Reports of Cases

JUDGMENT OF THE GENERAL COURT (Seventh Chamber)

13 December 2018 *

(EU trade mark — Revocation proceedings — International registration designating the European Union — Figurative mark C=commodore — Application for invalidation of the effects of the international registration — Article 158(2) of Regulation (EC) No 207/2009 (now Article 198(2) of Regulation (EU) 2017/1001) — Article 51(1)(a) of Regulation No 207/2009 (now Article 58(1)(a) of Regulation 2017/1001) — No genuine use concerning certain goods and services covered by the international registration — Presence of proper reasons for non-use)

In Case T-672/16,

C=Holdings BV, established in Oldenzaal (Netherlands), represented initially by P. Maeyaert and K. Neefs and then by P. Maeyaert and J. Muyldermans, lawyers,

applicant,

v

European Union Intellectual Property Office (EUIPO), represented by D. Gája, acting as Agent,

defendant,

the other party to the proceedings before the Board of Appeal of EUIPO being

Trademarkers NV, established in Antwerp (Belgium),

ACTION brought against the decision of the Fourth Board of Appeal of EUIPO of 13 July 2016 (Case R 2585/2015-4), relating to revocation proceedings between Trademarkers and C=Holdings,

THE GENERAL COURT (Seventh Chamber),

composed of V. Tomljenović, President, A. Marcoulli and A. Kornezov (Rapporteur), Judges,

Registrar: I. Dragan, Administrator,

having regard to the application lodged at the Court Registry on 21 September 2016,

having regard to the response lodged at the Court Registry on 23 December 2016,

further to the hearing on 4 May 2018,

gives the following

* Language of the case: English.

Judgment

Background to the dispute

1 On 26 April 2006, Commodore International BV, the predecessor in title to the applicant, C=Holdings BV, obtained, from the World Intellectual Property Organisation (WIPO), international registration No 907082 designating, inter alia, the European Union ('the international registration').

2 The mark in respect of which the international registration was granted was the following figurative sign:



3 The international registration covers certain products and services in Classes 9, 25, 38 and 41 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.

4 The international registration reached the European Union Intellectual Property Office (EUIPO) on 21 December 2006, was published in the *Community Trade Marks Bulletin* No 52/2006 of 25 December 2006 and was accepted on 25 October 2007 for protection with the same effects as the registration of an EU trade mark (*Community Trade Marks Bulletin* No 60/2007 of 29 October 2007).

5 On 26 September 2014, Trademarkers NV filed an application for invalidation of the effects of the international registration with EUIPO, in accordance with Article 158(2) of Regulation (EC) No 207/2009 of 26 February 2009 on the European Union trade mark (OJ 2009 L 78, p. 1), as amended (now Article 198(2) of Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (OJ 2017 L 154, p. 1)), read in conjunction with Article 51(1)(a) of Regulation No 207/2009 (now Article 58(1)(a) of Regulation 2017/1001).

6 Trademarkers sought the revocation of the applicant's rights to the international registration on the basis that it had not been put to genuine use as an EU trade mark for a continuous period of five years.

7 Although, by decision of 3 November 2015, the Cancellation Division had upheld the application for revocation in respect of all the goods and services covered by the international registration, the Fourth Board of Appeal of EUIPO, by decision of 13 July 2016 (Case R 2585/2015-4) relating to revocation proceedings between Trademarkers and C=Holdings ('the contested decision'), partially annulled the decision of 3 November 2015, holding that the applicant had established genuine use of the international registration for the relevant period, namely, from 26 September 2009 to 25 September 2014, as an EU trade mark for programs for electronic games for use in combination with computers, televisions and monitors, and game console software in Class 9.

8 However, the Board of Appeal found, as had the Cancellation Division, that the applicant had failed to establish genuine use in relation to the other goods and services and that the reasons put forward for non-use could not be regarded as proper reasons within the meaning of Article 51(1)(a) of Regulation No 207/2009. Consequently, the Board of Appeal annulled the decision of 3 November 2015 concerning the goods mentioned in paragraph 7 above, for which the international registration remains registered, dismissed the action as to the remainder and ordered each party before it to bear its own costs.

Procedure and forms of order sought

9 By application lodged at the Court Registry on 21 September 2016, the applicant brought the present action.

10 The applicant claims that the Court should:

– annul the contested decision to the extent that the Board of Appeal dismissed its appeal and refer the case back to the Board of Appeal;

– order EUIPO to pay the costs.

11 EUIPO contends that the Court should:

– dismiss the application;

– order the applicant to pay the costs.

Law

Subject matter of the proceedings

12 It should be pointed out from the outset, as is expressly stated in paragraphs 15 and 46 of the application, that that application is not directed against the part of the contested decision that recognised the existence of genuine use of the international registration as an EU trade mark for the goods in Class 9 listed in paragraph 7 above. Nor does the applicant dispute paragraphs 18 to 26 of the contested decision, concerning the fact that, according to the Board of Appeal, the applicant had not established genuine use in relation, first, to services and, secondly, to goods other than those listed in paragraph 7 above ('the goods and services in question'). The applicant therefore centres its arguments on the existence of proper reasons for non-use of the international registration as an EU trade mark for the goods and services in question.

13 In its response, EUIPO agrees with this delimitation of the subject matter of the dispute.

Substance

14 In support of its action, the applicant puts forward 'a single plea in law' alleging infringement of the provisions of Article 15(1) and (2) of Regulation No 207/2009 (now Article 18(1) and (2) of Regulation 2017/1001) and of Article 51(1)(a) of Regulation No 207/2009. It also relies on infringement of Article 17 of the Charter of Fundamental Rights of the European Union and of Articles 75 and 76 of Regulation No 207/2009 (now Articles 94 and 95 of Regulation 2017/1001).

15 It is appropriate to examine, first of all, the plea alleging infringement of the provisions of Article 15(1) and (2) and of Article 51(1)(a) of Regulation No 207/2009.

16 Article 15(1) of Regulation No 207/2009 provides that 'if, within a period of five years following registration, the proprietor has not put the EU trade mark to genuine use in the Union 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 EU trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use'.

17 Under Article 51(1)(a) of that regulation, 'the rights of the proprietor of the EU trade mark shall be declared to be revoked ... : (a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Union in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use ... '.

18 According to the case-law, only obstacles which have a sufficiently direct relationship with a trade mark, making its use impossible or unreasonable, and which arise independently of the will of the proprietor of that mark, may be described as 'proper reasons' for non-use of that mark. A case-by-case assessment is necessary in order to determine whether a change in the strategy of the undertaking with a view to circumventing the obstacle under consideration would make the use of that mark unreasonable (judgments of 17 March 2016, *Naazneen Investments* v *OHIM*, C-252/15 P, not published, EU:C:2016:178, paragraph 96, and of 29 June 2017, *Martín Osete* v *EUIPO — Rey (AN IDEAL WIFE and Others)*, T-427/16 to T-429/16, not published, EU:T:2017:455, paragraph 50; see also, by analogy, judgment of 14 June 2007, *Häupl*, C-246/05, EU:C:2007:340, paragraph 54).

19 The Court of Justice notes, as regards the concept of unreasonable use, that if an obstacle is such as to jeopardise seriously the appropriate use of the mark, its proprietor cannot reasonably be required to use it nonetheless. Thus, for example, the proprietor of a trade mark cannot reasonably be required to sell its goods in the sales outlets of its competitors. In such cases, it does not appear reasonable to require the proprietor of a trade mark to change its corporate strategy in order to make the use of that mark nonetheless possible (judgment of 14 June 2007, *Häupl*, C-246/05, EU:C:2007:340, paragraph 53).

20 It is also apparent from the case-law that the concept of 'proper reasons' refers to circumstances unconnected with the trade mark proprietor rather than to circumstances associated with his commercial difficulties (see judgment of 18 March 2015, *Naazneen Investments* v *OHIM (SMART WATER)* (T-250/13, not published, EU:T:2015:160, paragraph 66 and the case-law cited).

21 In addition, it should be noted that Article 42(2) and Article 57(2) of Regulation No 207/2009 (now Article 47(2) and Article 64(2) of Regulation 2017/1001, respectively) state specifically that it is for the proprietor of the mark to furnish proof of genuine use or proper reasons for non-use. According to the case-law, the fact that, unlike Article 42(2) and Article 57(2) of Regulation No 207/2009, Article 51(1) of that regulation does not specify that it is for the proprietor to furnish proof of genuine use or of the presence of proper reasons for non-use cannot be interpreted as meaning that the EU legislature intended that the principle of the burden of proof should not apply in revocation proceedings. The absence of specific provision regarding the burden of proof in Article 51(1) of Regulation No 207/2009 can, moreover, be explained easily given that the purpose of paragraph 1 of Article 51, which is entitled 'Grounds for revocation', is to set out the grounds for revocation of the mark, which does not require specific provision to be made regarding the issue of the burden of proof (see, to that effect, judgment of 26 September 2013, *Centrotherm Systemtechnik* v *OHIM and centrotherm Clean Solutions*, C-610/11 P, EU:C:2013:593, EU:C:2013:593, paragraphs 55 to 57). It is, thus, for the applicant to submit to EUIPO sufficiently probative evidence of the existence of proper reasons for non-use of the international registration as an EU trade mark.

22 In the present case, the Board of Appeal found that the evidence which the applicant had submitted was insufficient to establish the existence of proper reasons for non-use of the mark C=commodore for the goods and services in question. In that regard, EUIPO maintains that some of the factual circumstances relied on for that purpose by the applicant are not proved. It is necessary, therefore, to set out the factual circumstances which are not contested, or which must be regarded as being established, on the basis of the documents on the file.

23 In the first place, it is not disputed that the applicant's business consists of trade mark licensing. It is common ground, in that regard, that the applicant does not possess its own manufacturing or research capabilities.

24 In the second place, it is clear from the file that, until 7 November 2011, the applicant was owned 100% by Asiarim Corporation ('Asiarim') through its subsidiary Commodore Licensing BV. On 7 November 2011, all the applicant's share capital was transferred by notarial instrument to two natural persons who are the present owners of the applicant company ('the transfer of ownership'). It appears that from 26 September 2009, the beginning of the relevant period, until 7 November 2011, the date of transfer of ownership, the applicant was able to carry out its business. It was, thus, able to demonstrate, for the goods listed in paragraph 7 above, genuine use of the international registration.

25 In the third place, however, from the transfer of ownership, the applicant was confronted with a series of manoeuvres of various kinds, on the part, in particular, of Asiarim, seeking to claim ownership of the Commodore trade marks.

26 First, it is apparent from the file that Asiarim submitted several false declarations to the authorities of the United States of America, in which it declared itself to be the owner of the Commodore trade marks. Accordingly, in the 8-K filings of 20 December 2011 and 5 and 16 January 2012, submitted by Asiarim to the US Securities and Exchange Commission ('the SEC') (Annexes 6 to 8 to the application), Asiarim declared, inter alia, that 'Commodore Asia Electronics [Ltd] [was] one of the brand licensing companies within the Group besides Commodore Licensing ... in Europe, having been granted licences from [the applicant] since 2008', and that, 'after the restructuring of the Group in early November 2011, Commodore Brand IP [Ltd], holds the ownership of the Commodore Brand trademarks and IP' (Annex 6 to the application, p. 68). In the Form 8-K dated 16 January 2012, Asiarim claimed, inter alia, that the applicant '[had] made an announcement … to claim the ownership and legal title of the "Commodore" trade name and trademark designs', to which Asiarim responded stating that it would 'vigorously defend its ownership rights to the Commodore trade name and the Trademark designs'. In a judgment of 16 December 2013, the District Court of New York (New York, United States) ordered Asiarim to amend the declarations it had made to the SEC, referring to them as 'false and likely submitted in bad faith' (Annex 14 to the application, p. 129).

27 It should also be noted that those 8-K filings are published and directly accessible online, so that actual or potential partners of the applicant may have acquired knowledge of them.

28 Secondly, it is apparent from the file that Asiarim and its subsidiaries repeatedly contacted actual or potential partners of the applicant claiming to be the legitimate right holders of the Commodore trade marks. Thus, Asiarim wrote to Manomio LLC, a licensee of the applicant, on several occasions, stating, inter alia, in an email of 23 September 2012 that:

'There is no dispute at all who is entitled to the royalties of the Commodore IP rights: Asiarim, as owner of Commodore Licensing ... until the bankruptcy of 28 December 2011. After 1 January 2012, Asiarim transferred (or renewed) your contract directly with Commodore Brand IP ... in Hong Kong, as owner of the intellectual property rights of the mark since 2 November 2011 ... We expect you to confirm your position towards Commodore Brand IP ... as legal owner of the Commodore IP rights and your legal contract party. Please settle the royalty fees according to the terms and conditions in our agreement ... We will hold you harmless for any claim from third parties in this respect.'

29 On account of those manoeuvres and since it was unable to determine the legal proprietor of the international registration, Manomio decided to freeze the payment of royalties to the applicant pending judgment on the ownership of that registration, as is apparent from an email of 26 April 2012 sent by Manomio to the applicant.

30 Asiarim also contacted Leveraged Marketing Corporation of America ('LMCA') on several occasions, a company which sought to obtain an exclusive global licence in respect of the Commodore trade marks, claiming, as is clear from the exchange of correspondence between them and, in particular, an email of 19 December 2011, that 'Commodore Licensing ... [had] the full licence, granted by [the applicant] exclusively' (Annex 12 to the application, p. 97).

31 In its judgment of 16 December 2013, the District Court of New York described Asiarim's manoeuvres as follows:

'The infringement committed by Asiarim was willful, as evinced by its flagrant attempts to fraudulently assert ownership over the brand. ... The Court is mindful that Asiarim's egregious misconduct must be both punished and deterred ... Nevertheless, the fact that [the applicant] cannot pinpoint damages with precision does not mean that it has not been harmed by Asiarim's two-year campaign of intentional infringement and deceit. Asiarim's conduct has certainly caused significant pecuniary harm to [the applicant] beyond the lost revenues to Manomio.'

32 Thirdly, it is apparent from the file that the applicant had to face a series of actions, some of which were vexatious, extending over a long period, namely, following the transfer of property on 7 November 2011 until 2015, which was after the end of the relevant period. Thus, first, Asiarim brought an action for damages in the United States against the owners of the applicant company claiming an amount of 32 million United States dollars (USD) (EUR 27 700 000 approximately) by way of damages on the basis of the allegedly unlawful acquisition of the Commodore trade marks, that dispute being finally settled only on 28 September 2015, as well as an action before the judge hearing the application for interim measures in the rechtbank Amsterdam (District Court, Amsterdam, Netherlands) for the seizure of their assets. Secondly, another company, Leadgate SA, which, according to the applicant, is connected with Asiarim's director, also brought an action against the applicant in the United States, claiming an amount of USD 22 million (EUR 19 000 000 approximately) as unpaid debt, the guarantee for which was the Commodore trade marks, which was definitively dismissed on 18 May 2015. That company also brought another action against the applicant, before the rechtbank Amsterdam (District Court, Amsterdam), seeking the pre-levy attachment of the applicant's trade marks. However, it became apparent that that company, which initially presented itself as a company incorporated under Swiss law before claiming to be a company governed by Uruguayan law, had never existed, as the rechtbank Amsterdam (District Court, Amsterdam) found in its judgment of 17 July 2014 (Annex 16 to the application, p. 155). Thirdly, the applicant had to bring proceedings in the United States against Asiarim, headquartered in Nevada, United States, in order to defend its right of ownership in the international registration and to be compensated for the damage caused by that company.

33 In the light of those factual elements, the Board of Appeal acknowledged the existence of 'difficulties' which '[had] impeded the development of the brand' (paragraph 29 of the contested decision), finding that the 'fraudulent and intimidatory litigation strategies' used against the applicant could 'certainly constitute a considerable interference to normal business activities' (paragraph 31 of the contested decision).

34 It is, thus, clear from the file that the applicant was in fact confronted, for several years, over a significant part of the relevant period and beyond, with a series of manoeuvres described as 'fraudulent', 'misleading' and 'intimidatory' by the District Court of New York and by the Board of Appeal itself, consisting of false declarations submitted to the US authorities, of repeated contacts with the applicant's existing or potential clients and of proceedings described as 'vexatious' by the Board of Appeal.

35 It is in the light of those circumstances, that it is appropriate to examine whether the Board of Appeal erred in finding, on the basis of the grounds set out in paragraphs 28 to 33 of the contested decision, that there were no proper reasons for non-use, within the meaning of Article 51(1)(a) of Regulation No 207/2009.

36 The applicant disputes the validity of each of the five grounds relied on by the Board of Appeal in paragraphs 28 to 33 of the contested decision. At the hearing, EUIPO stated, in response to a question put by the Court, that the first to third (paragraphs 28 to 30 of the contested decision) and fifth (paragraph 32 of the contested decision) grounds for the contested decision must be understood as being ancillary to the fourth ground for that decision (paragraph 31 of the contested decision).

37 It should be noted in that regard, first of all, that the Board of Appeal did not find, in the contested decision, that the circumstances relied on by the applicant did not present a sufficiently direct relationship with the contested mark. It should be noted, nonetheless, in reply to an observation from EUIPO that, whilst it is true that the argument put forward by the applicant is based on circumstances relating to the Commodore trade marks in their entirety and not specifically the international registration at issue, those circumstances undoubtedly have a sufficiently direct relationship with the international registration, in accordance with the criterion established by the case-law (see, to that effect, judgment of 8 June 2017, *Kaane American International Tobacco* v *EUIPO — Global Tobacco (GOLD MOUNT)*, T-294/16, not published, EU:T:2017:382, paragraph 41). All the strategies described in paragraphs 25 to 32 above had a sufficiently direct relationship with the Commodore trade marks in their entirety and also, therefore, with the international registration for the goods and services in question.

38 Furthermore, it is not disputed that those manoeuvres were deployed not only independently of the will of the applicant, within the meaning of the case-law cited in paragraph 18 above, but also against its will.

39 Next, as regards the grounds on which the Board of Appeal based the contested part of the contested decision, it should be noted, first, that it found, in paragraph 28 of the contested decision, that, 'regardless of [the] litigation ... ongoing', the applicant had established that genuine use had been possible during the relevant period in respect of the goods referred to in paragraph 7 above. According to the Board of Appeal, the applicant did not put forward any explanation as to why the use of that registration as an EU trade mark was possible for such products and not for the goods or services in question. Consequently, the applicant itself established that the alleged reason for non-use of its international registration did not prevent genuine use.

40 It should be observed in that regard that at the hearing EUIPO itself conceded that the mere fact that genuine use of the contested mark was possible for certain goods did not exclude the existence of proper reasons for non-use of that mark for other goods or services, but that, in its view, the applicant had not explained why in the present case there was that difference as far as the use of those other goods and services is concerned.

41 It should be stressed, in that regard, as the parties agreed at the hearing, that the existence of genuine use in respect of some of the goods and services covered by the contested mark, does not preclude, in law or fact, the presence of proper reasons for non-use of the same mark in relation to other goods or services covered by it. In that regard, it is clear from the case-law that genuine use, within the meaning of Article 51(1)(a) of Regulation No 207/2009, must be established in connection with each type of goods or services covered by the contested mark which may be considered independently (see, to that effect, judgments of 8 October 2014, *Lidl Stiftung* v *OHIM — A Colmeia do Minho (FAIRGLOBE)*, T-300/12, not published, EU:T:2014:864, paragraph 47, and of 28 June 2017, *Tayto Group* v *EUIPO — MIP Metro (real)*, T-287/15, not published, EU:T:2017:443, paragraph 67). However, there is nothing in the wording of that provision, or any other provision of EU law, which precludes genuine use of a trade mark from being established in relation to certain goods or services covered by it, while justifying the absence of such use in relation to other goods or services by proper reasons for non-use.

42 In addition, the Board of Appeal did not take account of the chronology of events, referred to in paragraphs 23 to 31 above. As the applicant confirmed at the hearing, the licensing agreement concluded with Manomio, which established genuine use of the international registration for the

goods listed in paragraph 7 above, was concluded before the transfer of ownership, which marked the start of all the manoeuvres described in paragraphs 25 to 31 above. Therefore, the fact that the applicant relies on those manoeuvres in order to demonstrate that there were proper reasons for non-use as of 7 November 2011, does not contradict the fact that it had concluded licensing agreements prior to that date. Furthermore, it is apparent from the file that Manomio itself decided to no longer pay royalties to the applicant precisely because of those manoeuvres, as was referred to in paragraph 28 above. There was therefore no contradiction, in the circumstances of the present case, between the fact that the applicant had proved genuine use of the international registration for certain products at the start of the relevant period, while submitting that there were proper reasons for non-use for other goods and services during the remainder of the relevant period. The first ground of the contested decision is therefore vitiated by an error of law and an error of assessment.

43 Secondly, the Board of Appeal, while acknowledging that 'difficulties in negotiating agreements with third parties ... [could impede] the development of the brand via licensing agreements', found that the applicant had produced no evidence or convincing argument demonstrating that those difficulties had prevented it from itself using the international registration at issue, 'e.g. by manufacturing and selling any of the registered goods or by supplying any of the registered services itself, rather than merely relying on others to do so' (paragraph 29 of the contested decision).

44 However, it is common ground, as was pointed out in paragraph 23 above, that the applicant's business consisted exclusively of assigning intellectual property rights through the conclusion of licensing agreements and that it did not have its own manufacturing or research capabilities. While expressly acknowledging that the reasons put forward by the applicant could have impeded the conclusion of licensing agreements, the Board of Appeal criticised it for not having adduced any evidence showing that it was itself prevented from using the international registration at issue. In so doing, the Board of Appeal disregarded the fact that the sole activity of the applicant was in fact the conclusion of licensing agreements. The second ground of the contested decision, therefore, amounts to asking the applicant to significantly change its corporate strategy in order to make it possible to use the international registration by becoming a manufacturer or supplier of the goods or services in question. However, as correctly stated by the applicant, a change in corporate strategy on such a scale is unreasonable in the light of the case-law referred to in paragraph 19 above.

45 Thirdly, the Board of Appeal considered that 'regardless of whether [the] litigation [between the applicant and Asiarim and its subsidiaries] led to the failure of a [highly lucrative] brand development licensing agreement' with LMCA, the applicant had not established that 'the negotiations with other potential licensees, in particular in the European Union rather than the United States, were rendered impossible by [those] legal proceedings' (paragraph 30 of the contested decision).

46 In that regard, it should be stated, as the applicant submitted, that the Board of Appeal erred in requiring the applicant to demonstrate that the circumstances which it relied on made any negotiations with other potential licence holders 'impossible', since, according to the case-law referred to in paragraph 18 above, use of the contested mark must be made 'impossible or unreasonable'. The Board of Appeal did not examine whether the evidence produced by the applicant established to the requisite standard that it was unreasonable, from the point of view of potential partners of the applicant and given the circumstances of the case, that such negotiations were, notwithstanding those circumstances, carried out with a view to the conclusion of licensing agreements.

47 Neither did, the Board of Appeal take account of the fact not only that the manoeuvres described in paragraphs 25 to 32 above had prevented the conclusion of a licence agreement with LMCA, but also that an existing customer, namely Manomio, had decided to freeze the payment of its royalties specifically because of those manoeuvres. Therefore, the Board of Appeal could not, without committing an error of assessment, criticise the Applicant for failing to adduce evidence of other

licence holders, although it had established that even an existing trading partner, namely Manomio, had stopped the payment of royalties and questioned its continued partnership with the applicant because of such manoeuvres.

48 As regards the finding in paragraph 30 of the contested decision that the applicant had not demonstrated that it was not possible to carry out negotiations with potential licence holders 'in particular in the European Union rather than the United States', it is sufficient to note, first, that the Board of Appeal did not sufficiently examine whether the circumstances relied on by the applicant and which took place in the United States had also had an effect in the European Union. Consequently, the Board of Appeal did not take account of the fact, which was not disputed, that LMCA sought to obtain an exclusive global licence in respect of the Commodore trade marks and, therefore, also potentially in the European Union, or the fact that Asiarim's false declarations to the SEC were published and directly accessible online. Secondly, nor did the Board of Appeal take into account the fact, also undisputed, that some of those circumstances had taken place within the European Union. The manoeuvres described in paragraphs 25 to 32 above related to all of the Commodore trade marks, including the international registration at issue in the present case, and also gave rise to litigation in the European Union seeking, inter alia, the registration of those marks (paragraph 32 above).

49 Accordingly, the third ground put forward by the Board of Appeal is vitiated both by an error of law and an error of assessment.

50 Fourthly, according to the Board of Appeal, while such 'fraudulent and intimidatory litigation strategies', such as those that the applicant was confronted with, may 'certainly constitute a considerable interference to normal business activities', they cannot 'be deemed per se to be proper reasons for being thereby intimidated and refraining from business activity, especially when the rightful owners of a brand have no doubt as to the legitimacy of their rights' (paragraph 31 of the contested decision). According to the Board of Appeal, it is apparent from the court documents produced that the applicant could not have any serious doubts as to its property rights in respect of the Commodore trade marks, in the light of the vexatious character of those proceedings.

51 The fourth ground put forward by the Board of Appeal, considered by EUIPO to be the main ground for the contested decision (see paragraph 36 above), is also wrong in several respects.

52 Contrary to what was stated by the Board of Appeal, the issue was not whether the Applicant had doubts as to the final outcome of the court proceedings in question but to determine whether third parties, that is existing and potential customers of the applicant, could have such doubts, which could lead them to refrain from any commercial relationship with the applicant. However, the Board of Appeal failed to examine whether all the manoeuvres in question, which it described as 'fraudulent' and 'intimidatory', could give rise to doubt in the minds of third parties as to the rightful ownership of the international registration which could constitute an obstacle making the use of that registration unreasonable, within the meaning of the case-law cited in paragraph 18 above. In particular, the Board of Appeal did not take into account all the circumstances of the present case, in particular, the false declarations made by Asiarim before the SEC and the fact that those declarations were public and directly accessible online to third parties and also Asiarim's repeated contacts with Manomio and LMCA, aimed at preventing or bringing to an end contractual relations between those entities and the applicant.

53 EUIPO nevertheless argues that problems and trade disputes between competitors are inherent in running a business and cannot in themselves constitute an obstacle such as to make, in the present case, the issuing of licences unreasonable. It relies, in support of that argument, on the judgment of 18 March 2015, *SMART WATER* (T-250/13, not published, EU:T:2015:160).

54 However, the obstacles facing the applicant, unrelated to its behaviour, cannot be categorised as mere commercial difficulties. First, the strategies employed by Asiarim and its subsidiaries were described as 'fraudulent', 'misleading' and 'intimidatory' both by the District Court of New York and by the Board of Appeal itself, which suggests that they go considerably beyond the commercial difficulties encountered by an undertaking in the ordinary course of business.

55 In paragraph 31 of the contested decision, the Board of Appeal expressly accepted that such strategies could 'certainly constitute a considerable interference' to the applicant's normal business activities. According to the case-law referred to in paragraph 19 above, an obstacle which is of such a nature that it 'seriously undermines' appropriate use of the contested mark constitutes a proper reason for non-use within the meaning of Article 51(1)(a) of Regulation No 207/2009. However, the Board of Appeal does not explain how an obstacle categorised by itself as certainly 'considerable' could not, in the normal course of business, seriously undermine the appropriate use of the contested mark, within the meaning of that case-law.

56 The argument which EUIPO bases on the judgment of 18 March 2015, *SMART WATER* (T-250/13, not published, EU:T:2015:160), cannot succeed. First, in the case which gave rise to that judgment, it was a question of technical problems concerning the manufacture of the beverages which constituted the goods in question and, thus, of a commercial difficulty encountered in the normal conduct of the undertaking's business. Secondly, it is indeed the case, as the Court states in paragraph 74 of that judgment, that the fact that revocation proceedings have been brought against a trade mark cannot, as such, be sufficient to establish the existence of proper reasons for non-use, within the meaning of Article 51(1)(a) of Regulation No 207/2009. However, it is necessary to assess the existence of such reasons on a case-by-case basis, taking account of all the circumstances of the case, as required by the case-law referred to in paragraph 18 above. As has been noted in paragraphs 25 to 34 above, the applicant was not faced with a single action which could be regarded as being within the normal course of business, but a misleading and fraudulent strategy, consisting of a series of manoeuvres that the Board of Appeal failed to take into account in their entirety.

57 It follows that the fourth ground is also vitiated by errors of law and assessment.

58 Fifthly, the Board of Appeal found that the applicant did not explain 'how litigation in the US could have affected use [of the international registration] by FC Bayern München in Germany' for goods in Class 25.

59 It is sufficient to state, in that regard, that the manoeuvres described in paragraphs 25 to 32 above, some of which, moreover, took place within the European Union (see paragraph 32 above), were such as to influence the use of the international registration for all the goods and services in question.

60 In any event, the parties agree, in the context of the present proceedings, that that ground of the contested decision is, in the light of the general scheme of that decision, rather ancillary, in so far as it does not make it possible to determine whether the other reasons put forward by the applicant to justify non-use of the international registration constitute proper reasons within the meaning of Article 51(1)(a) of Regulation No 207/2009.

61 It follows from the foregoing that none of the grounds of the contested decision, taken separately or as a whole, provide a basis for that decision, either in fact or in law.

62 Lastly, it should be noted that the reasons for non-use advanced by the applicant extend over a significant part of the relevant period, namely from the transfer of ownership on 7 November 2011 until the end of the relevant period on 26 September 2014, or even beyond that period. The parties agree that for the purpose of the application of Article 51(1)(a) and (2) of Regulation No 207/2009

(now Article 58(1)(a) and (2) of Regulation 2017/1001) it is sufficient that those reasons cover a part of the relevant period in order for the proprietor of the trade mark to avoid the revocation of its rights in that mark.

63 Both the wording of Article 51(1)(a) of Regulation No 207/2009 and its underlying objective confirms that interpretation. First, it is apparent from the wording of that provision that the rights of the proprietor of the trade mark are to be declared to be revoked if, within a 'continuous period of five years', the trade mark has not been put to genuine use in the European Union in connection with the goods or services in respect of which it is registered, 'and there are no proper reasons for non-use'. In other words, if, within a 'continuous' period of five years, there is neither genuine use of the mark at issue nor proper reasons for non-use of that mark, the rights of the proprietor are to be declared to be revoked. By contrast, where the mark at issue was put to genuine use or where such use was prevented for proper reasons during a part of the five-year period, that period is no longer 'uninterrupted' within the meaning of Article 51(1)(a) of Regulation No 207/2009.

64 The Court has already had occasion to observe that it is sufficient that a trade mark has been put to genuine use during a part of the relevant five-year period for it not to be subject to the sanctions laid down by Article 51(1)(a) and (2) of Regulation No 207/2009 (judgment of 13 January 2011, *Park* v *OHIM — Bae (PINE TREE)*, T-28/09, not published, EU:T:2011:7, paragraph 88).

65 Similarly, it is sufficient that there are proper reasons for non-use of a trade mark during a part of the relevant period in order for the proprietor to avoid revocation of its rights to that mark. A contrary interpretation would go against the wording of Article 51(1)(a) of Regulation No 207/2009, which makes no distinction between proprietors of an EU trade mark who have made genuine use of their mark and those who were prevented from doing so for proper reasons.

66 Secondly, the objective underlying Article 51(1)(a) of Regulation No 207/2009 confirms that interpretation. In providing for the possibility of justifying non-use of an EU trade mark for proper reasons, the EU legislature sought to avoid the trade mark proprietor having its rights to the mark revoked where that proprietor was objectively unable to put the mark to genuine use for reasons beyond its control and thus external to that proprietor.

67 To insist that those reasons must cover the whole of the relevant five-year period would undermine that objective. Indeed, the occurrence of such reasons, even where they have lasted for only part of the relevant period, may prevent or at least delay, the genuine use of the trade mark beyond the period during which those reasons arose. Thus, the fact that the events that could be categorised as 'proper reasons', within the meaning of Article 51(1)(a) of Regulation No 207/2009, came to an end at some point during the relevant period does not mean that the trade mark proprietor could reasonably resume genuine use of that mark immediately after that.

68 Similarly, the fact that such events take place not at the start of the relevant period but later during that period does not permit the rights of the trade mark proprietor to be declared to be revoked. In accordance with the case-law referred to in paragraph 64 above, where the proprietor makes genuine use of the mark later during the relevant period, its rights to the mark cannot be declared to be revoked. The same conclusion must be reached where it was prevented, against its will, from making such use for proper reasons that occurred later during that period.

69 It follows from all the foregoing that it is necessary to uphold the 'single plea in law' without it being necessary to examine the other complaints put forward by the applicant and on that basis to annul the contested decision in so far as the Board of Appeal dismissed the applicant's appeal as regards the existence of proper reasons for non-use of the international registration.

Costs

70 Under Article 134(1) of the Rules of Procedure of the General Court, the unsuccessful party is to be ordered to pay the costs if they have been applied for in the successful party's pleadings. Since EUIPO has been unsuccessful, it must be ordered to pay the costs, in accordance with the form of order sought by the applicant.

On those grounds,

THE GENERAL COURT (Seventh Chamber)

hereby:

1. **Annuls the decision of the Fourth Board of Appeal of the European Union Intellectual Property Office (EUIPO) of 13 July 2016 (Case R 2585/2015-4), relating to revocation proceedings between Trademarkers NV and C=Holdings BV, in so far as the Board of Appeal dismissed the appeal of C=Holdings as regards the existence of proper reasons for non-use of the international registration of which it is the proprietor;**

2. **Orders EUIPO to pay the costs.**

Tomljenović Marcoulli Kornezov

Delivered in open court in Luxembourg on 13 December 2018.

E. Coulon
Registrar

V. Tomljenović
President