Proving Your *Bona Fides*—
Establishing Bona Fide Intent to Use
Under the U.S. Trademark (Lanham) Act
*Sandra Edelman*

Good Will Enduring:
How to Ensure That Trademark Priority
Will Not Be Destroyed by the Sale of a Business
*Neal R. Platt*

Going After the Middleman:
Landlord Liability in the Battle Against Counterfeits
*Daniel R. Plane*

Some Cultural Narrative Themes and Variations
in the Common Law
*Catherine W. Ng*

Licences in OHIM Practice
*Verena von Bomhard, Hugh O’Neill, and Anat Paz*
LICENCES IN OHIM PRACTICE*

By Verena von Bomhard,** Hugh O’Neill,*** and Anat Paz****

I. INTRODUCTION

A. Licensing: The Legal Context

Council Regulation No. 207/2009 on the Community trade mark¹ (CTMR) provides that CTMs may be the subject of licences. The CTM, may be licensed, exclusively or non-exclusively, for some or all of the goods or services for which it is registered and for the whole or part of the Community.²

The CTMR contains only a few basic provisions applicable to licences for CTMs. These concern mainly the effects of a licence on the CTM as an object of property: Article 16 establishes that the CTM must be treated as an object of property of a member state of the European Union, either of the country where the proprietor is located or, if the proprietor has no presence in the EU, of Spain, where OHIM has its seat. This does not mean that a licence agreement must be subject to that same law. On the contrary, as far as contract law is concerned, general rules of private international law apply. OHIM’s Guidelines concerning licences³ confirm that the freedom of contracting parties to submit the licensing contract to a given national law is not affected by the CTMR.

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² CTMR Art. 22(1).


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The CTMR touches upon the relationship between licensee and licensor only insofar as trade mark infringements by the licensee are concerned. It also contains rules relating to the standing of the licensee in infringement proceedings based on the CTM. Finally, it provides for registration of licences in the CTM Register or their recordal in the files of CTM applications, where applicable. None of these provisions however affects the standing of the licensee in *inter partes* proceedings before the Office. This is governed primarily by Articles 8, 53, 56 and 41 CTMR, in connection with the corresponding provisions of the Implementing Regulation. We will turn to these presently.

**B. Practical Significance**

To establish *locus standi*, claimants relying on their rights as licensees or authorised parties must ensure that the initial notice to OHIM contains a statement of their status as such in addition to indicating the nature of their entitlement. Although OHIM allows parties to remedy such deficiencies after the opposition period, failure to do so before the remedy period set by OHIM will render a matter inadmissible. Parties are also required to substantiate the claims made within the timeframe assigned by OHIM, failing which the opposition will be rejected as unfounded.

A proprietor seeking to prove use of its mark on the basis of use by a third party with consent enjoys favourable evidentiary presumptions when adducing evidence of such use. That use is presumed to be with consent and, as such, is proof of use of the mark. This presumption is rebuttable: the proprietor should be prepared to present evidence that the use was with its prior consent if the nature of the use is challenged.

OHIM plainly regards the licensor/licensee relationship as giving rise to the fiduciary relationship or link between the parties that is required for a bad faith claim to prosper. This is the case in relation to Article 8(3) CTMR, which empowers a mark’s proprietor to oppose a CTM application on the basis of a special form of bad faith (namely that of the unfaithful agent) as well as in relation to Article 52(1)(b) CTMR—which provides that a CTM application may be declared void on the basis of bad faith. Registration by a licensee of the licensor’s mark as a CTM without consent has been

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4. CTMR Art. 22(2).
5. CTMR Arts. 22(3),(4).
6. CTMR Art. 22(5): the same applies to licences relating to CTM applications which can be recorded in the files, see Art. 23 CTMR.
found to constitute bad faith separately under Articles 8(3) and 52(1)(b) CTMR.

II. LICENSEES IN INTER PARTES PROCEEDINGS BEFORE OHIM

In *inter partes* opposition and cancellation proceedings before OHIM both national and Community rights may be invoked. Where the applicable law so provides, both proprietors of earlier rights and licensees or persons authorised under the relevant national law may act in such proceedings. Below we will deal with the formal and substantive requirements for licensees to have a standing in *inter partes* proceedings before OHIM.

A. Standing of a Licensee in Opposition Proceedings

With respect to oppositions against CTM applications, Article 8 CTMR lists the earlier rights on which an opponent can rely as relative grounds for refusal, and Articles 41 and 42 deal with the requirements for an opposition and its examination. While Article 8 only mentions the proprietors of earlier rights as possible opponents, Article 41 expands the circle of possible opponents to licensees and other authorised persons, depending on the nature of the earlier right invoked.

1. Standing Depending on the Earlier Right

When considering the standing of a licensee in opposition proceedings, one must first examine the circumstances, governing earlier rights in which licensees may act.

Where the opposition is based on an earlier trade mark within the meaning of Article 8(2) CTMR (a registered mark, trade mark application or well-known mark), the proprietor of the earlier mark or any licensee authorised by the proprietor may file an opposition. In these cases the relative ground for refusal derives from Article 8(1) or (5) CTMR.

Where the opposition is based on Article 8(4) CTMR, i.e., on an earlier non-registered mark or sign used in the course of trade, it may be brought not only by the proprietor but also by “other persons authorised under the relevant national law to exercise these rights.” Accordingly, where national law allows licences relating to unregistered trade marks or passing-off rights, and allows the licensees in such cases to enforce those rights vis-à-vis

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8. CTMR Art. 41(1)(a).
9. CTMR Art. 41(1)(c).
third parties, these persons also have a standing in opposition proceedings before OHIM. There is, however, neither a comprehensive overview as to which earlier rights under Article 8(4) can be subject to such “authorizations,” nor is there any OHIM case law on that specific point. Some rights, by their very nature, do not lend themselves to being exercised by those other than the proprietors (such as certain rights to a trade name that identify an enterprise as such, as distinct from trade marks that identify the goods or services produced or marketed by the enterprise—and perhaps rights derived from a protected geographical indication).

On the other hand, the proprietor’s right to prevent the agent from filing the mark in its own name without the proprietor’s consent can only be exercised by the proprietor. This is because the bad faith implied in the agent’s unlawful action derives from the breach of the fiduciary or contractual (or pre- or quasi-contractual) relationship between the agent and the proprietor. Article 41(1)(b) licensees, although they may suffer the detriment of the unlawful filing of a CTM, do not take part in that relationship. Accordingly, in McLoughney v Kern [POWERBALL], a licensee’s claim under Article 8(3) was rejected as inadmissible. OHIM relied in its decision on its Opposition Guidelines:

[S]ince the right to oppose a CTM application on the grounds of Article 8(3) belongs exclusively to the proprietors of the earlier trade marks, oppositions filed in the name of third persons, be they licensees or otherwise authorised by the relevant national laws, will be dismissed as inadmissible due to lack of entitlement.

This opposition was also based on Article 8(4) CTMR, but the question whether the licensee had standing under that provision was not examined in depth (although a document relating to authorisation of the opponent by the owner of the earlier right was mentioned). Rather, OHIM conducted a substantive examination of the opponent’s claims under Article 8(4) CTMR.

2. Licensee’s Right to Oppose:
A Question of Admissibility or Merits

One must distinguish between those elements of the opposition that must be present within the three-month opposition
period, that is, elements relating to admissibility that can be submitted after that period (namely, within the two-month period set by OHIM to remedy any deficiencies), and those elements required for further substantiating the opposition. This distinction is made in Rules 17 and 19 CTMIR, relating to “Examination of admissibility” and “Substantiation of the opposition,” respectively.

Rule 17(2) CTMIR sets out those requirements of an opposition that must be met within the three-month opposition period if the opposition is to be admissible.13 Reference is made to the indications relating to the opposed application, the earlier right invoked, and the (basic) grounds for opposition. However, no mention is made of the opponent. The requirements relating to the opponent are laid down in Rule 15(2)(h)(iii) CTMIR:

[W]here the opposition is entered by a licensee or by a person who is entitled under the relevant national law to exercise an earlier right, a statement to that effect and indications concerning the authorisation or entitlement to file the opposition.

According to Rule 17(4) CTMIR, this should be a provision that, if not observed in the notice of opposition, may be remedied upon notification by the Office and within a two-month period, failing which the opposition would be inadmissible. This remedy period applies to deficiencies under Rule 15(2)(h)(iii).

OHIM’s Opposition Guidelines14 state that when an opposition is filed, it is assumed that the opponent claims to be the owner of the earlier right, unless otherwise stated. However, if the opponent acts in the capacity of an authorised licensee or a person authorised under national law, it must make a statement to that effect, specifying the basis on which it is so entitled or authorised.15

OHIM therefore interprets “indications concerning the authorisation or entitlement” to mean a specification of the basis of entitlement or authorisation. If a licensee does not provide the relevant statement and specification before the time limit expires, according to Rule 17(4) CTMIR, the opposition will be inadmissible. For example, in *Galvin Green AB v Mary Green Enterprises [MARY GREEN]*,16 the opponent’s indication that it

13. Payment of the opposition fee is not one of these. Failure to pay the opposition fee simply leads to the opposition being “deemed not to have been entered,” CTMIR Rule 17(1).
was acting as the authorised licensee reached OHIM after the opposition period,\(^\text{17}\) which resulted in the opposition being rejected as inadmissible.

Assuming that a licensee had properly provided only the minimum statement and specification of entitlement within the time period, these claims can later be further substantiated in accordance with Rule 19(2) first sentence, CTMIR. OHIM specifies the period in which the licensee may substantiate its statements and specifications when advising the parties that the opposition is admissible. However, where the licensee does not provide sufficient evidence of its entitlement in this period, the opposition will be rejected as unfounded\(^\text{18}\) (the evidential requirements OHIM applies to this question is discussed in detail below). If the opposition is not rejected as unfounded at this point, the submission will be passed in the usual manner to the CTM applicant, to whom it is open to challenge the licensee’s evidence of entitlement. OHIM is free to consider such observations in determining whether the opponent has substantiated its claims.

### 3. Amendment to Opponent’s Status

Another issue emerging from OHIM opposition cases is that an opponent, having filed an opposition in its capacity as owner, cannot later claim it was acting in the capacity of a licensee.

One such example is *VNU World Directories, Inc v Fernsprechbuch - Verlag Hans Müller GmbH & Co. [GOLDEN PAGES].*\(^\text{19}\) The opponent indicated in the notice of opposition that it was the owner of the earlier rights. Later the opponent claimed either that it was a licensee or that it filed the opposition with the consent of the owner. OHIM held that the opponent’s attempt to modify its *locus standi* during the proceedings amounted to an unacceptable amendment of the factual basis of the opposition after the three month opposition period had lapsed.\(^\text{20}\)

However, when the indication in the notice of opposition is made in error, it may be rectified. In *DKT A/S v Cameca Société Anonyme [CAMECA],*\(^\text{21}\) the opponent identified itself in the notice of opposition as an authorised licensee but submitted no evidence that it effectively was a licensee authorised to file an opposition on the basis of the earlier CTM. However, the opponent filed, together with the notice of opposition, a copy of the registration certificate

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17. *Id.* 5-6.
18. CTMIR Rule 20(1).
20. *Id.* at 10.
of the earlier CTM showing that it was the owner of the trade mark. OHIM held in this case that the fact that the opponent identified itself in the notice of opposition as an authorised licensee could be considered to be an obvious “writing error” by the opponent who, by simultaneously filing the registration certificate, clearly expressed its will to oppose the application as the owner of the earlier trade mark. Thus the opposition was held admissible. It is believed that if a licensee were to identify itself as an owner, but submit evidence that it is an authorised licensee, this too would be considered a mere “writing error” which does not render the opposition inadmissible on grounds of locus standi.22

4. The Entitlement of the Licensee: A European Standard

As mentioned, Article 41(1)(a) CTMR allows “licensees authorised by the proprietors” of the trade marks to bring an opposition. OHIM has recognised that, where a licensee brings an opposition, the examination of entitlement is two-fold: first, there must be a valid licence; second, the licensee must be authorised to bring an opposition.23

To what extent and with what degree of rigour may or must OHIM query the validity of a licence agreement or the existence of an authorisation? And how deeply—if at all—can OHIM be expected to enter into difficult questions of contract law and interpretation? In particular with respect to the necessary “authorisation,” the requirements and understanding as to what would constitute a valid authorisation may change considerably from one country to another.

In the opposition case of Air Miles Travel Promotions Limited v Netcentives Inc. [CLICKMILES], 24 OHIM stated that “a European standard has to be applied with regard to the licensee entitlement requirements” and that “whether or not there are . . . possible other requirements on a national level is irrelevant.”25

With that in mind, we shall now consider in more detail which criteria OHIM has applied in respect of the existence of a licence, and of the licensee’s authorisation.

22. Id. at 2-3.
24. Id.
25. Id. at 5.
5. Entitlement: Existence and Evidence of a Licence

There are no clear guidelines as to the nature of the evidence a licensee is required to submit in opposition proceedings in order to prove that it is a licensee and that it is authorised to file an opposition. However, OHIM case law offers some guidance with respect to these requirements.

a. Allegation of a Licence

OHIM clearly requires that a licence be properly alleged and its existence substantiated. Merely alleging that the opponent was part of a group of companies, one of which owned the mark, and that this implied the existence of a licence, is considered insufficient: in Stafford-Miller (Ireland) Limited v Sebapharma GmbH & Co. [SENSIMED],\(^\text{26}\) the opponent was neither the proprietor nor the licensee of a number of earlier marks, but relied on the marks being owned by companies that belonged to the same group of companies as the opponent. This was held to be immaterial. Companies are not considered licensees merely because of a group affiliation with the trade mark owner; the right to file an opposition only belongs to the owner or to the licensee\(^\text{27}\) and “cannot be extended to other ‘interveners’ or ‘rights’ which are neither owned nor licensed by the opponent.”\(^\text{28}\)

Similarly in Hartl Crushtek LLC v Hartl Anlagenbau GmbH [HARTL POWERCRUSHER],\(^\text{29}\) Hartl Crushtek LLC and Crushtek New Technologies filed a joint opposition on the basis of Articles 8(1)(a), 8(1)(b) and 8(4) CTMR. OHIM rejected the opponents’ claim that the latter being a wholly-owned subsidiary of the former, was naturally perceived as a licensee of the registered mark rights invoked by the former. Such a claim could not be accepted “since ‘to be perceived as a licensee’ is too vague to be legally binding and is not supported by other evidence such as a licence agreement and the proprietor’s authorisation to act.”\(^\text{30}\)

\(^{26}\) Decision 4433/2005 of 22.12.04 ruling on Opposition B 223 125.
\(^{27}\) CTMR Art. 41(1).
\(^{28}\) Id. at 6.
\(^{29}\) Decision of 6.9.05 ruling on Opposition B 565 574.
\(^{30}\) Id. at 3-4.
b. Licence Granted by the Trade Mark Owner to the Opponent

Equally clear, OHIM requires that the alleged licence be granted by the owner of the mark in question, to the opponent in question.

The first requirement was not met in *Formula One Licensing B.V. and Formula One Administration Limited v Produits Petroliers Organisation S.A* [KENNOL F1]. There the alleged licensor, Formula One Licensing B.V., failed to establish that it owned the registered rights claimed as bases of the opposition. It therefore followed that the opposition based on those rights by the licensee Formula One Administration Limited failed too. OHIM stated that the alleged licensee could not enjoy better rights than the alleged proprietor of the marks who was proven not to be the proprietor.

c. Licence Existing at the Time of Filing the Opposition

The licence must exist at the time when the opposition is filed, or the opposition period expires: this must be both validly alleged and substantiated by the licensee who acts as opponent. In *Silver Surfer (UK) Ltd. v Marvel Characters, Inc.* [SILVER SURFER], the opponent supplied a letter from the UK Trade Marks Registry, proving that it was a registered licensee. However, according to this letter the licensee was entered in the register with effect from a later date than the last day of the opposition period. As there was no evidence that the licence had existed before then but was only registered at the later stage, the timely existence of the licence could not be established.

d. The Evidence Required

The most natural proof of the existence of a licence is the licence agreement itself. Where this is not in the language of the proceedings, it—or at least its essential parts—must be translated into that language within the period for substantiating the opposition.

However, the licence agreement is not the only means of proving the licence; other documentary evidence, showing clearly that the trade mark owner has granted the opponent a licence, will also suffice. This can be, for example, a written declaration by the

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33. *Id.* at 5.
34. CTMIR Rule 19(3).
trade mark owner, or a document showing the registration of the licence with the relevant trade mark office.

Evidence of the registration of the licence against the trade mark in question will suffice. Nevertheless, if a licence is filed, a certificate of registration of the licence is not required. This proposition must also hold for licences relating to trade marks that are registered in a country where licences are not registered. In *Bisotherm GmbH v Materiales de Construcción Bioplan, S.L. [BIOPLAN]*, which concerned a licence to an earlier German trade mark, Bisotherm’s standing was acknowledged. The applicant had complained that the registration documents showed no indication as to the licence. OHIM however, recognising the existence of the licence that had been submitted stated that this was not a requirement. This result would have been even more obvious had OHIM stated that, in Germany, licences simply cannot be registered with the German Patent and Trade Mark Office. Another issue in this case was that the earlier German trade mark was not specifically identified in the licence agreement. In fact, the licence was granted before the application for the German trade mark was filed. The applicant said it was unclear whether the trade mark referred to in the licence (Bisoplan) was the same as that cited in the notice of opposition. However, referring to the licence—which showed that the licensor was obliged to file an application for the trade mark Bisoplan and that, upon registration, the opponent would be granted a licence—OHIM held that the evidence submitted by the opponent in this regard was satisfactory.

The same applies where registration is possible, although certain statements made in *Air Miles Travel*—where the “European standard” was recognised—could be misleading. There the opponent had not submitted conclusive evidence of recordal as a licensee of the earlier trade marks on the UK register. OHIM concluded that, according to the licence, the opponent need not be a registered licensee in order to proceed in an infringement procedure, mentioning that “UK law does not require a licensee to be registered as such in order to validly file an opposition.” While this appears irrelevant in light of the “European standard” position taken in this case, it seems that this observation was made as a means to interpret the licence agreement in question,

35. See Jose Sánchez Peñate, S.A. v Maresi Trademark GmbH & Co KG [MILLA], decision 571/2004 of 23.2.05 ruling on Opposition B 370 975, at 2.
36. Decision 2262/2005 of 27.6.05 ruling on Opposition B 145 724, at 3.
38. Id.
supporting OHIM’s position that recordal was not required under the agreement so as to entitle the licensee to file an opposition.

\[e.\] Examination of the Validity of the Licence Agreement

The question next arises as to how far, if at all, OHIM might question the validity of the licence. As stated in Air Miles Travel, a “European standard” should be applied to the licensee entitlement requirements to file oppositions. However, where the licence agreement does not support the opponent’s claim, or where the applicant has conclusively contested the validity of the licence agreement, OHIM will hardly be able to avoid closer examination.

For example, the licence agreement may contain a condition that must be fulfilled before it enters into force. Where it has not even been alleged that the condition has been fulfilled or this circumstance, although challenged by the applicant, has not been proved, the licence should not be accepted as having been proved. This appears to have been the thinking behind Air Miles Travel, where OHIM spoke of the agreement not providing for recordal of the licence as a condition for its validity. Other circumstances relating to validity may be formal requirements under national law. OHIM cannot be expected to examine such issues of its own motion. However, where the applicant raises them, the burden should be on the licensee who acts as opponent to submit full proof of the validity of the licence under the relevant law.

\[f.\] Persons Authorised Under National Law:

*Article 8(4) CTMR*

No general rules apply where unregistered trade marks or earlier signs used in the course of trade are invoked. In those cases, the onus is generally on the opponent to establish not only the factual but also the legal foundation of its claims. This applies as much to the existence of the earlier right, which must be of more than mere local significance, and its protection vis-à-vis

39. *Id.*

40. See CFI Cases T-60/04 to T-64/04 of 12 June 2007 [BUD] para. 72; cf. CFI Case T-318/03 of 20 April 2005 [ATOMIC BLITZ] para. 35 where it was held that OHIM must examine the law of its own motion, extending this in fact to national laws applicable under Art. 8(4) CTMR. This would seem to put too high a burden not only on OHIM but on the other party in opposition proceedings, who may feel compelled to retain countless counsel only to verify the possibly entirely groundless and vague allegations made by the opponent relating to the laws of numerous member states.

41. See the Board of Appeal Decision R 212/2005-4 of 07.06.2007 Paddy and Brian Kehoe v Williams-Sonoma, Inc. [POTTERY BARN], where it was held at para. 12 that “[t]he purpose of Art. 8(4) CTMR is to let prior national trade signs prevail over Community trade marks, to the extent that the significance of these signs, in the sense of their effective
the junior trade mark, as to the entitlement of the opponent who is not the proprietor of the earlier right to defend the right in an opposition under the relevant national law. OHIM will deal with such cases in accordance with its general requirements relating to stringency and substantiation of the claims raised.

6. Existence and Evidence of the Authorisation

The opponent who relies on entitlement by means of a licence must show not only that it is the licensee of the earlier mark but that it is authorised to bring the opposition. In this respect, neither Article 41 CTMR nor Rules 15(2)(h)(iii) or 19(2) first sentence CTMIR specify the nature of the authorisation which a licensee is required to submit. OHIM’s draft Opposition Guidelines\(^42\) state:

As the number of oppositions filed by licensees is extremely low, there is no practice on what evidence needs to be filed to support such an authorisation. However, an express authorisation or a licence contract that authorises the licensee to act in defence of the mark are deemed sufficient.

This does not explain whether authorisation may be implied where it was included neither in the licence agreement nor in a separate document. Nor does it explain whether authorisation can relate to the enforcement or defence of the licensed mark in general, or whether it must expressly refer to oppositions.

a. Implied Authorisation

The law governing the licence agreement may generally recognise the right of the licensee to exercise the procedural right to bring infringement or opposition proceedings in connection with the trade mark. Thus in Austria at least exclusive licensees are per se authorised to exercise such rights.\(^43\) The question is whether the OHIM should take that into account, or whether it can or even must insist on there being an express authorisation.

Where this type of question arises in Community trade mark law, it may help to consider other language versions of the CTMR.

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42. See supra note 14, at section 1.5.2 at 36.

43. See Ofner in Kucsko, marken.schutz, Vienna 2006, at 706 section 7.2.2.1; OGH Austria, decision of 7 August 2000, 4 Ob 178/00f · ÖBl. 2001, 89. See also Art. 22(3) CTMR, which allows the exclusive licensee to bring infringement proceedings even without the express consent of the licensor provided the latter, after formal notice, had not brought the proceedings in appropriate time. This, however, seems to apply solely to infringement proceedings, as does Art. 22(4) CTMR.
The German version of Article 41(1)(a) requires not only an “authorisation” but that the licensee be “expressly authorised” (ausdrücklich ermächtigt). The other three versions of the five OHIM languages are ambiguous, like the English text.

Nevertheless, we believe that the German version may give some guidance. It would place too much strain on OHIM to take into account the law (or even case law) governing the licence, which need not even be that of an EU member state, to calculate whether the licensee is “authorised” by the proprietor to enforce the trade mark. If this is true, it is yet another example of how important it is for local counsel in the various member states to bear in mind the European aspects of any trade mark transaction including entirely domestic licences. An Austrian counsel, for example, in spite of the clear case law in that country, may be best advised to include express reference to the licensee’s authorisation to exercise the rights emanating from the licence, with a view to potential opposition (and invalidity) proceedings before OHIM. If OHIM took the view that it is not to take into account implied authorisations, even a declaration signed by the licensor, after the expiry of the three-month opposition period, the fact that the authorisation should be taken as having been given, would not be enough: the express authorisation was lacking at the crucial time.

b. Scope of the Authorisation

Must the authorisation refer to the opposition in question or may it be more general? In Air Miles Travel the authorisation requirement for entitlement to file an opposition by a licensee. Under the licence in question, the opponent was confined to prosecuting infringements or threatened infringements. The question therefore arose as to whether the licensee was also authorised to file oppositions. OHIM answered the question in the affirmative, stating that “the filing of an opposition is an action in order to prevent . . . a threatened infringement of the earlier trade marks.”

OHIM is thus apparently prepared not only to accept authorisations that generally allow the licensee to bring oppositions, rather than referring to the specific authorisation at issue, but to accept that oppositions are a type of infringement action, as registration of an infringing sign is only the first step to infringement in the marketplace. This would seem to be in line with the general nature of opposition (or invalidity) proceedings

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45. Id.
before OHIM being very much like regular litigation, with the sole exception that there is no oral hearing.

**B. Standing of a Licensee in Cancellation Proceedings**

Revocation and invalidity proceedings based on absolute grounds may be filed virtually by any person, as long as this person has the capacity to act in accordance with Article 3 CTMR. However, invalidity proceedings based on relative grounds may only be filed by the proprietor of the earlier right to which the registered CTM is detrimental or by a licensee of such right. As for the rights mentioned in Article 53(1) CTMR that can also be invoked in opposition proceedings, the same rules apply in principle as in opposition cases (Articles 56(1)(b), 53(1) and 41(1) CTMR), except that invalidity proceedings are not subject to the same restrictions as far as deadlines are concerned. Where rights under Article 53(2) CTMR are invoked, for example copyright or design rights (which in the present context are of particular interest), persons authorised to act under the relevant law can also bring the invalidity action.

Even fewer decisions have been issued concerning licensees bringing invalidity actions than oppositions. While the parallelism between them is undeniable, there are several important differences. First, the deadline regime in opposition cases, starting with the non-extendable three-month opposition period, is absent from invalidity proceedings. Second, a decision on the merits results in *res judicata*, whereas opposition decisions do not. Third, an applicant for invalidity must include all possible grounds for invalidity in its application, as it will be precluded from relying on them later. In view of these differences, OHIM's Cancellation Division has traditionally been more lenient with respect to deadlines, striving more to get to the bottom of the matter than to terminate proceedings before it. The merits seldom need be sacrificed on the altar of formalities—the traditional approach of the Opposition Divisions.

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46. CTMR Art. 56(1)(a).
47. CTMR Art. 56(1)(c).
48. This becomes clear from CTMR Arts. 56(3) and 100(2), which state that the OHIM must not hear an invalidity action between the same parties and based on the same cause of action that has already been ruled upon by a Community trade mark court, and vice versa. This implies that, where OHIM has already ruled and is asked to rule again by the same parties and based on the same cause of action, the *res judicata* rule must be observed.
49. CTMR Art. 53(4).
This can be illustrated by Ravensburger Aktiengesellschaft v Educa Borras S.A. [EDUCA MEMORY GAME]. The applicant for invalidity, Ravensburger Aktiengesellschaft, applied as an owner but the extract of the earlier right, a Benelux trade mark, showed that it was registered in the name of Ravensburger B.V. When OHIM requested proof of entitlement to enforce the earlier right, the applicant claimed to be the authorised licensee of Ravensburger B.V. and submitted a declaration on its behalf. This declaration confirmed that the applicant, having a licence to use the Benelux trade mark, was authorised to file the request for a declaration of invalidity.

It was held that, although this declaration was sufficient to prove that the applicant was authorised to file an invalidity request, it was inadequate to prove the existence of a licence agreement between Ravensburger B.V. and the applicant at the time of the application for a declaration of invalidity. The declaration did not indicate when the licence was concluded, nor especially if the applicant had already been the licensee at the filing date of the application. Therefore, as the declaration had a date later than that of filing the request for invalidity, there was no evidence that the applicant was an authorised licensee when the request for declaration of invalidity was filed. The applicant for invalidity should have provided further evidence, e.g., a copy of the original licence agreement or evidence of the registration of the licence (in this case with the Benelux Trade Mark Office) so as to show the commencement of such licence. Without such proof, the Cancellation Division refused to recognise the timely existence of the licence.

The case invites two observations. The first is a comparison to VNU World Directories, where OHIM did not allow the applicant to amend its locus standi from proprietor to licensee. In Ravensburger, however, OHIM appeared willing to do so, provided the licensee’s condition had been properly proved. The second remark relates to the res judicata and preclusion effects of invalidity actions. Would Ravensburger Aktiengesellschaft, as licensee be able to re-launch its invalidity action, this time with proper evidence of the licence or if not, if Ravensburger B.V. could do so. With respect to the latter there should be no doubt, as both preclusion and res judicata apply only between the same parties, and on these facts it can hardly be held that group companies are comprised by the term “same parties.” And, with respect to the

50. Decision of the Cancellation Division of 22.2.07 OHIM reference 711C 495036/1, at 5.
formerly unsuccessful applicant for invalidity, *res judicata* should not prevent a second action based on the same right and licence, as the subject matter of such later action would be different from that of the earlier Cancellation Division decision.

Preclusion should not prevent a second action by the licensee: according to Article 53(4), a licensee may bring a second invalidity action against the same mark where the rights relied upon in the second action were not licensed to it at the time of the first application. This is because Article 53(4) refers specifically to rights which it could have invoked in support of its first application. In any event, this situation is not a common occurrence in practice.

All in all, oppositions and invalidity actions filed by licensees rather than by proprietors of earlier rights are relatively rare; however, where legal and evidential requirements are met, such cases present no additional difficulties compared to the more “typical” cases of the owners themselves enforcing their rights. With a view to the requirement of an authorisation to enforce the licensed right, however, counsel should take this into account when drafting licence agreements, even though—under the law in the country in question—no express authorisation would be required.

### III. THIRD-PARTY USE UNDER LICENCE AS EVIDENCE OF USE

Under the CTMR, there are several occasions when a trade mark proprietor may be required to demonstrate use of its mark before OHIM. These include:

(a) in opposition or invalidity proceedings where the earlier mark has been registered for more than 5 years and proof of use has been requested in accordance with Article 42(2), (3) or Article 57(2), (3) CTMR;

(b) in revocation proceedings directed against a CTM;

(c) when claiming enhanced distinctiveness or reputation in favour of the earlier mark in opposition or invalidity proceedings;

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52. “Where the proprietor of one of the rights referred to in paras 1 or 2 has previously applied for a declaration that a Community trade mark is invalid or made a counterclaim in infringement proceedings, he may not submit a new application for a declaration of invalidity or lodge a counterclaim on the basis of another of the said rights which he could have invoked in support of his first application or counterclaim.”

53. CTMR Art. 51(1)(a).
(d) when arguing distinctiveness of a trade mark acquired through use.54

Under the CTMR, in all of these situations, a trade mark proprietor can adduce evidence of use made of its trade mark by a third party in order to prove use. This is acceptable if such third-party use was authorised use of the proprietor’s mark, not merely tolerated use by the third party, possibly of the third party’s mark, or infringing use. To maintain use of a trade mark, Articles 15(2) CTMR and 10(2) Harmonisation Directive55 expressly state that “use of the trade mark with the consent of the proprietor […] shall be deemed to be use by the proprietor.”

The same should also apply to “creating” use, if one so wishes, i.e., use that turns a non-distinctive sign into a distinctive sign, as well as “enhancing” use, i.e., use that leads to an increased distinctiveness or reputation of the mark—although the criteria applicable to the evidence required may differ. The level of evidence relating to authorised third-party use is low where the trade mark owner relies on it to prove maintaining use. Where, however, a CTM applicant seeks to prove that the mark is not customary, it must make a greater effort to convince OHIM that the third-party use it refers to is use of its trade mark rather than merely generic use.56 Similarly, where the applicant relies on third-party use to prove that extensive use in the market place has led to the mark acquiring distinctiveness, it must ensure that such third-party use was use of its trade mark; this should be documented and thus provable. Where this can be shown, the use must be taken into account, remembering that reputation accrues to the mark, not necessarily to its owner, and that, under European trade mark law, ownership of a mark can be transferred “naked,” i.e., without transferring the business.

As to evidence of genuine use, use with the “consent of the proprietor” under Articles 15(2) CTMR and 10(2) Harmonisation Directive is by no means confined to use under licence. However, this Article confines itself to examining such use from the perspective of licences. Furthermore, in contrast to some national systems, OHIM does not require that a licence be registered before use under that licence constitutes valid use of the mark.

54. CTMR Art. 7(3).


56. A good example where applicant succeeded in proving that widespread use of a mark was not generic but in fact proprietary use under licence is the Board of Appeal Decision R 291/2007-2 of 1 August 2007 Sony Kabushiki Kaisha v OHIM [MEMORY STICK].
What does the proprietor need to prove in relation to the “consent” conferred to the third party actually using the mark? We will consider this mainly with a view to maintaining use, i.e., either use of an earlier mark in opposition or invalidity proceedings or in defence against a revocation action. Then we will briefly touch upon the issue of third-party use of the mark to show acquired distinctiveness or reputation.

A. Proof of Genuine Use in Opposition or Invalidity Proceedings

Where an opponent or applicant for invalidity must prove genuine use of the earlier mark(s) invoked and relies on third-party use made of the mark, it must prove that it consented to such use. OHIM’s Opposition Guidelines encapsulate the situation, in relation to CTMs and national marks, in the following way:

According to Article 15(3) CTMR, the use of the mark with the consent of the proprietor shall be deemed to constitute use by the proprietor. This means that the owner must have given his consent prior to the use of the mark by the third party. A later acceptance is insufficient.

A typical case of use by third parties is use made by licensees. Use by companies economically related to the trade mark proprietor, such as members of the same group of companies (affiliates, subsidiaries, etc.) is similarly to be considered as authorised use. Where the goods are produced by the trade mark proprietor (or with his consent), but subsequently placed on the market by distributors at the wholesale or retail level, this is to be considered as use of the mark.

At the evidence stage it is prima facie sufficient that the opponent only submits evidence that a third party has used the mark. The Office infers from such use, combined with the opponent’s ability to present proof of it, that the use has been made with the opponent’s prior consent.

This confirms earlier case law in opposition and invalidity matters, as we will demonstrate below.

1. Same Rule for CTMs and National Marks

To begin with, the Guidelines reflect the consistent practice of OHIM to look to Article 15(3) (now Article 15(2)) CTMR and apply

that *mutatis mutandis* to national marks. Strictly speaking, however, Article 15(2) CTMR does not cover national marks but only applies to CTMs. With respect to national marks, the correct approach would be to apply the corresponding national law, that has to comply with Article 10(2) Harmonisation Directive. This would also remove any room for an analogy. Having said that, Article 10(2) Harmonisation Directive is in substance identical to Article 15(2) CTMR, and so the reference to Article 15(2) CTMR with respect to national marks did not have any legal consequences.

2. Presumption in Favour of Third-Party Use with the Owner’s Consent

OHIM has developed a rule, since confirmed by the Court of First Instance and European Court of Justice, that, if a trade mark proprietor adduces evidence of use of a trade mark by a third party, a presumption arises that the proprietor consented to such use. The Court of First Instance confirmed this presumption in VITAFRUT / VITAFRUIT,\(^\text{58}\) holding that, when an opponent maintains that the use of an earlier trade mark by a third party constitutes genuine use for the purposes of Article 42(2) and (3) CTMR, it claims, by implication, that it consented to that use. OHIM therefore relies on the presumption that such use was with the opponent’s consent, especially when the applicant did not dispute this fact. Upholding this approach, the European Court of Justice\(^\text{59}\) ruled that the Court of First Instance had not unduly reversed the burden of proof—with the result that the applicant had to prove that consent had not been given—but had relied on the material adduced by the opponent and found that its consent to the alleged use had been proved, allowing an evidential presumption to arise.

Thus if a trade mark proprietor adduces evidence of third-party use, a presumption arises in the proprietor’s favour that such use is with its consent. This appears to be nothing but a reversal of the burden of proof—the presumption is rebuttable in cases where the consent appears questionable, as we discuss below.

3. Licence

As the evidential burden upon the trade mark owner is reduced to adducing evidence of the actual use in question without

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58. CFI, 8 July 2004, Case T-203/02 The Sunrider Corp v OHIM.
59. The Court (First Chamber) of 11 May 2006, Case C-416/04 P The Sunrider Corp v OHIM.
the need to prove prior consent, where the mark was used by a licensee, there is no requirement that the licence agreement be submitted as evidence. The Board of Appeal found in *Bomann GmbH v Jorge Palanca Niella* [BOMANN]⁶⁰ that the fact that no licence agreement or similar contract regarding use of the opponent’s trade mark is submitted as evidence is not a critical omission, stating specifically that a written licence agreement is not considered mandatory.

Likewise, the status of a licensee is implied in the Opposition Decision *Ricardo Moreno Fernández de Betoño v BioMedical Life Systems, Inc.* [BIOMED].⁶¹ The Opposition Division implied a proprietor-licensee relationship between a company founded by the opponent and the opponent himself, who was the proprietor of the earlier mark. This relationship was implied on the basis of a corporate brochure mentioning that the opponent had founded the company. As a result, proof of that company’s use was held sufficient for showing genuine use of the mark in question.

The low threshold required in order to meet this presumption was further highlighted in the Opposition decision *Fortis (NL) N.V. v Aachener und Münchener Versicherung AG* [AMEV]⁶² where, in adducing evidence of use, the opponent stated that the companies using the mark were subsidiaries licensed to use the mark. From this statement and from the opponent’s ability to submit the evidence of use, the Opposition Division inferred that the mark was used with the opponent’s consent.

Thus, a trade mark proprietor’s claims that it has licensed or authorised use of its mark will not falter because it does not accompany such a claim with written licences or even any evidence of such licences.

### 4. Rebuttable Presumption

The presumption of use with consent is rebuttable. The OHIM Opposition Guidelines⁶³ state that:

> [I]f there are doubts on the part of the Office or, in general, in cases where the applicant explicitly contests the opponent’s consent, the burden is on the opponent to submit further evidence that he gave his consent prior to the use of the mark. In such cases the Office gives the opponent a further period of two months for the submission of such evidence.

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⁶⁰ Second Board of Appeal, 29 September 2004, Case R 69/2004-2 relating to CTM 1 604 222.

⁶¹ Opposition Division, 09/09/2005, Opposition B 598 039 for CTM 2 257 947.

⁶² Opposition Division, 26/03/2003, Opposition B 94 195 for CTM 570 911.

⁶³ *See supra* note 57.
This use must be authorised in advance, as was stressed in the Opposition decision *Barcelona Plus, S.L. v DF World of Spices GmbH* [GREEN FOREST],\(^{64}\) which held that use by a third person was regarded as use by the proprietor only under the condition that the proprietor had given its consent. The Opposition Division emphasised that consent presumed prior “permission.”

Article 15(2) CTMR states that the use of the mark must be with the proprietor’s consent, while GREEN FOREST refers to permission. This language raises the question whether an opponent can argue that it had implicitly consented to the third-party use, for example by simply not taking action against it, or whether the opponent must demonstrate some positive action.

In the everyday workings of licensor/licensee relationships, the licensee often enjoys some degree of leeway as to the goods and services covered by the licence. The licensee may sometimes use the mark on goods that are not specifically provided for in the licence agreement but to which the trade mark owner has no objection. It would be onerous to interpret consent as meaning that there must have been a prior positive assertion of consent by the owner of the mark in order for such use to be consensual, particularly where the owner may be defending an invalidity action for non-use. It is submitted that implicit consent should be recognised as consent in relation to use by a licensee where the following criteria must be present:

- the user must be aware that the trade mark belongs to the proprietor;
- the user must presume the consent of the proprietor based on indications by the proprietor, even though those indications are implicit;
- the proprietor must have previously consented to the use, albeit implicitly.

It is submitted that, if any of these elements is shown to be lacking, the presumption that authorised third-party use was authorised use is rebutted. The authors have, however, found no case law on this point.

5. Mere Existence of a Licence Does Not Prove Use

Although a trade mark owner need not submit a written licence in order to prove use, submission of a written licence agreement is insufficient on its own to prove use of the mark in the market place. In *Kindle Banking Systems Limited v MasterCard*

\(^{64}\) Opposition Division, 24/02/2005, Opposition B 488 298 for CTM 2 240 117.
the Board of Appeal ruled that the submission of a licence agreement did not provide sufficient information about the actual conditions under which the licensed trade mark had been used. Evidence of use was adduced not to show genuine use but to prove that the opposed mark had been used in the marketplace (the conflicting marks therefore coexisted). It is expected that, with respect to genuine use, the same position would be taken.

The Cancellation Division made a potentially misleading statement on the probative value of licences per se in Tivoli A/S v PT Maspion [TIVOLI] concerning the request for a declaration of invalidity. In assessing whether the earlier marks enjoyed a reputation, it took account of the fact that those marks were subject to a large number of licence agreements. The Division said, “[T]he applicant’s licensing of the trade mark to third parties would not be possible if the trade mark did not have a reputation in Denmark.” While the finding of reputation may well have been appropriate under the circumstances, it could not be based on, or even supported by, the fact that there were numerous licence agreements. Parties may acquire licences for trade marks for a multitude of reasons other than the reputation of the mark: the mark may fit within their branding or corporate concept, the licence may form part of a distribution or a franchise agreement or some type of corporate transaction, or the licence may have been granted to settle a looming trade mark conflict. It is not the reality of the marketplace that only marks with a reputation are licensed.

IV. LICENSEE: UNLAWFUL AGENT, BAD FAITH

Where a licensee applies for or registers a CTM against the licensor’s will, it may be acting in as an unlawful agent or in bad faith. The former gives rise to an opposition, whereas bad faith can only be invoked in an action for declaration of invalidity. There is some conceptual overlap between these concepts: the unlawful agent is, so to speak, a special case of bad faith, and will be discussed first. A licensee that is not caught by that provision

67. CTMR Art. 8(3).
68. CTMR Art. 52(1)(b).
69. The Opposition Decision East Side Mario's Restaurants, Inc. v Mr. John Arthur Slater [EAST SIDE MARIO'S] emphasised that claims of bad faith on the part of the applicant cannot be raised in opposition proceedings but only in cancellation proceedings: 17/03/2000, Opposition B 26759 for CTM 447 730.
may still lose the CTM after registration, based on a bad faith claim.

**A. Licensee as Unlawful Agent**

Article 8(3) CTMR provides that, where the opponent has not consented to the CTM application, it is sufficient that the opponent demonstrates that there has been some commercial co-operation between the parties of a kind that has given rise to a fiduciary relationship. If such a relationship is shown to have existed, the burden of proof shifts to the CTM applicant to “justify his action.”

1. **No Prior Consent Given by the Trade Mark Owner**

It is rare for an opposition to be brought when the trade mark proprietor had previously consented to the application and it must be assumed that the threshold for proving such consent is relatively high once the other requirements of Article 8(3) CTMR are shown to exist. The Court of First Instance, however, has ruled on whether consent by the trade mark proprietor existed, holding that there had been a “clear, specific and unconditional consent given by the trade mark proprietor (U.S. company) authorising the CTM applicant (a German company) to file the trade mark registration,” and that this made Article 8(3) inapplicable.”

OHIM has held that, when such an authorisation is proved to have been given, OHIM must verify whether it was effective between the parties involved in the dispute, but that it is not under an obligation to verify whether such an authorisation was a typical way of acting or would have made sense economically.

2. **Licensee as Agent or Representative**

A trade mark owner who opposes a licensee successfully under Article 8(3) CTMR must demonstrate that the licensee qualifies as an “agent or representative” within Article 8(3) CTMR. On numerous occasions OHIM and the courts have decided upon this question. In general, they afford a broad interpretation to the terms “agent or representative”: licensees clearly fall within its ambit.

70. CFI judgment, 6 September 2006, Case T-06/05.


72. See, *e.g.*, Opposition Division, 27/09/2004 Sybex Inc. v SYBEX-Verlag Gmbh [SYBEX], Opposition B 529 372 relating to CTM 2 320 562.
special, fiduciary relationship based on the understanding that the trade mark applicant has privileged knowledge about and access to the trade mark by reason of its relationship with the trade mark owner, and that it breached the latter’s confidence by the unauthorised filing of the application. The existence of a trade mark licence undoubtedly gives rise to such a fiduciary relationship.

In *Jim O’Neal Distributing, Inc. v Mark Costahaudeno [AZONIC]*,<sup>73</sup> the Opposition Division had to consider whether the same applied where a licence had once existed but expired before the former licensee filed the CTM application. It held correctly that the expiry of a licence did not rule out the application of Article 8(3) CTMR because the fiduciary relationship between the parties continued and imposed on the applicant a duty of loyalty and confidence towards the trade mark owner. In that case, the licence had expired just two or three months before the licensee filed the application. It is difficult to say how long after the expiry of the co-operation between the trade mark owner and the CTM applicant the fiduciary relationship persists: as with any post-contractual obligation, this will depend on the scope and duration of the commercial co-operation and the consequent level of trust between the parties. The fiduciary relationship will, however, cease to exist when the trade mark owner disappears, when it is clear from the owner’s conduct that it has no interest in the trade mark or when, by objective standards, the trade mark owner could no longer expect the CTM applicant to display any type of loyalty towards it.

Having said that, the Cancellation Division in *A. and G. Inc. v Murina Europe Limited [MURINA]*<sup>74</sup> held, quite logically, that the relevant point in time for assessing whether the parties had an agent-representative relationship under Article 8(3) CTMR was the filing date of the contested CTM. Evidence only relating to the time after that date, for example showing post-filing negotiations between the parties, was considered irrelevant.

The term “licence” can cover a broad variety of rights of use. For Article 8(3) CTMR purposes the formal category of the licence will matter less than the nature of relationship that it creates between the parties: at base, is this licence capable of creating fiduciary duties. In this regard, in *EAST SIDE MARIO’S*,<sup>75</sup> the

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73. Opposition Division of 21/02/2002 Opposition B 167 926 relating to CTM 348 409.
74. Cancellation Division, 01/08/2003 OHIM reference 878C for CTM 673 681 [MURINA].
Opposition Division considered Article 8(3) inapplicable even though there was evidence of some business link between the parties, holding that a mere desire to establish a commercial relationship could not be considered as a concluded agreement regarding the use of a trade mark. Accordingly the opponent had not submitted sufficient evidence to prove that the applicant was its agent or representative and dismissed the opposition.

In an interesting example of the interplay between Articles 8(3) and 52(1)(b) CTMR, the Cancellation Division subsequently invalidated the EAST SIDE MARIO’S mark on the basis of bad faith. The nature of the “business link” that gives rise to a finding of bad faith under Article 52(1)(b) thus seems broader in scope than that covered by Article 8(3) CTMR.

B. Licensee Acting in Bad Faith
Under Article 52(1)(b) CTMR

Article 52(1)(b) CTMR allows the declaration of invalidity of a CTM based on bad faith. In general terms, the mere knowledge of another’s trade mark does not constitute bad faith, just as mere copying does not amount to a trade mark infringement. Bad faith requires something more than that, some kind of malicious intention towards the trade mark owner. The Cancellation Division has held that bad faith generally implies or involves actual or constructive fraud, or a design to mislead or deceive another, or any other sinister motive; conceptually, bad faith can be understood as a “dishonest intention.” This means that bad faith may be interpreted as unfair practices involving lack of any honest intention on the part of the CTM applicant at the time of filing.76

Proving this is usually the difficult part of a bad faith action. The existence of any kind of relationship between the CTM registrant and the applicant for invalidity can be key. For a finding of bad faith due to breach of some type of confidence, there must have been some connection between the parties. The Cancellation Division in Antoinette van Rossum v Heinrich Mack Nachf [CLAIRE FISHER]77 held that Article 52(1)(b) CTMR did not protect owners of rights against trade mark applications which were filed independently. The essential question was rather whether the relationship between the parties created a close

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76. Cancellation Division, 25/10/2000 OHIM reference C000479899/1 for CTM 479 899 [BE NATURAL].

enough business link between both to expect the registrant not to file an identical CTM application in its own name.

The Cancellation Division also put the matter succinctly in *Alcancia BV v Salvador Corbella Sala* [PERGAMANIA]. The applicant for invalidity had a distribution agreement relating expressly to the mark in question. The Cancellation Division held that under Article 52(1)(b) CTMR there was bad faith not only where an applicant intentionally submits wrong or misleadingly insufficient information to the Office, but also where “he intends, through registration, to lay his hands on the trade mark of a third party with whom he had contractual or pre-contractual relations.” The situation is, in that respect, not greatly different from that of the unlawful agent.

Similarly, in *L.T. Overseas Ltd v A1 Trading (UK) Limited* [DAAWAT] the finding of bad faith was based on a prior relationship between the parties: the manager of A1 Trading had visited the applicant for invalidity’s premises in India on several occasions to purchase rice. He became aware during those visits of the applicant for invalidity’s DAAWAT trade mark, and its intention to expand into Europe in the near future. A1 Trading subsequently filed applications in the UK and with OHIM to register the trade mark DAAWAT for a range of goods including rice. The Cancellation Division stated that, unless the CTM applicant could justify its action, OHIM must conclude bad faith, in circumstances where the applicant applied for a CTM while knowing, as a result of direct relations with a third party, that that party was using, in good faith and in a regular manner, an identical trade mark for identical or similar goods and services, in particular bearing in mind that the trade mark was already registered outside the EU and that its owner was planning to sell in the EU. For these reasons, it had to be considered that the application was applied for with the intention of pre-empting the owner of the mark from using it in the EU. Misappropriating the trade mark of a third party in such a manner constituted bad faith within the meaning of Article 52(1)(b) CTMR.

Given that a licence confers use over the licensor’s proprietary rights, a licensee has at least as close a link with the rights owner as a distributor or a purchaser. The licensor/licensee relationship will definitely constitute a close enough business link to give rise

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78. Cancellation Division, 04/09/2006 OHIM reference 882C for CTM 2 583 748.
80. Cancellation Division, 28/06/2004 OHIM reference 466C for CTM 659 037.
81. *Id.*, at para. 9.
to a finding of bad faith action under Article 52(1)(b) CTMR, assuming that other criteria for bad faith are met. In A. and G. Inc v Murina Europe Limited [MURINA],82 the Cancellation Division confirmed as much when it stated:

On the other [hand], even if the agreement between the parties was formally concluded after the filing date of the application, it may still be possible to deduce from the evidence that the parties were already in some form of commercial cooperation before the signature of the relevant contract and that the proprietor was already acting as the applicant’s agent, representative, distributor or licensee.

V. SUMMARY

Licences have played a reduced role in OHIM case law to date and, accordingly, even more so in the Court of First Instance and the European Court of Justice practice. We have discussed three contexts in which OHIM has dealt with licences. With respect to licensees enforcing the licensed trade marks, it is clear that this is in principle possible, provided that this is the case validly existed at the time the opposition period expired or the invalidity action was brought, that it is properly proven and that the licensee is authorised to bring such an action.

In examining the validity of the licence, OHIM applies a European standard. In particular, it does not require the recordal of the licence to recognise the licensee’s locus standi. But the licensee’s authorisation to bring the action must be explicit, be it in the licence agreement or in a separate document, even though the applicable law would not require such an express authorisation for a licensee to enforce the mark.

In line with European trade mark law trade mark use under licence is clearly recognised as constituting valid use of the mark, independent of the validity or recordal of the licence. The law recognises that use made with the trade mark owner’s consent counts as genuine use of the mark. OHIM has applied generous standards by presuming that the third party was using the trade mark owner’s mark (not simply infringing the mark or using the mark in a generic way) and that consent had been given if the trade mark owner was in the position to provide evidence of third-party use.

In the authors’ experience, however, these requirements are a good deal stricter where the third-party use is relied upon to show acquired distinctiveness or reputation.

82. Cancellation Division, 21/12/2005 OHIM reference 878C for CTM 673 681.
Finally, in the context of a CTM application or registration by the licensee without the licensor’s consent, the licensee will usually be considered to have acted as an unlawful agent or in bad faith. While neither finding would require a licence agreement, its existence will certainly facilitate such a finding. The licensee may still be regarded an unlawful agent or as having acted in bad faith even if the licence had expired prior to the filing of the CTM, provided there was a post-contractual confidence that was breached by the unauthorised filing. Similarly, a pre-contractual relationship may give rise to protection of the trade mark owner’s confidence in the potential licensee’s loyalty, independent of whether the licence is ultimately granted.