wish to provide that, where a counter-claim for revocation is made, a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1) of that directive.

44 In the present case, as the Advocate General noted in point 79 of his Opinion, the French legislature chose to have the revocation of a trade mark for non-use take effect on expiry of a five-year period following registration of the mark. Moreover, there is nothing in the order for reference to suggest that, at the material time in the main proceedings, the French legislature had made use of the option provided for in Article 11(3) of Directive 2008/95.

45 It follows that French legislation maintains the possibility, for the proprietor of the trade mark concerned, of relying, after expiry of the grace period, on infringements of the exclusive rights conferred by that mark which occurred within that period, even if the proprietor has had his or her rights in the mark revoked.

46 As regards the award of damages, reference must be made to Directive 2004/48, and in particular to the first subparagraph of Article 13(1) thereof, under which such damages must be 'appropriate to the actual prejudice suffered by [the proprietor of the trade mark]'.

47 Although the fact that a trade mark has not been used does not, in itself, preclude compensation in respect of acts of infringement that have been committed, that remains an important factor to be taken into account in determining the existence and, as the case may be, the extent of the injury sustained by the proprietor and, accordingly, the amount of damages that he or she might claim.

48 In the light of the foregoing, the answer to the question referred is that Article 5(1)(b), the first subparagraph of Article 10(1) and the first subparagraph of Article 12(1) of Directive 2008/95, read in conjunction with recital 6 thereof, must be interpreted as leaving Member States the option of allowing the proprietor of a trade mark whose rights in that mark have been revoked on expiry of the five-year period from its registration because he or she failed to make genuine use of the mark in the Member State concerned in connection with the goods or services for which it was registered to retain the right to claim compensation for the injury sustained as a result of the use by a third party, before the date on which the revocation took effect, of a similar sign in connection with identical or similar goods or services that is liable to be confused with his or her trade mark.

Costs

49 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the referring court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Fifth Chamber) hereby rules:

Article 5(1)(b), the first subparagraph of Article 10(1) and the first subparagraph of Article 12(1) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks, read in conjunction with recital 6 thereof, must be interpreted as leaving Member States the option of allowing the proprietor of a trade mark whose rights in that mark have been revoked on expiry of the five-year period from its registration because he or she failed to make genuine use of the mark in the Member State concerned in connection with the goods or services for which it was registered to retain the right to claim compensation for the injury sustained as a result of the use by a third party, before the date on which the revocation took effect, of a similar sign in connection with identical or similar goods or services that is liable to be confused with his or her trade mark.

[Signatures]