OPINION OF ADVOCATE GENERAL MAZÁK

delivered on 18 September 2008 [1]

1. In this reference for a preliminary ruling, the Oberster Patent- und Markensenat (Supreme Patents and Trade Marks Tribunal) seeks an interpretation of Article 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks. [2] The reference was made within the framework of a dispute between the Verein Radetzky-Orden ('Orden') and Bundesvereinigung Kameradschaft 'Feldmarschall Radetzky' ('BKFR') concerning the revocation of trade marks owned by the latter non-profit-making association on grounds of absence of genuine use. The referring court seeks to ascertain whether the use by a non-profit-making association of trade marks in announcements for events, on business papers and on advertising material and the wearing by the association's members of badges featuring the trade marks when collecting and distributing donations constitutes a genuine use pursuant to Article 12(1) of Directive 89/104.

I — Relevant Community law

2. Article 12 of Directive 89/104 entitled 'Grounds for revocation' provides:

'1. 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; …'

II — Relevant national law

3. According to Paragraph 10a of the 1970 Law on the protection of trade marks (Markenschutzgesetz 1970, BGBl. 260/1970;

1 — Original language: English.
2 — OJ 1989 L 40, p. 1.

'the MSchG'), the use of a sign to designate a product or service includes, in particular:

'(1) affixing the sign to the goods or to the packaging thereof, or to objects in respect of which the service is, or is intended to be, provided;

(2) offering the goods, or putting them on the market or stocking them for those purposes under that sign, or offering or supplying services thereunder;

(3) importing or exporting the goods under the sign;

(4) using the sign on business papers and announcements, and in advertising.'

4. Paragraph 33a(1) of the MSchG reads as follows:

'Anyone may apply for the cancellation of a mark which has been registered in Austria for at least five years or which enjoys protection in Austria pursuant to Paragraph 2(2), if that mark has not been put to genuine use in Austria in respect of the goods or services in respect of which it was registered (Paragraph 10a) either by the proprietor of the mark or, with his permission, by a third party within the five years preceding the day on which the application for cancellation was lodged, unless the proprietor of the mark can justify the non-use.'

III — The main proceedings and the order for reference

5. The BKFR is a non-profit-making association, which does not sell any goods or provide any services for remuneration. Its activity consists, on the one hand, in the preservation of military traditions, such as the organisation of memorial services for members of the armed forces who have died in combat, remembrance services, military reunions and the upkeep of war memorials and, on the other, in charitable work, such as the collection of money and donations in kind and their distribution to the needy.

6. The BKFR is the proprietor of the word and figurative marks registered in the trade mark register of the Austrian Patent Office under Nos 161.744 to 161.749, with priority from 22 May 1995. Each of the word and figurative marks was registered for goods and services in the following classes: 37: upkeep of war memorials; 41: education; training; entertainment; sporting and cultural activities; organisation of military reunions; 45 (formerly 42): charitable work for the needy, in accordance with the International Classification of Goods and Services for the Purposes of the Registration of Marks, established by the Nice Agreement of 15 June 1957 [3] ('Nice Agreement'). With effect from 31 January 2005, at the request of the proprietor, the services 'education; training' in Class 41 were cancelled in respect of all of the contested trade marks.

7. The BKFR founded a Radetzky Order, within which orders and decorations are awarded which correspond to the trade marks registered under Nos 161.745, 161.746, 161.748 and 161.749. The honorary shield badge corresponding to the trade mark registered under No 161.744 and the cap badge corresponding to the trade mark registered under No 161.746 are also awarded by the association to members and donors. Members wear the decorations at various events and when collecting and distributing money and donations in kind. The marks are printed on invitations to events, on stationery and on the association's advertising material.

8. By applications of 17 August 2004, the Orden sought to have the trade marks cancelled pursuant to Paragraph 33a of the MSchG on grounds of non-use. It claimed that the BKFR had not used the trade marks commercially over the course of the previous five years.

9. On 21 April 2006, the Austrian Patent Office cancelled the trade marks with effect from 8 January 2001. The BKFR lodged an appeal before the Oberster Patent- und Markensenat against the decision of the Cancellation Section of the Austrian Patent Office.

10. The Oberster Patent- und Markensenat decided, by decision of 27 June 2007 which was lodged at the registry of the Court on 27 September 2007, to stay proceedings and to

3 — Revised at Stockholm in 1967 and Geneva in 1977.

refer the following question to the Court for a preliminary ruling:

'Is Article 12(1) of [Directive 89/104] to be construed as meaning that a trade mark is put to (genuine) use to distinguish goods and services of one undertaking from those of other undertakings in the case where a non-profit-making association uses the trade mark in announcements for events, on business papers and on advertising material and that trade mark is used by the association's members when collecting and distributing donations inasmuch as those members wear badges featuring that trade mark?'

IV — The proceedings before the Court of Justice

11. Written observations were submitted by the Orden, the BKFR, the Italian Republic and the Commission. The Orden, the BKFR and the Commission presented oral submissions at the hearing of 24 June 2008.

V — Main arguments of the parties

12. The Orden claims that an affirmative answer to the question posed by the referring court would empty of all substance the objective of trade mark law and would undermine the requirements of legal certainty inherent to that law. In accordance with Article 5 of Directive 89/104 which lays down the rights conferred by trade mark protection, that protection is closely linked to the supply of goods and services in the course of trade. According to the Orden, the term 'genuine use' pursuant to Article 12 of Directive 89/104 applies to commercial activity or entrepreneurial activity for profit. Activities which are exclusively non-profit-making fall outside the scope of trade mark protection. The function of trade marks is to guarantee the origin of goods or services, thereby ensuring that the economic supply in question is of a constant quality. Trade mark protection thus implies a supply for consideration.

13. The Orden notes that various charitable associations have emerged in modern society, such as associations which provide medical care or which transport the sick, and which appear prima facie to provide their services

free of charge. In reality, however, such associations survive on State subsidies and payments and are commercially active and compete on that market as suppliers. The Orden considers that such associations pursue a clearly entrepreneurial activity, using permanent staff. The principle of supply for consideration applies in such cases even where the consideration is not paid by the persons actually benefited, but by the social security system, hospitals, public authorities, etc. Where a mark is not used in order to create or preserve a share in the market for the goods or services protected by the mark, such use should be considered as serving solely to prevent revocation of the trade mark.

14. The BKFR considers that charitable organisations (non-profit-making associations) compete against each other in their field of activity and thus act like entrepreneurs in the business even where the charities' goods and services are made available to the needy. The signs of such organisations, such as marks, decorations, insignias and coat of arms, indicate the origin of the goods and services in order to distinguish them from those of other organisations. Moreover, the award to persons outside the organisation of decorations and distinctions which constitute the trade mark is a type of advertising or 'merchandising' as it serves to promote the organisation.

15. The concept of genuine use does not exclude use by charitable organisations of their trade marks when offering their services.

16. The BKFR therefore claims that, in accordance with Article 12(1) of Directive 89/104, a trade mark should be considered as being put to genuine use where it is used by a charitable organisation for the goods and services for which the mark is registered and where those goods or services are distributed free of charge and/or spontaneously.

17. The Italian Republic considers that the question referred by the Oberster Patent- und Markensenat should be answered in the affirmative. Given that a trade mark may be registered by any person who uses or intends to use the distinctive sign within the framework of a productive or commercial, but non-entrepreneurial, activity, the Italian Republic considers that the use of the trade mark by the BKFR should be considered genuine.

18. The Commission considers that Article 12(1) of Directive 89/104 should be construed as meaning that a trade mark is put

to genuine use where it is used in connection with services supplied free of charge, where the absence of a charge corresponds to the nature of the services in question. In accordance with the case-law of the Court, [4] a trade mark is put to genuine use pursuant to Article 12(1) of Directive 89/104 if it is used on the market for the goods or services protected by the trade mark in a manner which is habitual on that market in order to maintain or create a share in the market for those goods and services. Regard must therefore be had to all the circumstances of the case, in particular, the type of goods or services, the characteristics of the market concerned and the extent and frequency of use of the trade mark.

19. The Commission highlights the fact that certain services, such as the public maintenance of traditions and charitable works, are due to their nature supplied free of charge. It is uncontested that a distinctive sign may be protected as a trade mark in relation to those services. It would be contradictory in relation to the question of genuine use to only take into account the use of the trade mark for services supplied for consideration. The Commission considers that charitable organisations compete for donations. Moreover, charitable works are expressly mentioned amongst the different classes of the Nice Agreement, in particular classes 36, 41 (teaching of needy pupils) and 43 (charitable provision of accommodation for homeless).

4 — See Case C-40/01 *Ansul* [2003] ECR I-2439, paragraphs 35 to 39, and order in Case C-259/02 *La Mer Technology* [2004] ECR I-1159, paragraphs 21 to 26.

VI — Assessment

20. According to the order for reference, the case before the referring court centres on whether certain trade marks, which were registered by the BKFR, a non-profit-making association, were put to a genuine use pursuant to Paragraph 33a(1) of the MSchG. As Paragraph 33a(1) of the MSchG is based on Article 12(1) of Directive 89/104, the referring court asks the Court whether certain uses by a non-profit-making association of a trade mark constitute genuine use pursuant to Article 12(1) of Directive 89/104.

21. Given that the registration of a sign as a trade mark confers, in accordance with Article 5 of Directive 89/104, extensive exclusive rights on the trade mark proprietor which prevent all third parties not having his consent from using it in the course of trade, the Community legislator sought to ensure that trade marks are actually used for their intended purpose. [5]

5 — In his Opinion in *Ansul*, Advocate General Ruiz-Jarabo Colomer states that '[t]rade mark registers cannot simply be repositories for signs hidden away, lying in wait for the moment when an unsuspecting party might attempt to put them to use, only then to be brandished with an intent that is at best speculative …' (see point 42, case cited in footnote 4). The eighth recital in the preamble to Directive 89/104 thus states that trade marks must actually be used or, if not used, be subject to revocation.

22. The Court in the *Ansul* case stated that genuine use means actual use of the trade mark. Genuine use of the trade mark entails use of the trade mark on the market for the goods or services protected by that trade mark [6] and not just internal use by the undertaking concerned. [7] Genuine use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin. [8]

23. When assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark. Assessing the circumstances of the case may thus include giving consideration, inter alia, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or services concerned on the corresponding market. [9]

24. It would appear that the trade marks in question in the main proceedings are used by the BKFR, inter alia, in badges which are awarded to members of that association and to donors, for the announcement of events, on business papers or stationery and on the association's advertising material. The trade marks are also used by the association's members when collecting and distributing donations as members of the association wear badges featuring that trade mark on such occasions. However, according to the order for reference, the BKFR does not provide any goods or services for consideration.

25. In my view, when examining the question of genuine use of a trade mark by a non-profit-

6 — Genuine use of a trade mark requires an examination of the use of the sign in relation to the 'goods and services *in respect of which it is registered*' (emphasis added) (see Article 12(1) of Directive 89/104). Therefore the use of a sign which constitutes a trade mark by its proprietor in connection with goods and services in respect of which it has not been registered does not, in my view, constitute a genuine use of the trade mark.

7 — See *Ansul*, cited in footnote 4, paragraphs 35 and 37. In *La Mer Technology* (cited in footnote 4) the Court stated that '… the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned' (see paragraph 20).

8 — See *Ansul*, cited in footnote 4, paragraph 36.

9 — See *Ansul*, cited in footnote 4, paragraphs 38 and 39.

making association, [10] the purpose [11] and the nature of the activities of such associations and the manner in which they supply goods and services must be taken into account. This approach is consistent with the *Ansul* and *La Mer Technology* judgments, which in effect establish that the question of genuine use of a trade mark must be examined on a case-by-case basis taking into consideration all the relevant circumstances and in particular the nature and characteristics of the market in which the trade mark is used. [12]

26. As regards the question of the wearing by a non-profit-making association's members of badges featuring a trade mark when collecting and distributing donations, the national court indicated that it considers that such use is a genuine use for the purposes of Article 12(1) of Directive 89/104. According to that court, a service is provided through the collection and distribution of donations, in which there are numerous 'service providers' in competition with each other.

27. The view that non-profit-making associations may compete in order to attract donations from the public and thus engage in business or in commercial activity, in the wider sense of those terms, when collecting and distributing donations seems to me to be correct as a matter of principle. Moreover, I consider that non-profit-making associations are, in principle, market players which acquire and provide goods and services. [13] While situating certain non-profit-making associations in a commercial or business context may perhaps sit uncomfortably with our perception of such entities, I consider that to completely ignore the commercial or business environment in which they operate would be unrealistic [14] and could potentially undermine their activities.

28. The contention by the Orden that the purely non-profit-making activity of collecting and distributing donations cannot be protected by trade mark law is thus, in my view, unfounded. In that regard, I would note,

10 — The legal status of non-profit-making associations may vary from Member State to Member State. In principle and subject to exceptions, any profits generated by such associations are not distributed amongst their members. Such associations may include, but are not necessarily synonymous with, charitable organisations.

11 — While it is impossible to define in the abstract in an exhaustive manner the purposes of non-profit-making associations, many such associations are set up to provide goods and services to private persons, selected on the basis of predetermined criteria, either free of charge or at a reduced rate. (The purpose of a non-profit-making association could also be for the protection of animals or the preservation of the environment, the promotion of culture, etc. Moreover, it cannot be excluded that such associations offer goods and services at the full market rate in certain circumstances.) In order to fulfil their purposes, some non-profit-making associations may seek to attract donations, for example from the general public. Moreover, in the event that goods and services cease to be provided to private persons free of charge or at a reduced rate by a non-profit-making association, it cannot be excluded that the prior beneficiaries of such goods and services would acquire them themselves, at least to some limited extent, on the market. Alternatively, the State could intervene in order, inter alia, to acquire, at least partially, such goods and services on behalf of the above-mentioned beneficiaries.

12 — 'The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case-by-case assessment which is for the national court to carry out … [T]he characteristics of the market concerned, which directly affect the marketing strategy of the proprietor of the mark, may also be taken into account in assessing genuine use of the mark.' See *La Mer Technology*, cited in footnote 4, paragraphs 22 and 23.

13 — See footnote 11 above.

14 — One only has to call to mind the notion of 'donation fatigue' to recall that a great number of non-profit-making associations may compete for the limited amount of donations from the public.

inter alia, that 'charitable fund raising' is specifically listed in Class 36 [15] of the Nice Agreement. [16] Moreover, contrary to the submissions of the Orden, I do not consider that the terms 'using in the course of trade' as contained in Article 5 of Directive 89/104, which enumerate the rights conferred by a trade mark, necessitates that goods and services be supplied for profit or indeed for consideration. The question of whether the proprietor of a trade mark uses that sign for the purposes of personal enrichment is thus not relevant when assessing whether the trade mark is being put to genuine use in accordance with Article 12(1) of Directive 89/104.

29. In that regard, I consider that the use of a trade mark by a non-profit-making association when collecting funds from the public and distributing such funds, [17] where the trade mark has been registered in connection with such services, serves as an indication to donors, or potential donors, of the identity of the association in question and the purposes for which the funds are used and thus constitutes a genuine use of a trade mark in accordance with Article 12(1) of Directive 89/104.

30. However, in the light of the ruling of the Court in *Ansul*, I consider that the use of a trade mark by a non-profit-making association during or for the announcement or advertisement of purely private ceremonies or events involving existing members of that association constitutes an internal use of that trade mark and would thus not constitute a genuine use of a trade mark for the purposes of Article 12(1) of Directive 89/104. Thus, in my view, the award of badges incorporating a trade mark to existing members of a non-profit-making association in gatherings where the public is excluded would appear to be an internal use of the trade mark. [18] Moreover, I consider that the use of a trade mark on business papers when addressing existing members of a non-profit-making association is, in principle, an internal use of the trade mark which would not constitute a genuine use of a trade mark. [19] In such circumstances, it would appear that the registered trade mark is being used in a purely private manner and not in the course of trade.

15 — It should be noted that reference to this class is purely for exemplification purposes as it would appear that the trade marks of the BKFR in question were not registered in that class. See point 6 above.

16 — It should be noted that while the European Community is not a party to the Nice Agreement, in accordance with Commission Regulation (EC) No 2868/95 of 13 December 1995 implementing Council Regulation (EC) No 40/94 on the Community trade mark (OJ 1995 L 303, p. 1), the Nice system of classifying goods and services shall be applied inter alia when applying for a Community trade mark. In addition, pursuant to Article 5 of the Agreement on the European Economic Area — Protocol 28 on intellectual property (OJ 1994 L 1, p. 194), the Contracting Parties undertook to obtain their adherence before 1 January 1995 to the Nice Agreement. In that regard, it would appear that all Member States of the European Community save Malta and Cyprus are party to the Nice Agreement. Nonetheless, Malta and Cyprus are listed on the official website of the World Intellectual Property Organisation as countries which use the Nice classification system. The Nice classification system is therefore a system which is effectively in use in all Member States and is therefore of high persuasive value when interpreting the provisions of Directive 89/104.

17 — Be it on badges awarded to donors, on advertising materials for fund-raising events, on business papers for example soliciting from the public donations or in the form of badges worn by members of the association during public fund-raising activities and distributing donations, etc.

18 — I consider that the award of badges or shields incorporating a trade mark to members of a non-profit-making association during events which are open to the public may constitute a genuine use of the trade mark if it serves, for example, to advertise the activities of that association and to attract public donations.

19 — In such circumstances the registered sign is not being used as a trade mark as the public at large is excluded.

VII — Conclusion

31. In the light of all the above considerations, I propose that the Court should answer the question raised as follows:

Article 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks should be construed as meaning that a trade mark is put to genuine use where a non-profit-making association uses the trade mark, inter alia, in announcements for public fund-raising events, when collecting donations from the public and distributing donations, on business papers addressed to members of the public and on advertising material soliciting donations from the public, where the trade mark has been registered in connection with such services. It is thus for the Oberster Patent- und Markensenat to assess the facts in the main proceedings in the light of that guidance.