OPINION OF ADVOCATE GENERAL RUIZ-JARABO COLOMER delivered on 26 October 2006 [1]

I — Introduction

1. The Oberster Patent- und Markensenat (the Supreme Patent and Trade Mark adjudication body), Vienna, Austria, has referred two questions to the Court of Justice for a preliminary ruling concerning Directive 89/104/EEC. [2]

2. The proceedings relate to two aspects of the obligation to use the trade mark: first, the start of the period during which that obligation is suspended following registration of the sign and, secondly, the proper reasons for that inaction over a period of more than five years, which vitiate the rights of third parties to claim that the mark which has remained unused for so long should be revoked.

3. The decision requires the interpretation, for the first time, of certain terms contained in Articles 10(1) and 12(1) of the aforementioned Community Directive. However, as this is the first time that the national court has made a reference pursuant to Article 234 EC and since it is not part of the Austrian judicial structure, it is necessary, before examining the questions in depth, to consider whether it is eligible to apply for assistance with interpretation.

II — Legal framework

A — *Directive 89/104*

4. Article 10(1) of the Directive, under the heading 'Use of trade marks', provides:

'If, within a period of five years following the date of the completion of the registration

1 — Original language: Spanish.

2 — First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (O J 1989 L 40, p. 1).

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.'

5. Article 12(1) of the Directive, harmonising revocation of registered marks, provides:

'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; ...'

B — *Austrian trade mark law*

6. Under Paragraph 33a(1) of the Markenschutzgesetz (Austrian Law on the protection of trade marks) [3] anyone may apply for the cancellation of a mark which has been registered nationally for five years or which enjoys protection in Austria pursuant to Paragraph 2(2) of the MschG, if genuine and distinctive use of the mark for the goods or services in respect of which it is registered has not been made either by the proprietor of the mark or with his permission by a third party within the last five years before the date of the application (Paragraph 10a of the Law), unless the proprietor of the mark can justify the non-use.

7. Paragraph (2) of the MschG provides that the Law also applies, by analogy, to trade mark rights acquired for the territory of the Republic of Austria on the basis of international agreements.

8. According to the national court, it therefore follows from Paragraph 33a(1) of the Markenschutzgesetz, in conjunction with Paragraph 2(2) thereof, that the beginning of the five-year period for an international mark protected in Austria coincides with the start of the protection period.

C — *International law*

9. Among the multilateral treaties relevant to these preliminary ruling proceedings are

3 — Markenschutzgesetz 1970, BGBl. 260/1970, last amendment in BGBl. I 151/2005.

the Paris Convention for the Protection of Industrial Property ('the Paris Convention'),[4] the Madrid Agreement Concerning the International Registration of Marks ('the Madrid Agreement')[5] and the Agreement on Trade-Related Aspects of Intellectual Property Rights ('TRIPS').[6]

10. Article 5 C.(1) of the Paris Convention provides:

'If, in any country, use of the registered trade mark is compulsory, the registration may be cancelled only after a reasonable period, and then only if the person concerned does not justify his inaction.'

11. Article 4 of the Madrid Agreement lays down the principle that an international mark is to have the same protection as a national mark in each of the countries for which it is registered at the International Bureau. Under Article 5, national offices are granted the right to refuse protection on the grounds stipulated in the Paris Convention (Paragraph 1) within the period prescribed by their domestic law, which must not exceed one year (Paragraph 2).

12. Finally, Article 19 of TRIPS refers to the obligation to use the mark in the following terms:

'If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions or other government requirements for goods or services protected by the trade mark, shall be recognised as valid reasons for non-use.'

III — The main action and the questions referred for a preliminary ruling

13. Since 1973 Lidl has operated a supermarket chain in Germany, selling ready-

4 — Signed in the French capital on 20 March 1883, as last revised at Stockholm on 14 July 1967 and amended on 28 September 1979.

5 — Approved in the capital of Spain on 14 April 1891, as revised at Stockholm on 14 July 1967, and as amended on 28 September 1979.

6 — Multilateral negotiations of the Uruguay Round (1986-1994) — Marrakesh Agreement establishing the World Trade Organisation, concluded in Marrakesh, Morocco, on 15 April 1994 — Annex 1C — Trade — Agreement on Trade-related Aspects of Intellectual Property Rights (WTO) (OJ 1994 L 336, p. 214).

made meals bearing the mark 'Le Chef DE CUISINE' only in its self-service restaurants. It is the proprietor of that word and figurative sign, registered in respect of Classes 29 and 30 of the Nice Agreement, [7] which has been protected since 8 July 1993 in Germany and since 12 October 1993 as an international mark in Austria. The publication in the international register bears the note:

'Date of registration under rule 17 of the Implementing Regulations of 22 April 1988: 2 December 1993.' [8]

14. Lidl opened its first supermarket in Austria on 5 November 1998, after it had planned the design of the goods internally and agreed upon it with its suppliers and stored the goods which had already been delivered.

15. On 13 October 1998 Mr Häupl brought an action, pursuant to Paragraph 33a of the aforementioned Markenschutzgesetz, seeking to have the mark cancelled for the territory of Austria on the grounds of non-use. He argued that the five-year period had begun to run from the beginning of the protection period, on 12 October 1993. Lidl had not used the mark in question in Austria during that period.

16. The German company contended that the application for cancellation should be dismissed on the basis that the five-year period began on 2 December 1993 and therefore did not end until 2 December 1998. By that date, the defendant had displayed for sale of goods bearing the sign at issue in its first Austrian supermarket. It added that an expansion into Austria was already contemplated in 1994, but the opening of new stores was delayed by 'bureaucratic obstacles'.

17. The Cancellation Division of the Austrian Patent and Trade Mark Office declared the mark ineffective in respect of the territory of Austria with effect from 12 October 1998.

18. Lidl brought an appeal against that decision before the Oberster Patent- und Markensenat which, because it had doubts regarding the interpretation of the national legislation in relation to Community law, decided to refer the following questions to the Court of Justice for a preliminary ruling pursuant to Article 234 EC:

'(1) Is Article 10(1) of Directive 89/104/EEC to be interpreted as meaning that the

7 — 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.

8 — In French in the original text.

"date of completion of the registration procedure" means the start of the period of protection?

(2) Is Article 12(1) of Directive 89/104/EEC to be interpreted as meaning that there are proper reasons for non-use of a mark if the implementation of the corporate strategy being pursued by the trade mark proprietor is delayed for reasons outside the control of the undertaking, or is the trade mark proprietor obliged to change his corporate strategy in order to be able to use the mark in good time?'

IV — Procedure before the Court of Justice

19. The order for reference was received at the Registry of the Court of Justice on 10 June 2005.

20. Written observations have been submitted, within the period laid down in Article 23 of the Statute of the Court of Justice, by Mr Häupl, Lidl, the French and Austrian Governments and the Commission, and with the exception of the Austrian Government they all presented oral arguments at the hearing on 21 September 2006.

V — Analysis of the questions referred for a preliminary ruling

A — *Preliminary issue: admissibility*

21. It must be pointed out that no reservations are expressed in the written observations concerning the admissibility of the questions submitted by the Oberster Patent- und Markensenat. However, since this is the first time that that body has made use of Article 234 EC, it is necessary for the Court to consider of its own motion whether it is a 'court or tribunal' of a Member State as required by that provision.

22. In an earlier Opinion [9] I drew attention to the insufficiently precise definition of the concept of court or tribunal for the purposes of Article 234 EC in the judgments of the Court of Justice, and proposed that the definition should include all authorities within every national judicial structure, and also those which, although not forming part of those structures, give decisions against which no subsequent judicial appeal is available, [10] in this case adhering rigorously to the criteria laid down in its own case-law and in that of the Strasbourg Court, especially the criteria of independence and adversarial proceedings. [11]

9 — Opinion of 28 June 2001 in Case C-17/00 *De Coster* [2001] ECR I-9445.

10 — Points 83 et seq. of the Opinion cited in footnote 9.

11 — Point 89 of the Opinion in *De Coster*.

23. I have also pointed out in another opinion [12] that, in the recent case-law of the Court of Justice, a trend has emerged towards a stricter approach to the defining of such bodies, in particular in relation to the criterion of their independence, [13] which is more in harmony with my view, and it is a trend that should continue with regard to the other main criteria.

24. It appears that the Oberster Patent- und-Markensenat does not form part of the Austrian judicial system but belongs to the category of 'independent collegial body of a judicial character' [14] as referred to in Article 133(4) of the Austrian Constitution, on which the Court of Justice has already given rulings, [15] so it is necessary to examine in detail the criteria which entitle it to make a reference for a preliminary ruling.

25. There is no doubt that it is established by law, since it is referred to in Paragraphs 74 and 75 of the Austrian Law on Patents ('Patentgesetz') [16] and its functioning is governed by Article 140, which refers to the rules on patent procedures (Articles 113 to 127 and 129 to 136 of that Law).

26. Its permanent nature is to be inferred from the wording of Paragraph 70(2) of the Law, which grants it jurisdiction to hear appeals against decisions of the Opposition Division ('Beschwerdeabteilung') of the Austrian Patent and Trade Mark Office, without any time-limit.

27. It may also be inferred from that provision that recourse is compulsory, not just a possibility, as in the case of referral to arbitration bodies, [17] but the only means of

12 — Opinion delivered in Case C-259/04 *Emanuel* [2006] ECR I-3089, paragraph 26.

13 — Case C-516/99 *Schmid* [2002] ECR I-4573, with the Opinion of Advocate General Tizzano; and Case C-53/03 *Syfait and Others* [2005] ECR I-4609, which held that the reference made by the Greek Competition Commission (Epitropi Antagonismou) was inadmissible on the grounds that, since it was subject to the supervision of the Greek Ministry of Development, it was not independent.

14 — 'Weisungsfreie Kollegialbehörde mit richterlichem Einschlag' in German.

15 — Judgments in Case C-44/96 *Mannesmann Anlagebau Austria and Others* [1998] ECR I-73, in connection with the 'Bundesvergabeamt' (Federal Procurement Office); Case C-103/97 *Köllensperger and Atzwanger* [1999] ECR I-551, concerning the 'Tiroler Landesvergabeamt' (Procurement Office of the Land of Tyrol); and Case C-92/00 *HI* [2002] ECR I-5553, regarding the 'Vergabekontrollsenat des Landes Wien' (Public Procurement Review Chamber of the Vienna Region); in those judgments the Court acknowledged that those bodies were entitled to have recourse to the judicial cooperation system under Article 234 EC. However, it did not reach the same conclusion in respect of the 'Berufungssenat der Finanzlandesdirektion für Wien, Niedrösterreich und Burgenland' (Appeal Chamber of the regional finance authority for Vienna, Niederösterreich and Burgenland) in *Schmid*, cited in footnote 13 above, paragraphs 36 to 44.

16 — BGBl. No 259/1970, last amended by BGBl. I No 96/2006.

17 — Case 102/81 *Nordsee* [1982] ECR 1095, paragraph 7 et seq.

bringing an appeal against a decision of invalidity of the national Patent and Trade Mark Office. [18]

28. Nor are there any doubts as to its independence, since Paragraph 74(9) stresses that the Oberster Patent- und Markensenat is independent and that its members are not bound by any directions they may receive. Furthermore, Paragraph 74(6) and (7) fix the term of their mandate and the causes for dismissal, relating to extreme cases such as incapacity, loss of Austrian nationality or conviction for offences involving a term of imprisonment of more than one year.

29. It is clear from all those provisions of the Patentgesetz that the body concerned applies rules of law, and that its procedure is *inter partes*, in accordance with Paragraphs 113 to 127 and 129 to 136 of the Patent Law, applicable by virtue of Paragraph 140(1).

30. It also acts at final instance, [19] in accordance with Article 133(4) of the Austrian Federal Constitution, and its decisions are of a judicial nature, within the meaning given to the term by the Court of Justice. [20]

31. Consequently, the Oberster Patent- und Markensenat fulfils the requirements which the case-law requires a national judicial body to satisfy [21] in order to have recourse to the preliminary ruling procedure under Article 234 EC and the questions which it has submitted may be considered; this is a view shared by the majority of Austrian academic lawyers. [22]

B — *Concerning the substance of the questions referred for a preliminary ruling*

32. From the wording of the two questions referred for a preliminary ruling it is inferred

18 — Article 133 of the Austrian Federal Constitutional Law settles the question of whether the Supreme Administrative Court ('Verwaltungsgerichtshof') has jurisdiction to decide cases on the same matters as the referring court, a doubt arising out of its powers to register or grant trade mark rights. Academic lawyers have criticised this complex way of allocating powers to different judicial bodies within the same branch of the law; see Beetz, R., 'Article 39' in the joint work *Markenschutz — Systematischer Kommentar zum Markenschutzgesetz*, edited by Guido Kucsko, Manzsche Verlags- und Universitätsbuchhandlung, Vienna, 2006, p. 660.

19 — It should be noted, as I suggest in the Opinion in *De Coster*, that in order for a body to make a reference under Article 234 EC, the fact that it acts at final instance is crucial since, as the body concerned is not part of the Austrian judicial system, the fact that no appeal lies against its decisions, except the inadequate option of challenging them before the Federal Constitutional Court, entitles it to have recourse to the preliminary ruling procedure.

20 — In Case C-111/94 *Job Centre* [1995] ECR I-3361, paragraph 9, the definition is held not to apply to non-contentious proceedings; in Case C-182/00 *Lutz and Others* [2002] ECR I-547, paragraphs 15 and 16, to the maintenance of a register of companies by the German courts; and, in Case C-178/99 *Doris Salzmann* [2001] ECR I-4421, to the keeping of a land register by certain Austrian courts.

21 — Case C-54/96 *Dorsch Consult* [1997] ECR I-4961, paragraph 23, and the case-law cited therein; and *Schmid*, cited in footnote 13 above, paragraph 34.

22 — Hackenberg, W./Stix-Hackl, Ch., *Handbuch zum Verfahren vor dem Europäischen Gerichtshof*, 2nd ed., Vienna, 2000, p. 120; also Beetz, R., *op. cit.*, p. 664, states categorically that the Oberster Patent- und Markensenat must be regarded as a court or tribunal for the purposes of Article 234 EC.

that the second is subsidiary to the first, at least in the factual context of the main proceedings, since the interpretation of Article 10(1) of the Directive may settle the dispute in favour of the proprietor of the trade mark at issue; in that case, it would be purposeless to examine whether there are proper reasons for non-use of the sign pursuant to Article 12.

1. Interpretation of Article 10(1) of the Directive

33. Although an international trade mark is at issue here, I am taking a strictly Community law approach in my analysis, in order to deal with problems which may stem from registration at the Bureau of the World Intellectual Property Organisation (WIPO).

(a) The meaning of the expression 'date of the completion of the registration procedure'

34. In the observations submitted in these preliminary ruling proceedings, the argument has focused, to a large extent, on the coincidence of the subject-matter of the dispute and the start of the period of protection of the trade mark, doubtless owing to the fact that the referring court favours that view in its order for reference.

35. However, it is necessary to refocus the arguments and pinpoint the true scope of the dispute, trying not to confuse concepts which, although they may coexist, do not necessarily coincide, as I shall now try to demonstrate, using two arguments: the extent of the approximation of laws by the Trade Mark Directive and the nature of the obligation to use registered marks.

(i) Scope of the approximation of trade mark laws

36. It is stated in the third recital of the preamble that the intention of the Directive is not to undertake full-scale approximation of the trade mark laws of the Member States but to limit approximation to those national provisions of law which most directly affect the functioning of the internal market.

37. The Directive accordingly sets out an exhaustive list of the signs of which a registrable trade mark may consist (Articles 2, 3 and 4); the rights conferred by registration and their limits (Articles 5 to 9); all the aspects of the obligation to use the trade mark (Articles 10, 11 and 12); some particular grounds for refusal, invalidity or revocation (Articles 13 and 14) and certain kinds of trade mark (Article 15).

38. As a corollary of that restraint in certain fields, Member States are left a wide range of areas in which, according to the fifth recital, they remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration; they can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an ex officio examination procedure; Member States also remain free to determine the effects of revocation or invalidity of trade marks.

39. It is therefore unsurprising that the treatment of all these matters varies widely between the national legislations, which explains the differences between the approaches proposed by those who have participated in these preliminary ruling proceedings, each profoundly affected by the particular features of the legal system of the country of origin.

40. If we summarise and greatly simplify the panoply of regulations governing trade mark registration, we find at least three models: systems in which registration is effected even before examination of the absolute and relative grounds for refusal; systems in which it takes place between those analyses; and systems which wait until those investigations have been completed before registering the appropriate signs. This last system is the one most widely used in Europe.

41. The suggestions put forward before the Court of Justice frequently link the start of the period for use of the trade mark with the time at which the proprietor has finally obtained ownership without interference, that is to say, freedom from any concern regarding the risk of losing that ownership through the claims of third parties or the national office itself. They believe that the obligation to use the sign applies only after all the unknown factors threatening its inclusion on the register have been resolved.

42. However, the manner in which the question has been referred for a preliminary ruling, relating the 'date of completion of the registration procedure' to the 'start of the period of protection', has set the dispute on a misleading course, pointing it in the wrong direction.

43. In my view, a correct understanding of the term under consideration is reached by ascertaining the legislative intention of the provision in accordance with the following recommendations.

44. In the first place, the legislative text rightly begins by referring to the aforementioned diversity of systems in the countries of the Union; it then observes the most characteristic element they have in common, the universality of the procedure to register marks, which always ends, if the trade mark is granted, with its registration — by a decision of the competent Trade Mark Office, stating the date, which is compulsory — and usually notification to the party concerned and publication, which is essential.

45. Secondly, the Directive does not give a precise definition of the time at which that registration procedure ends, essentially because, with remarkable circumspection, it respects the allocation of powers referred to in its fifth recital. It is therefore for the Member States to fix the completion of the registration procedure in their Trade Mark Offices, specifying whether it occurs before or after examination of the relative grounds for refusal or whether it also includes publication.

46. Thirdly, aware of the disparities between the national legislations, the Directive has not taken ownership of the trade mark without interference as a reference for the start of the period of protection of the mark; if it had done so, it would have harmonised nothing, since the beginning of the aforementioned obligation to use the mark would be delayed, depending on the legal systems concerned, until there was no further opposition from third parties, or it would be predated to the time of application, if the national legal system provided for that legal fiction.

47. However, the Directive does not concern itself with the exact time at which the registration procedure is considered to be completed; it is for the national legislature to choose that time because, taking account of the possible stages (registration, its notification to the party concerned and publication), there will never be an interval long enough to jeopardise legal certainty or the unifying purpose of the Community act.

48. It is easier to understand all the foregoing if we consider the proper meaning of the obligation to use the trade mark.

(ii) Obligation to use the mark

49. It is necessary to clarify what is meant by the obligation to use the mark, since Directive 89/104 imposes a limitation period during which the proprietor of the mark

must begin to use it commercially because, once the period has expired, his ownership of the mark may be challenged owing to his inaction. [23]

50. Irrespective of the differences between the various national rules, that legal rule has the same objective in all the legal systems: to match the number of signs registered to the number of signs used which fulfil their economic function in the market, [24] bringing the situation in the register in line with the situation in trade because, as I pointed out on another occasion, trade mark registers cannot simply be repositories for signs hidden away, lying in wait for the time when an unsuspecting party might attempt to put them to use, only then to be brandished with an intent that is at best speculative. The opposite is true; they must faithfully reflect the reality of indications used by undertakings in the market to distinguish their goods and services. Only marks that are used in commercial life should be registered by offices with responsibility for industrial property matters. [25]

51. Furthermore, the purpose of that obligation is to facilitate access to the register by third parties, [26] as is clear from the wording of Directive, which provides that a mark which has been registered and unused during more than five years may not be invoked as grounds for the invalidity of another identical or similar mark or for refusing registration (Article 11(1) and (2)).

52. The eighth recital of the Directive echoes both objectives providing that 'in order to reduce the total number of trade marks registered and protected in the Community 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 ...'

53. In short, from a legal point of view the obligation to use the mark has two facets: on the one hand, there is the burden imposed *ex lege* on the recent proprietor of an industrial property right of this kind; on the other, the powers and rights of third parties if that obligation is not fulfilled.

54. In view of that dual nature, it is not difficult to understand that the date on which the registration procedure is completed is the date which best serves the

23 — The possibility of confusion in German law is pointed out by Bous, U., '§ 25 Ausschluß von Ansprüchen bei mangelnder Benutzung', in Ekey, F.L. and Klippel, D., *Heidelberger Kommentar zum Markenrecht*, Ed. C.F. Müller, Heidelberg, 2003, p. 370.

24 — Fezer, K.-H., *Markenrecht*, Ed. C.H. Beck, 3rd ed., Munich, 2001, p. 1191.

25 — My Opinion in Case C-40/01 *Ansul* [2003] ECR I-2439, point 42. Likewise, paragraph 36 of the judgment.

26 — Fernández-Nóvoa, C., *Tratado sobre Derecho de marcas*, Ed. Marcial Pons, Madrid, 2001, p. 454.

interests of both sides. Since a reliable record is kept in the register, the owner of the intangible property is in a position to calculate the period and to plan his commercial strategy whereas, if determination of that time is bound to the fluctuations in opposition from competitors, as occurs in systems in which the relative grounds for refusal are examined after registration, not only the proprietor and the opponent, but especially third parties unconnected with the dispute, would be very uncertain of the time at which the obligation starts to run.

55. Similar difficulties arise if the fiction of linking the completion of the procedure with the beginning of the period of protection is accepted, as proposed by legal systems which use this legal device to protect the proprietor retroactively from the time of the application for registration. In this case, actual use of the mark is required from the time the application is lodged at the national industrial property office; this solution is unacceptable because, on the one hand, it would impose an obligation on a person who has acquired no rights whatsoever and, on the other, it reduces his five-year exemption merely because he has obtained an industrial property right, without being able to control the duration of the procedure by which he was granted that monopoly.

56. Accordingly, the date on which the registration procedure is completed, because it is objective and may easily be confirmed by all the parties concerned, is the best guarantee of legal certainty, which is imperative. It is thus the most appropriate time from which to calculate the five-year period during which the obligation to use the mark must be fulfilled; furthermore, that time will usually coincide with the act of registration, notification of which indicates the start of the obligation imposed on the proprietor of the mark, but is not necessarily linked to the start of ownership without interference of the trade mark right acquired.

57. Having interpreted Community law, it is appropriate to examine the impact of international trade marks on those considerations.

(b) International trade marks

58. Neither the Madrid Agreement nor the treaty to which it is ancillary, the Paris Convention, contains rules governing the obligation to use the mark. The former has no rule to that effect, whereas the latter, in Article 5 C.(1), requires the contracting States to cancel registration only after a 'reasonable' period and only if the person concerned has not justified his inaction. However, there is no provision regarding the time from which that period must run; therefore, since it is necessary to have recourse to national law, Community law and therefore Directive 89/104 also becomes relevant.

59. However, we must not reach hasty conclusions since the Madrid Agreement does provide a registration system, the main characteristics of which should be pointed out. [27]

60. By means of this worldwide device, undertakings are given the option of obtaining, by a single registration, protection for the mark of the country of origin in as many contracting States as they choose. The protection of the marks registered at the headquarters of WIPO in Geneva is determined according to the principles of territoriality and equality of treatment, so that trade marks which it is sought to extend to other signatory countries must be protected by the same guarantees as the national marks. [28]

61. The application for international registration is presented in the Office of the country of origin of the mark; [29] that Office then carries out a summary examination of the documents submitted by the party concerned to make sure, in particular, that the mark appears in the national register in the applicant's name and for the products and services indicated on the form; it also checks the applicant's particulars and confirms that he has completed the formalities correctly and submitted the relevant documents. [30]

62. Once it has received the file, the International Bureau checks only the procedural aspects and payment of the fees in accordance with the Madrid Agreement and its Implementing Regulations. [31] If the conditions are satisfied, an entry will be made in the international register. However, the International Bureau does not assess whether the mark which is the subject of the application deserves the protection of the contracting countries named; it is for those countries to make that evaluation [32] within a maximum period of one year from the date of registration. [33]

63. In short, international registration means that the obligation to effect registration in each country in which protection of the mark is sought is replaced by a single

27 — From now on, I shall refer only to the Madrid Agreement, not to its Protocol, which was also signed in the capital of Spain on 27 June 1989 and which, in spite of its title, is a new international treaty, although very similar in content to the Agreement. The second of these treaties won over a few countries which criticised the Agreement for inflexibility, in that it did not allow for the possibility that applications for trade marks lodged at the national offices could be entered in the international register. The Protocol came into force on 1 December 1995. Fezer, K.-H., *op. cit.*, p. 2027 et seq.

28 — As laid down in Article 4(1) of the Madrid Agreement.

29 — Article 3(1) of the Madrid Agreement.

30 — A more detailed description is contained in Botana Agra, J.M., 'Las marcas internacionales', in Navarro Chinchilla, J.J. and Vázquez García, R.J. (Coordinators), *Estudios sobre marcas*, Ed. Comares, Granada, 1995, p. 37 et seq.

31 — There are now Common Regulations under the Madrid Agreement concerning the International Registration of Marks and the Protocol relating to that Agreement (text in force since 1 April 2004); it may be consulted on http://www.wipo.int/madrid/en/legal_texts/common_regulations.htm.

32 — Article 5(1) of the Madrid Agreement.

33 — Article 5(2) of the Madrid Agreement.

application to the International Bureau in Geneva, which provides the proprietors of those industrial property rights with the appropriate means of protecting themselves against unlawful attacks from unfair competitors or practised infringers beyond their borders.

64. In order to decide the question referred for a preliminary ruling, it is necessary to determine the date of international registration.

65. Article 3(4) of the Madrid Agreement introduces a scheme of subsidiary alternatives to determine the date of registration, which is: (a) as a general rule, the date on which the application is lodged with the International Bureau; (b) in exceptional circumstances, brought forward to the date on which the application is received at the relevant Office in the country of origin, if that office forwards it to the International Bureau within two months; and (c) if there are irregularities, when all the defects in the international application have been corrected. [34]

66. It may be inferred from the above not only that the obligation to use the mark remains at the mercy of national legislation — although, in the European Community, it has been partially harmonised as described above — but also that, from the date of international registration, the mark enjoys protection, although subject to expiry of a period of one year granted to the contracting States designated in each form to refuse the protection sought in their territory, which shows that, also in respect of this kind of industrial property right, the date of registration and the date on which full ownership begins cannot be expected to coincide. Furthermore, as registration of the protected sign at the International Bureau 'replaces', to use the terminology of Article 4*bis* of the Madrid Agreement, national registration, and there is therefore, strictly speaking, no registration of the international mark at the national offices, which are merely notified, the only reliable way of establishing the completion of the international registration procedure would be to recognise it as being the date of registration at the Bureau.

67. That time coincides with the beginning of the grace period in respect of the obligation to use the mark, in accordance with the Directive. The obvious determination of the international legislation to approximate both dates, the national and the international, also supports the solution which I support, since acceptance of the suggestions put forward in the observations lodged in these preliminary ruling proceedings, which propose that the period should start to run only when there is no longer interference with the protection, would lead to a regrettable variation in the time at which the countdown for the obligation to use the mark begins: at times it would depend on

34 — Rule 15 of the Implementing Regulations.

national provisions, especially where relative grounds for refusing registration are accepted, at others it would depend on the resolution of those claims by third parties against the international marks, which would postpone the period in question until heaven knows when.

68. It is also necessary to highlight the essential role of the date of international registration, [35] since it is crucial for calculating the period within which the contracting countries must give notice of refusal, [36] for the beginning of the effects of registration [37] or of the request for territorial extension, [38] for its duration and independence [39] and for its renewal. [40] Since it is a reference point in so many respects, it is logical that it should also occupy that position with regard to the start of the obligation to use the mark.

69. As regards the unusual situation arising if a State which is a party to the Madrid Agreement refuses registration of a mark which has been filed at the International Bureau, two points need to be made: first, regarding the absolute grounds for refusal, since in the system introduced by that Agreement they are considered unlikely, having been examined in the country of origin of the mark, and in accordance with the unification of the criteria in the Paris Convention; secondly, regarding the relative grounds for refusal, in respect of which it is assumed that undertakings will have acted diligently since, before seeking international registration, they are able to ascertain, at no great cost, which marks are likely to oppose their own in the States in which they seek protection for their marks.

70. I am therefore convinced that, also for international marks, 'the date of the completion of the registration' overlaps with the date recorded in the International Bureau in Geneva.

71. In the light of the foregoing arguments, I suggest that the Court answer the first question referred for a preliminary ruling by the Oberster Patent- und Markensenat that the term 'date of the completion of the registration procedure' in Article 10(1) of Directive 89/104 does not refer to the start of the period of protection, with which it may coincide, but to the time at which the competent authority, in accordance with national legislation, or the International Bureau in the case of an international mark, completes the registration procedure.

35 — This fundamental aspect is pointed out by Botana Agra, J.M., *Op. cit.*, p. 38 et seq.

36 — Article 5(2) of the Madrid Agreement.

37 — Article 4(1) of the Madrid Agreement.

38 — Article 3(2) of the Madrid Agreement.

39 — Article 6(2) of the Madrid Agreement.

40 — Article 7 of the Madrid Agreement.

2. Interpretation of Article 12(1) of Directive 89/104

72. Closely related to the obligation to use the mark is revocation, which is different in that the period may begin at any time, without any connection with the completion of a procedure. If the proprietor of the mark fails to use it for more than five years, competitors and interested third parties are given the option of lawfully appropriating the sign. In any case, both legal structures, like two oxen under the same yoke, are pulling the same legislative objective: to match the situation in the register to the situation in the market, as has already been pointed out.

73. The referring Court asks about the reasons likely to justify non-use of a trade mark during the time stipulated by the Community provision. In the main proceedings, Lidl claims that there were 'bureaucratic obstacles' incompatible with its corporate strategy, which consisted in selling its products with the mark 'Le Chef DE CUISINE' exclusively in its own business premises, the opening of which was delayed rather longer than planned.

74. In the light of my proposal for the first question, in relation to trade mark legislation in Austria, it is not necessary to answer the second question for a decision in the main proceedings. However, in case the Court of Justice disagrees with that view and deems it necessary to interpret Article 12 of the Directive, I shall briefly set out a few ideas.

75. I do not agree with the Republic of Austria that this question is inadmissible, since the context is not generic nor does the statement of facts lack sufficient references to establish the interest in and need for a ruling.

76. The Court of Justice has already ruled on Article 12(1), specifically on the meaning of 'genuine use', stating that there is genuine use of a trade mark 'where the mark is used in accordance with its essential function ... 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 the mark'. [41] 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 exploitation of the mark in the course of trade is real, particularly whether such use is viewed as warranted in the economic sector concerned'. [42]

41 — Judgment in Case C-40/01 *Ansul*, cited in footnote 25 above, paragraph 43.

42 — Ibid.

77. Consequently, any use of a mark which does not comply with those requirements is not covered by that definition. I have already suggested that private use that does not extend beyond the internal province of the proprietor's undertaking does not count, in so far as it is not directed at securing a place in the market. Preparations for the marketing of goods or services do not, therefore, constitute 'sufficient' or 'effective' use, nor does getting them shop-ready or storing them where they do not leave the undertaking's premises. [43]

78. However, the provision being considered refers to possible reasons justifying non-use, but gives no example. Article 19 of TRIPS is very helpful on this point: it states that circumstances arising *independently of the will of the owner* of the trade mark which *constitute an obstacle to the use of the trademark*, indicating archetypes such as import restrictions or other government requirements for goods or services protected by the trademark, are to be recognized as valid reasons for non-use.

79. The 'bureaucratic obstacles' put forward by Lidl in the main proceedings, although not falling within the free will of the owner of the sign, must have a direct relationship with the mark so much so that its use depends on the completion of the administrative procedure. Accordingly, it may have had pending the grant of a permit by a public health registry for the foodstuffs sold under the name 'Le Chef DE CUISINE' or, in the case of a medicine, authorisation by the competent national health authorities. But complications arising out of delays in acquiring building permits for commercial premises are not related sufficiently closely to the mark. Nor is it easy to understand what prevented Lidl from changing its business strategy in good time; for example, it could have designed a licensing system for the distribution of products for a limited time with other suppliers of foodstuffs or with grocery stores.

80. Likewise, as the Commission rightly points out, tactics in business are entirely within the decision-making power of the company, so it is difficult to accept that possible obstacles cannot be avoided by adapting those tactics to vicissitudes and setbacks. In this case, the doubt therefore arises as to which line of conduct has constituted the greater obstacle to attainment of the objective pursued: the intransigent parts of the administrative procedure or the stubborn adherence to an unsuitable plan. However, these investigations, which are of a factual nature, are for the national court, which is better acquainted with the facts and responsible for deciding the main action.

43 — Opinion in *Ansul*, cited in footnote 25 above, point 57.

81. In the light of the foregoing considerations, I suggest that the Court of Justice decide the second question referred for a preliminary ruling by interpreting Article 12(1) of Directive 89/104/EEC as meaning that the reasons justifying non-use of the mark must arise independently of the will of the proprietor of the trade mark and constitute an obstacle to the use of the sign. When they satisfy those two conditions bureaucratic procedures fall within that category of exemption, which is not the case when they impede the implementation of a business strategy, since the undertaking retains its decision-making power to adapt the strategy according to administrative vicissitudes. It is for the national court to weigh up the facts in the light of these suggestions.

VI — Conclusion

82. In the light of all the foregoing considerations, I propose that the Court of Justice give the following answer to the questions referred for a preliminary ruling by the Oberster Patent- und Markensenat:

(1) The term 'date of the completion of the registration procedure' in Article 10(1) of Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks does not refer to the start of the period of protection, with which it may coincide, but to the time at which the competent authority, in accordance with national legislation, or the International Bureau in the case of an international mark, completes the registration procedure.

(2) Article 12(1) of Directive 89/104/EEC is to be interpreted as meaning that the reasons justifying non-use of the mark must arise independently of the will of the proprietor of the trade mark and constitute an obstacle to the use of the sign. When they satisfy those two conditions bureaucratic procedures fall within that category of exemption, which is not the case when they impede the implementation of a business strategy, since the undertaking retains its decision-making power to adapt the strategy according to administrative vicissitudes. It is for the national court to weigh up the facts in the light of these suggestions.