

well-known or as a use mark which entails a more favourable priority than a registered mark would do.⁷⁶⁶

5.8 Use

5.8.1 The Law in General

In Europe, the proprietor has the obligation to use the trade mark in trade or commerce within five years after registration. Additionally, he may not suspend the use of the trade mark at any time during its lifetime for an uninterrupted period of five years or more, unless there are proper reasons for doing so.⁷⁶⁷ In case of failure to use the trade mark as described, the mark does not instantly become invalid. However, once the proprietor legally enforces it vis-à-vis others, these persons may hold the lack of use against him.⁷⁶⁸ In addition, any natural or legal person may submit an application for revocation to OHIM, Artt. 55(1)(a) and 50(1)(a) CTMR.

Correct use must be “genuine” as opposed to a mere pseudo- or token use. This means that the proprietor is obliged to utilise the trade mark on the market with its product- or service-related functions and not merely in order to maintain the mark.⁷⁶⁹

5.8.2 Findings – Relation to Brand Value

Like registration, correct trade mark use is a yes or no issue. Failing use after lapse of the grace period or for any period of more than five years during the lifetime of the trade mark does not automatically render the mark invalid yet jeopardises it. Hence, it must be assessed in a given case whether others have already taken action against the mark. In this context, again, the negative side has stronger adverse effects on brand value than the positive side (correct use) has beneficial ones. Affirmed genuine trade mark use is no more than an enabler for brand value generation.

766 *Marx*, Deutsches, europäisches und internationales Markenrecht, at no. 385.

767 Art. 15 CTMR.

768 Art. 43(2) CTMR; Art. 56(2) CTMR; Artt. 95(3) and 92(a) and (c) CTMR; Artt. 50(1)(a), 95(1) CTMR.

769 *Marx*, Deutsches, europäisches und internationales Markenrecht, at no. 1348.

5.9 Title

5.9.1 Introductory Remarks

The allocation of the trade mark to a specific proprietor puts it at his disposal – exclusively or non-exclusively, depending on the type of title.⁷⁷⁰ In the majority of all cases, trade mark title exists in the form of single or joint ownership or exclusive or non-exclusive licensee status.

In terms of legal enforceability of the mark, it is important to make sure the trade mark is registered in the correct (natural or legal) person's name. However, the question whether the owner is the 'right' one in a marketing sense is a business strategic rather than a legal issue.⁷⁷¹

5.9.2 Relation to Brand Value

A full owner is enabled to utilise and exploit the trade mark in any form he chooses (as long as he does not violate any third party rights), be it use on goods and/or services as part of a brand, sale, licencing, securitisation, cancellation or other. A licensee's rights are more restricted, depending on the type of exclusivity and the terms of the licencing agreement.⁷⁷²

The higher the quality of title in a trade mark, i.e. the closer it is to full ownership, the more possibilities of utilisation and exploitation does the proprietor have. Since utilisation in trade or commerce and exploitation of the brand are prerequisites for and cornerstones of value generation, full trade mark title is more beneficial than restricted title.

On the other hand, need and willingness to value a brand generally decline with the quality of title. Some situations requiring brand valuation only apply to full owners, such as most brand transactions. Nonetheless, as it cannot be *prima facie* ruled out that licensees in rare cases also need to value the respective brand, it should be examined within the legal dimension of the SIM whether the type of trade mark title is sufficient in light of the mark's (intended) use.

770 Cf. Artt. 16 et seq. CTMR.

771 Therefore, it needs to be assessed in the course of the business strategic dimension whether the proprietor is in a position to exploit the asset in a best possible way.

772 More on licencing *infra* at 5.13.1.