

Court of Justice of the European Union

Cour de Justice de l'Union Européenne

L – 2925 Luxembourg

Re: Case C-62/21 *Leinfelder Uhren GmbH & Co KG v. E. Leinfelder GmbH and others*

Amicus Submission – International Trademark Association

The International Trademark Association (INTA) has prepared this Submission in relation to Case C-62/21 *Leinfelder Uhren GmbH & Co KG v. E. Leinfelder GmbH and others*, pending before the Court of Justice of the European Union (CJEU), request for preliminary ruling under Article 267 of the Treaty on the Functioning of the European Union (TFEU) referred by the Federal Supreme Court (Bundesgerichtshof), Germany.

The case concerns issues related to the validity of contractual non-challenge clauses on the basis of non-use against a European Union Trademark (EUTM). The first question referred to the CJEU aims at balancing the scope of protection awarded by a registered trademark to its owner and the interest of the public to protect the register from being blocked by non-used “paper marks”. The second question aims at obtaining an answer on the specific procedural setting of the case and the relationship between the jurisdiction of national courts and the proceedings before the European Union Intellectual Property Office (EUIPO) and European Union (EU) courts in trademark matters.

A. INTA's interest in the case

1. INTA is not a party in the case and acknowledges that the CJEU does not have a procedure for accepting an *amicus curiae* intervention *stricto sensu*. INTA however believes that the case is significant to the development of design and trademark law and presents itself as a “friend of the court” in this matter and as done in the past (*cf. Annex A* listing previous amicus interventions by INTA before European courts and bodies).

2. This submission was prepared by the INTA's International Amicus Committee – Europe Amicus Subcommittee, under the direct supervision of INTA's Executive Committee of the Board of Directors, following a strictly independent procedure. In particular and in order to maintain INTA's independence, the preparation of the enclosed submission took place confidentially. INTA did not disclose its deliberations to either of the parties and did not consult with the parties on the issues in the cases.

3. INTA hopes that its comments may be of assistance to the Court.

B. About INTA

1. INTA is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation. Members include nearly 6,500 organizations, representing more than 34,350 individuals (trademark owners, professionals, and academics) from 185 countries, who benefit from the Association's global trademark resources, policy development, education and training, and international network. Founded in 1878, INTA is headquartered in New York City, with offices in Beijing, Brussels, Santiago, Singapore, and Washington, D.C., and a representative in New Delhi. For more information, visit www.inta.org.

2. An important objective of INTA is to protect the interests of the public by the proper use of trademarks. In this regard, INTA strives to advance the development of trademark, related IP and unfair competition laws and treaties throughout the world, based on the global public interest in avoiding deception and confusion. INTA has been an official non-governmental observer to the World Intellectual Property Organization ("WIPO") since 1979 and actively participates in all trademark related WIPO proposals. INTA has influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas, including the Asia Pacific Economic Cooperation Forum ("APEC"), the Association of Southeast Asia Nations ("ASEAN"), the European Union (EU) and the World Trade Organization ("WTO").

3. INTA provides expertise concerning trademark and other IP-related laws to courts and intellectual property offices around the world through the submission of *amicus curiae* ("friend of the court") briefs or similar filings, playing a neutral role and addressing only the legal issues. Since 1916, INTA has intervened as *amicus curiae* ("friend of the court") in the US and in other jurisdictions, including before the CJEU and the General Court of the EU. A list of some of these submissions is attached as **Annex A** to this Submission.

C. Reasons why INTA is submitting this brief

1. The questions referred to the CJEU in this case are:

1. Does the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, lead to the ineffectiveness of a contractual agreement by which a third party undertakes vis-à-vis the proprietor of an EU trade mark not to file an application for the revocation of that EU trade mark on the grounds of non-use with the European Union Intellectual Property Office? (Question 1)

2. Does the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, have the effect that a final judgment of a court of a Member

State requiring the defendant to withdraw an application for the revocation of an EU trade mark on the grounds of non-use filed by him or her directly or via a person instructed by him or her is to be disregarded in revocation proceedings before the European Union Intellectual Property Office and the Courts of the European Union? (Question 2).

2. INTA considers Question 1 to be of general importance. The outset of the national proceedings is determined by the “Carrera”-ruling of the General Court of November 16, 2017 (T-419/16) which held in its para. 35 that a non-challenge-clause in a private trademark purchase agreement should not have an impact on revocation proceedings under Article 56(1)(a) CTMR. Against this background the referring Bundesgerichtshof asks if this ruling is to be taken as a general guidance, if it can be distinguished from the Leinfelder-scenario or if it should be overruled in the sense that private non-challenge obligations have to be taken into account in revocation, cancellation or opposition proceedings.

3. These issues are of general importance for brand owners. Non-challenge clauses are customary in all kinds of private agreements dealing with trademarks as objects of property (*inter alia* license, transfer or pledge agreements). Their rationale is to clarify, between the parties, the validity of the trademarks subject to the agreement.

4. There is no CJEU case law on these issues which deals with trademark rights only. There is only an established principle of competition law that non-challenge agreements shall not be abused for the purpose of market foreclosure (see CJEU-judgment of January 30, 1985, 35/81 – *BAT Cigaretten Fabriken vs. Commission*, para. 33¹). As there is no case law at CJEU-level dealing with non-challenge clauses in general, the Leinfelder-referral will somehow result in a mapping of the landscape of revocation proceedings for non-use. It may also well influence the rules applicable in invalidation proceedings on absolute grounds or in opposition or invalidation proceedings on relative grounds.

D. Background

In the case at hand, the former owners of earlier national rights had sold their rights to a new entity taking over their assets and their business. The former owners had acquired minor shares of the new entity which they later left in dispute. Despite contractual non-challenge obligations, the former owners instructed a lawyer to file revocation petitions against two EUTMs which in the meantime had been registered on the basis of earlier national marks. The new entity, Leinfelder KG, sought judicial help through a court order against the instructed lawyer to withdraw the pending petitions. This attempt however failed before the Munich District Court and Munich Court of Appeal because of the Carrera-ruling of the General Court of the EU (judgment of November 16, 2017, T-419/16) which held in its para 35. that because of the absence of a necessity of a legal interest to file a revocation claim, the legal interest of the owner of the mark under attack to enforce a “private” non-challenge obligation cannot be taken into account.

In relation to the interpretation of the respective provisions of Articles 56 (1) CTMR and 63 (1) EUTMR:

¹ Invoking also the CJEU judgment of 13 July 1966 (Joined cases 56 and 58/64, *Consten and Grundig v Commission*, (1966) ecr 299 , p.346), the EU system of competition “does not allow the improper use of rights under any national trade mark law in order to frustrate the community ' s law on cartels”. ’

1. These provisions are not a peculiarity of EU Trademark Law. Similar rules exist in nearly every trademark regime which offers a special protection for registered trademarks.
2. These provisions aim at safeguarding any trademark system based on registrations. Such systems need to be kept under control and open for everyone. In that regard, the absolute and relative grounds for refusal have – in a wider sense – the same rationale of preserving the functioning of the system by blocking the entry of registrations that for one reason or another do not fit into the system.
3. The EUTMR not only provides for an ex ante protection of the functioning of the system, at the entry of registrations, but for a similar ex post control by means of Articles 58-60, which stipulate the possibility of revocation for non-use and the invalidation on absolute or relative grounds.
4. Those “self-purifying” remedies are designed as procedural remedies open to the broad or a limited public. The question to be answered here is if the functioning of these provisions will suffer in the case that exceptions to the admissibility of such proceedings have to be taken into account.
5. More precisely, the *Leinfelder*-case firstly raises the question as to whether non-challenge obligations have an impact on the “self-purifying” provisions of the EUTMR in that they limit the access to the respective remedies for certain individuals. Secondly, the *Leinfelder*-case raises the question of whether the rationale of the “self-purifying” provisions of the EUTMR calls for an absolute application or if exceptions are admissible without endangering the functioning of the system as a whole.

E. INTA's analysis

In accordance with the position of INTA on trademarks as an object of property, we highlight the importance of private agreements dealing with trademarks as an object of property also in administrative proceedings before intellectual property offices. More specifically, we consider that non-challenge obligations should prevail over the public access to revocation or invalidation proceedings in that they constitute an act of bad faith to be taken into account as a ground for a loss of entitlement of (only) those individuals which directly or indirectly are privately barred from filing invalidation or revocation claims with the EUIPO.

As regards the need for a legal interest

The argument brought forward by the General Court in the Carrera-ruling is restricted to the filing of admissible revocation claims. Article 63 (1) (a) EUTMR raises no other bar than that the person filing such a claim should have the capacity to sue and be sued under national laws. In particular, Article 63 (1) (a) EUTMR does not call for a specific legal interest which otherwise is the rule in many jurisdictions to protect courts and government-bodies from an overload of proceedings. The General Court, however, turned the absence of a procedural bar into an absolute and negative rule: it concluded that because for the filing of revocation claims a legal interest is not necessary there is no place of taking legal interest into account at all.

In INTA's view, this is not convincing. There is no logic in applying the absence of a standard requirement in a certain case or scenario to quite a different case/scenario as a negative matter of principle. The EUIPO may well recognize and take into account the legal interests of

trademark owners to seek protection against bad faith applications for revocation without diluting or setting aside the absence of a legal interest requirement in revocation proceedings as far as the applicants are concerned.

As regards the openness of revocation proceedings

As mentioned above, the relative openness of revocation or invalidation proceedings serves the functioning of the registration system as a whole. Therefore, the *Leinfelder*-referral raises the material question as to whether the system would suffer from being weakened, if the access to revocation or invalidation proceedings were denied in exceptional cases for some individuals.

This question should be answered in the negative. Article 63 (1) (a) EUTMR opens revocation or invalidation proceedings to an extremely broad public worldwide. Potentially over 5 billion individuals or legal persons may take advantage of this access for whatever reason. Therefore, closing access for only a few natural or legal persons will have no impact at all on the system's functioning. It will in no way question or harm the functioning of the revocation or invalidation provisions as such. Consequently, there is no material reason for not limiting the access to revocation or invalidation proceedings in the case of non-challenge clauses and/or bad faith.

As regards the provisions dealing with trademarks as an object of property

The EUTMR acknowledges an impact of bad faith on administrative proceedings in its Articles 59 (1) (b), 61 (1), 61 (2) and 138 (2). These provisions all deal with the application for registration in bad faith. Against this background, one has to ask if the EUTMR should also acknowledge an impact of bad faith in the opposite scenario, i.e., in cases dealing not with the acquisition but with the loss of trademarks. From the viewpoint of property law, bad faith can occur in either area of trademark law. Consequently, bad faith should also be taken into account in the context of applications for revocation or invalidation. The impact of bad faith in such proceedings is just the other side of the coin.

As regards consistency of all the proceedings for revocation and invalidity

It is well established that a request for revocation or invalidity can be withdrawn at any time during the proceedings; in such cases the proceedings will be closed without a decision on the merits of the request. Consequently, the system concerning cancellation proceedings in the EUTMR accepts that parties convene as regards cancellation proceedings; it does not make a material difference whether the parties agree after or before the filing of a cancellation request that it shall not be decided by the EUIPO.

Furthermore, in each specific case, the issue of whether revocation or invalidation on absolute or relative grounds may be granted by the EUIPO bears uncertainties. There are a number of questions of fact and law which can bear legal uncertainties and which outcome cannot be guaranteed in advance, such as whether the use that has been made of a trademark qualifies for genuine use, whether a trademark has become generic due to the acts or inactivity by its proprietor, whether a trademark has become misleading in consequence of its use, whether an absolute ground such as descriptiveness or lack of distinctiveness applies or whether a relative ground such as likelihood of confusion with an earlier trademark exists. Also, in view of such uncertainties, parties should not be prevented from agreeing in advance not to raise relative grounds (such as it is typically provided for in co-existence agreements). The same is

valid for absolute grounds for invalidity and grounds for revocation: while everybody is, in general, entitled to file requests for invalidity due to lack of distinctiveness or descriptiveness, it is often in the interest of parties to agree in advance that such actions shall not be filed by each party to an agreement against trademarks of the other party. There is no reason why the same rationale should not apply to grounds of revocation and we see no difference between a claim of a trademark having become generic or misleading and a claim for lack of genuine use of a trademark.

As regards the impact of human rights' protection

Article 6 of the Lisbon Treaty imposes an obligation on EU member states and EU institutions to protect and respect the Charter of Fundamental Rights of the European Union. Article 17 of the Charter grants the protection of property which, under the case law of the CJEU, entails observing the protection of property in cases of interpreting secondary EU laws (see judgement March 29, 2012, C-1/11 – *Interseeroh Scrap*, para 43; judgment of May 12, 2005, C-347/03 – *Regione autonoma*, para 119). Against this background, the fact that the EUTMR is silent with regard to the impact of bad faith in revocation or invalidation proceedings should not be mistaken as advice to ignore bad faith. On the contrary, the EUTMR should be read as an open regime which allows interpretation according to additional unwritten rules as a clarification of the body of written rules if necessary either for an effective protection of trademark rights or the functioning of the system as a whole. The *Leinfelder* case calls for the earlier. Article 63 (1) (a-c) EUMTR should be clarified by the unwritten principle that the rights conferred under these provisions should not be granted in the case of bad faith and the owner of the trademark concerned is entitled to object to claims with a basis on bad faith.

We also note that the CJEU ruling of 28/07/2016 C-423/15, *Kratzer*, EU:C:2016:604, para. 44), confirmed that an abuse of rights may take place in relation to provisions of EU law, while recently the EUIPO Grand Board of Appeal (GBoA) applied “*the notion of abuse of rights or process*” as a bar to the admissibility of a revocation action against an EUTM, in its decision of February 11, 2020, *Fashion TV Brand Holdings C.V. v. CBM Creative Brands Marken GmbH* (par. 29), relying on *Kratzer*. In particular, in this decision the GBoA stressed, *inter alia*, that “*It is common ground that a revocation request for non-use may be brought by any natural or legal person (Article 63(1)(a) EUTMR) and that that person does not have to demonstrate any particular reason, interest or motive for filing the request (08/07/2008, T-160/07, Color Edition, EU:T:2008:261, §22-26; 30/05/2013, T-396/11, Ultrafilter International, EU:T:2013:284, § 24). However, the notion of abuse of rights or process is completely independent of the rules as to who is entitled to bring a cancellation request, and of whether or not such an interest in filing the request must be shown. The ‘Kratzer’ judgment (28/07/2016, C-423/15, Kratzer, EU:C:2016:604) precisely refers to a situation where despite the formal observance of the relevant legislation (here: no own interest needs to be shown) the purpose of those legislative rules is not achieved. Therefore, the first main argument presented on appeal that the cancellation applicant did not have to show any particular interest in bringing these proceedings is neither here nor there. The Court characterises this as a bar of genuine European Union law (as applicable to the relevant norms of EU law themselves) and no reference to the generally recognised principles of national procedural law (Article 107 EUTMR) is needed*” (see, to that effect, paragraphs 32-33).

As regards freedom of contract

Freedom of contract is a fundamental principle of law in Europe. It allows parties to provide for the terms and conditions that will govern their relationship. Limitation of the freedom of contract is allowed under specific circumstances so as not to render any contractual agreement null and void and the whole contract rationale pointless. Limits to such freedom are legal provisions of mandatory nature, from which parties cannot deviate by agreement. INTA submits that the provisions of Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, as well as the respective national provisions implementing the equivalent trademark directives provisions, are not of such mandatory nature. These may be deviated from by an agreement between individual parties as regards their *inter partes* relation. Therefore, the right to bring such proceedings is a right that holders may dispose of and which they may agree to restrict. In INTA's view, such restrictions do not nullify the right of access to justice nor that such agreements shall be scrutinized only under mandatory provisions and general principles of contract nullity (e.g. abuse) of the applicable national law.

Conclusion

INTA's view is that the filing of a request for invalidation or revocation or an opposition in violation of a valid contractual non-challenge obligation constitutes an act of bad faith which results in an inadmissibility of the respective request before the EUIPO.

INTA's views on the questions referred by the Bundesgerichtshof, are as follows:

- **Question 1:** the circumstance that an application for revocation of an EU trademark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, **does not** lead to the ineffectiveness of a contractual agreement by which a third party undertakes vis-à-vis the proprietor of an EU trademark not to file an application for the revocation of that EU trademark on the grounds of non-use with the EUIPO;
- **Question 2:** the circumstance that an application for revocation of an EU trademark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, **does not** have the effect that a final judgment of a court of an EU member state requiring the defendant to withdraw an application for the revocation of an EU trademark on the grounds of non-use filed by him or her directly or via a person instructed by him or her is to be disregarded in revocation proceedings before the EUIPO and the EU courts.

ANNEX A

INTA has filed the following *amicus*-type submissions in cases before European courts:

- Third Party Observations on April 1, 2021 in [Case R 964/2020-4, EUROMADI IBERICA, S.A./ Zorka Gerdzhikova](#)
- Third Party Observations on 3 March 2021 in [Cases R 1719/2019-5 and R 1922/2019-5, The Estate of the Late Sonia Brownell Orwell ./. EUIPO](#).
- Third Party Observations on 24 February 2021 in [Case R 2248/2019-5, The Estate of the Late Sonia Brownell Orwell ./. EUIPO](#).
- Letter of submission on December 23, 2020 in [Case C-421/20 ACACIA S.R.L v. Bayerische Motoren Werke Aktiengesellschaft](#)
- Third Party Observations on December 1, 2020 to EUIPO Grand Board in [Case R 1304/2020-G, Der Grüne Punkt Duales System Deutschland GmbH ./. Halston Properties, s.r.o. GmbH](#)
- Letter of submission to Novartis AG on September 28, 2020, in Joint Cases C-254/20 Novartis AG v. Impexco NV and C-254/20 Novartis AG v. PI Pharma NV ([C-253/20 and C-254/20](#))
- Letter of submission to Novartis AG on August 27, 2020, in Joint cases C-147/20, Novartis Pharma GmbH v. Abacus Medicine A/S and C-224/20, Merck Sharp & Dohme B.V. et al. v. Abacus Medicine A/S et al. ([C-147/20 and C-224/20](#))
- Statement of Intervention on January 6, 2016, in the case *DHL Express (France) v EUIPO* ([T-142/15](#)).
- Statement of Intervention on April 25, 2014 in the case *Voss of Norway v OHIM* ([C-445/13 P](#)).
- Written Observations on March 16, 2010 in the case *Nokia Corporation v. Her Majesty's Commissioners of Revenue and Customs* (HMRC) ([C-495/09](#)).
- Letter of submission to Specsavers International Healthcare Limited on August 23, 2012 in the trademark case *Specsavers International Healthcare Limited & others vs Asda Stores Limited* ([C-252/12](#)).
- Letter of submission to Intel Corporation on September 5, 2007, in the trademark case *Intel Corporation v. CPM United Kingdom Ltd.* ([C-252/07](#)).
- Letter of submission to Adidas and adidas Benelux on June 12, 2007 in the trademark case *Adidas and adidas Benelux* ([C-102/07](#)).
- Letter of submission to SARL Céline on April 25, 2006 in the trademark case *SARL Céline v. SA Céline* ([C-17/06](#)).
- Submission as intervener to the English Court of Appeals on October 16, 2006 in the case *Special Effects v L'Oreal SA* (HC 05C012224, Court of Appeal 2006 0744).
- Letter of submission to Bovemij Verzekeringen N.V. on June 17, 2005 in the case *Bovemij Verzekeringen N. V. v. Benelux Merkenbureau* (ECJ - C-108/05).
- Letter of submission to Schering-Plough Ltd. on December 5, 2003 in the trademark case *Schering-Plough Ltd v. European Commission and EMEA* (CFI T-133/03).

- Letter of submission to Merck Inc. on April 4, 2003 in the trademark case *Paranova A/S v. Merck & Co., Inc, Merck, Sharp & Dohme B. V. and MSD (Norge) A/S* (EFTA Court E-3/02).
- Letter of submission to Praktiker Bau - und Heimwerkermarkte AG on March 20, 2003 in the trademark case *Praktiker Bau - und Heimwerkermarkte AG* (ECJ C- 418/02).
- Letter of submission to Shield Mark on November 1, 2001 in the trademark case *Shield Mark v. J. Kist* (ECJ C-283/01).
- Letter of submission to Libertel Groep B.V. on July 6, 2001 in the trademark case *Libertel Groep B.V. v. Benelux Merkenbureau* (ECJ - C- 104/01)
- Letter of submission to Glaxo Wellcome Limited on October 10, 2000 in the trademark case *Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited* (ECJ - C-I43/00)