

JUDGMENT OF THE COURT (Third Chamber)

6 March 2014 (*)

(Trade marks – Directive 2008/95/EC – Article 12(2)(a) – Revocation – Trade mark which, in consequence of acts or inactivity of the proprietor, has become the common name in the trade for a product or service in respect of which it is registered – Perception of the word sign ‘KORNSPITZ’ by sellers, on the one hand, and by end users, on the other – Loss of distinctive character from the point of view of end users only)

In Case C-409/12,

REQUEST for a preliminary ruling under Article 267 TFEU from the Oberster Patent- und Markensenat (Austria), made by decision of 11 July 2012, received at the Court on 6 September 2012, in the proceedings

Backaldrin Österreich The Kornspitz Company GmbH

v

Pfahnl Backmittel GmbH,

THE COURT (Third Chamber),

composed of M. Ilešič (Rapporteur), President of the Chamber, C.G. Fernlund, A. Ó Caoimh, C. Toader and E. Jarašiūnas, Judges,

Advocate General: P. Cruz Villalón,

Registrar: K. Malacek, Administrator,

having regard to the written procedure and further to the hearing on 29 May 2013,

after considering the observations submitted on behalf of:

- Backaldrin Österreich The Kornspitz Company GmbH, by E. Enging-Deniz, Rechtsanwalt,
- Pfahnl Backmittel GmbH, by M. Gumpoldsberger, Rechtsanwalt,
- the German Government, by T. Henze and J. Kemper, acting as Agents,
- the French Government, by D. Colas and J.-S. Pilczer, acting as Agents,

- the Italian Government, by G. Palmieri, acting as Agent, assisted by S. Varone, avvocato dello Stato,
 - the European Commission, by F. Bulst and J. Samnadda, acting as Agents,
- after hearing the Opinion of the Advocate General at the sitting on 12 September 2013,
gives the following

Judgment

1 This request for a preliminary ruling concerns the interpretation of Article 12(2)(a) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299, p. 25, and corrigendum in OJ 2009 L 11, p. 86).

2 The request has been made in proceedings between Backaldrin Österreich The Kornspitz Company GmbH ('Backaldrin'), a company governed by Austrian law, and Pfahnl Backmittel GmbH ('Pfahnl'), also a company governed by Austrian law, concerning the word sign 'KORNSPITZ', which Backaldrin had had registered as a trade mark.

Legal context

Directive 2008/95

3 Under Article 2 of Directive 2008/95, '[a] trade mark may consist of any signs capable of being represented graphically ... provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings'.

4 Article 3 of that directive provides:

'1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

...

(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

...'

5 Article 5 of Directive 2008/95 states:

'1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

...'

6 Article 12 of Directive 2008/95 states:

'1. A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

...

2. Without prejudice to paragraph 1, a trade mark shall be liable to revocation if, after the date on which it was registered:

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;

...'

Austrian law

7 Paragraph 33b of the 1970 Law on the protection of trade marks (Markenschutzgesetz 1970, BGBl. 260/1970), in the version in force at the time of the facts in the main proceedings, is worded as follows:

‘1. Any person can apply for a trade mark to be cancelled if after the date on which it was registered, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered.

2. The cancellation decision shall have retroactive effect from the date in respect of which the definitive transformation of the trade mark into the common name ... has been proven.’

The dispute in the main proceedings and the questions referred for a preliminary ruling

8 Backaldrin had the Austrian word mark KORNSPITZ registered for goods in Class 30 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. Those goods include the following:

‘flour and preparations made from cereals; bakery goods; baking agents, pastry confectionery, also prepared for baking; pre-formed dough ... for the manufacture of pastry confectionery’.

9 Under that trade mark, Backaldrin produces a baking mix which it supplies primarily to bakers. They turn that mix into a bread roll which is oblong in shape and has a point at both ends. Backaldrin consented to the use of that trade mark by those bakers and the foodstuffs distributors supplied by them in the sale of that bread roll.

10 Backaldrin’s competitors, which include Pfahnl, like the majority of bakers, know that the word sign ‘KORNSPITZ’ has been registered as a trade mark. By contrast, according to Pfahnl’s claims, which Backaldrin disputes, that word sign is perceived by end users as the common name for a bakery product, namely for bread rolls which are oblong in shape and have a point at both ends. That perception is explained, inter alia, by the fact that the bakers using the baking mix provided by Backaldrin do not generally inform their customers either that the sign ‘KORNSPITZ’ has been registered as a trade mark or that the bread rolls are produced using that mix.

11 On 14 May 2010, Pfahnl filed, pursuant to Paragraph 33b of the 1970 Law on the protection of trade marks, an application for revocation of the trade mark KORNSPITZ in respect of the goods referred to in paragraph 8 of the present judgment. By decision of 26 July 2011, the Cancellation Division of the Österreichischer Patentamt (Austrian Patent Office) granted that application. Backaldrin appealed against that decision to the Oberster Patent- und Markensenat (Supreme Patent and Trade Mark Court).

12 That court is unsure to what extent it should take account, in applying the criterion of ‘common name in the trade’ to the dispute in the main proceedings, of the fact that not all the goods in respect of which the mark has been registered are directed at the same customers. It states, in that regard, that the end users of the raw materials and intermediate products marketed by Backaldrin under the trade mark KORNSPITZ, such as the ready-mix for bread rolls, are bakers and foodstuffs distributors, whereas the end users of the bread rolls are the customers of those bakers and foodstuffs distributors.

13 The Oberster Patent- und Markensenat takes the view that the appeal against the revocation decision of the Cancellation Division of the Österreichischer Patentamt should be upheld in so far as the trade mark at issue in the main proceedings has been registered in respect of raw materials and intermediate products – flour and preparations made from cereals, baking agents, pastry confectionary prepared for baking and pre-formed dough for the manufacture of pastry confectionery.

14 As regards, by contrast, the finished goods in respect of which the trade mark KORNSPITZ has also been registered, namely the bakery goods and pastry confectionary, that court seeks clarification in the form of a preliminary ruling from the Court. In particular, it wishes to know whether a trade mark is liable to revocation if that mark has become the common name, not according to the perception of the sellers of the finished product made using the material supplied by the proprietor of that mark, but according to the perception of the end users of that product.

15 The Oberster Patent- und Markensenat states that, when it has received the preliminary ruling, it will assess the necessity for a survey of the end users concerning their perception of the word sign ‘KORNSPITZ’.

16 In those circumstances, the Oberster Patent- und Markensenat decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

‘1. Has a trade mark become ‘the common name [in the trade] for a product or service’ within the meaning of Article 12(2)(a) of Directive [2008/95], where

(a) although traders know that the mark constitutes an indication of origin they do not generally disclose this to [end users], and

(b) (inter alia) on those grounds, [end users] no longer understand the trade mark as an indication of origin but as the common name for goods or services in respect of which the trade mark is registered?

2. Can the conduct of a proprietor be regarded as ‘inactivity’ for the purposes of Article 12(2)(a) of Directive 2008/95 simply if the proprietor of the trade mark remains inactive notwithstanding the fact that traders do not inform customers that the name is a registered trade mark?

3. If, as a consequence of acts or inactivity of the proprietor, a trade mark has become the common name for [end users], but not in the trade, is that trade mark liable to be revoked if, and only if, end consumers have to use this name because there are no equivalent alternatives?’

Consideration of the questions referred

The first question

17 By its first question, the referring court asks, in essence, whether Article 12(2)(a) of Directive 2008/95 is to be interpreted as meaning that a trade mark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the proprietor, that trade mark has become the common name for that product from the point of view solely of end users of the product.

18 According to Backaldrin, the German and French Governments and the European Commission, that question must be answered in the negative, whereas Pfahnl and the Italian Government take the opposite view.

19 In that regard, it must be stated at the outset that Article 12(2)(a) of Directive 2008/95 addresses the situation where the trade mark is no longer capable of fulfilling its function as an indication of origin (see, to that effect, Case C-371/02 *Björnekulla Frukttindustrier* [2004] ECR I-5791, paragraph 22).

20 Among the various functions of a trade mark, that function as an indication of origin is an essential one (see, inter alia, Joined Cases C-236/08 to C-238/08 *Google France and Google* [2010] ECR I-2417, paragraph 77, and Case C-482/09 *Budějovický Budvar* [2011] ECR I-8701, paragraph 71). It serves to identify the goods or services covered by the mark as originating from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, Case C-12/12 *Colloseum Holding* [2013] ECR, paragraph 26 and the case-law cited). That undertaking is, as the Advocate General stated at point 27 of his Opinion, that under the control of which the goods or services are marketed.

21 That essential function of trade marks has been incorporated by the European Union legislature into Article 2 of Directive 2008/95, which provides that signs which are capable of being represented graphically may only constitute a trade mark if they are capable of distinguishing the goods or services of one undertaking from those of other undertakings (Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 23, and *Björnekulla Frukttindustrier*, paragraph 21).

22 That condition is given effect to in, inter alia, Articles 3 and 12 of that directive. While Article 3 thereof specifies the circumstances in which a trade mark is incapable, *ab initio*, of fulfilling its function as an indication of origin, Article 12(2)(a) of the directive relates to the situation where the trade mark has become the common name and has therefore lost its distinctive character, with the result that it no longer

fulfils that function (see, to that effect, *Björnekulla Frukthandlaren*, paragraph 22). The rights conferred on the proprietor of that mark under Article 5 of Directive 2008/95 may then be revoked (see, to that effect, Case C-145/05 *Levi Strauss* [2006] ECR I-3703, paragraph 33).

23 In the case described by the referring court, which remains subject to its factual assessment alone, the end users of the product at issue in the main proceedings, namely the bread rolls known as ‘KORNSPITZ’, perceive that word sign as the common name for that product and are not, therefore, aware of the fact that some of those bread rolls have been made using a baking mix supplied under the trade mark KORNSPITZ by a particular undertaking.

24 As the referring court has also stated, that perception on the part of end users is due, in particular, to the fact that the sellers of the bread rolls made using that mix do not generally inform their customers that the sign ‘KORNSPITZ’ has been registered as a trade mark.

25 The case set out in the order for reference is, in addition, characterised by the fact that the sellers of that finished product do not generally, at the time of sale, offer their customers assistance which includes an indication of the origin of the various goods for sale.

26 Clearly, in such a case, the trade mark KORNSPITZ does not, in the trade in respect of the bread rolls known as ‘KORNSPITZ’, fulfil its essential function as an indication of origin and, consequently, it is liable to revocation in so far as it is registered for that finished product if the loss of its distinctive character in respect of that product is attributable to acts or inactivity of the proprietor of that trade mark.

27 That finding is not contrary to the interpretation of Article 12(2)(a) of Directive 2008/95 given by the Court in paragraph 26 of the judgment in *Björnekulla Frukthandlaren*, according to which, in cases where intermediaries participate in the distribution of a product which is the subject of a registered trade mark, the relevant classes of persons whose views must be taken into account in determining whether that trade mark has become the common name in the trade for the product in question comprise all consumers or end users and, depending on the features of the market concerned, all those in the trade who deal with that product commercially.

28 It is true, as the Court highlighted in that interpretation, that whether a trade mark has become the common name in the trade for a product or service in respect of which it is registered must be assessed not only in the light of the perception of consumers or end users but also, depending on the features of the market concerned, in the light of the perception of those in the trade, such as sellers.

29 However, as the Court pointed out in paragraph 24 of the judgment in *Björnekulla Frukthandlaren*, in general, the perception of consumers or end users will play a decisive role. It must be held, in line with what the Advocate General stated at points 58

and 59 of his Opinion, that in a case such as that at issue in the main proceedings, which is, subject to verification by the referring court, characterised by the loss of distinctive character of the trade mark concerned from the point of view of the end users, that loss may result in the revocation of that trade mark. The fact that the sellers are aware of the existence of that trade mark and of the origin which it indicates cannot, on its own, preclude such revocation.

30 It follows from all of the foregoing considerations that the answer to the first question referred is that Article 12(2)(a) of Directive 2008/95 must be interpreted as meaning that, in a case such as that at issue in the main proceedings, a trade mark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the proprietor, that trade mark has become the common name for that product from the point of view solely of end users of the product.

The second question

31 By its second question, the referring court asks, in essence, whether Article 12(2)(a) of Directive 2008/95 is to be interpreted as meaning that it may be classified as ‘inactivity’ within the meaning of that provision if the proprietor of a trade mark does not encourage sellers to make more use of that mark in marketing a product in respect of which the mark is registered.

32 In that regard, it must be borne in mind that, by balancing the interests of the proprietor of a trade mark against those of his competitors in the availability of signs, the European Union legislature, in adopting Article 12(2)(a) of that directive, considered that the loss of that mark’s distinctive character can be relied on against the proprietor thereof only where that loss is due to his action or inaction (*Levi Strauss*, paragraph 19, and Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-2439, paragraph 24).

33 The Court has already held that the concept of ‘inactivity’ may cover a failure on the part of the proprietor of a trade mark to have recourse to the exclusive rights referred to in Article 5 of that directive in due time, for the purposes of applying to the competent authority to prevent third parties from using a sign in respect of which there is a likelihood of confusion with that mark, since the purpose of such applications is to preserve the distinctive character of the mark in question (see, to that effect, *Levi Strauss*, paragraph 34).

34 However, unless the pursuit of the balance described in paragraph 32 of this judgment is abandoned, that concept cannot in any way be restricted to that kind of omission, but includes all those by which the proprietor of a trade mark shows that he is not sufficiently vigilant as regards the preservation of the distinctive character of his trade mark. Consequently, in a case such as that described by the referring court, in which the sellers of the product made using the material supplied by the proprietor of the trade mark do not generally inform their customers that the sign used to designate the product in question has been registered as a trade mark and thus contribute to the transformation of that trade mark into the common name, that proprietor’s failure to

take any initiative which may encourage those sellers to make more use of that mark may be classified as inactivity within the meaning of Article 12(2)(a) of Directive 2008/95.

35 It is for the referring court to examine whether, in the present case, Backaldrin took any initiative to encourage the bakers and foodstuffs distributors selling the bread rolls made using the baking mix it had supplied to make more use of the trade mark KORNSPITZ in their commercial contact with customers.

36 It follows from all of the foregoing considerations that the answer to the second question referred is that Article 12(2)(a) of Directive 2008/95 must be interpreted as meaning that it may be classified as ‘inactivity’ within the meaning of that provision if the proprietor of a trade mark does not encourage sellers to make more use of that mark in marketing a product in respect of which the mark is registered.

The third question

37 By its third question, the referring court asks, in essence, whether Article 12(2)(a) of Directive 2008/95 is to be interpreted as meaning that the revocation of a trade mark necessarily presupposes that it must be ascertained whether there are other names for a product for which the trade mark has become the common name in the trade.

38 As is apparent from the actual wording of that provision, a trade mark is liable to revocation if, in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered.

39 If such a situation occurs, the possible existence of alternative names for the product or service in question is irrelevant, since it cannot alter the finding that that trade mark has lost its distinctive character as a result of its transformation into the common name in the trade.

40 Consequently, the answer to the third question referred is that Article 12(2)(a) of Directive 2008/95 must be interpreted as meaning that the revocation of a trade mark does not presuppose that it must be ascertained whether there are other names for a product for which that trade mark has become the common name in the trade.

Costs

41 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Third Chamber) hereby rules:

1. Article 12(2)(a) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that, in a case such as that at issue in the main proceedings, a trade mark is liable to revocation in respect of a product for which it is registered if, in consequence of acts or inactivity of the proprietor, that trade mark has become the common name for that product from the point of view solely of end users of the product.

2. Article 12(2)(a) of Directive 2008/95 must be interpreted as meaning that it may be classified as ‘inactivity’ within the meaning of that provision if the proprietor of a trade mark does not encourage sellers to make more use of that mark in marketing a product in respect of which the mark is registered.

3. Article 12(2)(a) of Directive 2008/95 must be interpreted as meaning that the revocation of a trade mark does not presuppose that it must be ascertained whether there are other names for a product for which that trade mark has become the common name in the trade.

[Signatures]