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There are more things …than are dreamt of in your philosophy: Damages for infringing a revoked and unused trademark? Yes says the CJEU… (http://trademarkblog.kluweriplaw.com/2020/04/27/there-are-more-things-than-are-dreamt-of-in-your-philosophy-damages-for-infringing-a-revoked-and-unused-trademark-yes-says-the-cjeu/)

Sara Parrello (http://trademarkblog.kluweriplaw.com/author/sara-parrello/), Fabio Angelini (http://trademarkblog.kluweriplaw.com/author/fangelini1/) (Bugnion S.p.A (https://www.bugnion.eu/en/professionisti/fabio-angelini-2/)) / April 27, 2020 (http://trademarkblog.kluweriplaw.com/2020/04/27/there-are-more-things-than-are-dreamt-of-in-your-philosophy-damages-for-infringing-a-revoked-and-unused-trademark-yes-says-the-cjeu/) / Leave a comment (http://trademarkblog.kluweriplaw.com/2020/04/27/there-are-more-things-than-are-dreamt-of-in-your-philosophy-damages-for-infringing-a-revoked-and-unused-trademark-yes-says-the-cjeu/#respond)

If a mark is revoked after never being used, may the trademark owner obtain compensation of the “damages” incurred before revocation took effect? This what the CJEU was asked to decide in case C 622/18 (“Cooper International Spirits”), decided on 26 March 2020, and while the decision might be technically correct, it does not really seem… right.

AR filed a French trademark application for the figurative sign “SAINT GERMAIN” registered on 12 May 2006 for, inter alia, alcoholic beverages in class 33. On 8 June2012, AR sued three companies in Paris for having produced and distributed in France a liqueur called “StGermain”.

During the Paris trial, AR’s trademark was revoked for non-use. The revocation took effect as from 13May 2011, yet AR maintained the lawsuit for the infringement occurred from 8 June2009 to 13 May 2011.

The Paris court dismissed the case on the ground that the trade mark in question had never been used. AR appealed before the Court of Cassation, which stayed the proceedings and, in essence, asked the CJEU whether the proprietor of a trade mark who has never used it, and whose rights in it have been revoked, may still seek compensation.

The CJEU first noted that the (former) Directive left to Member States to determine the date on which revocation of a trade mark takes effect.

It then added that under art. 11(3) of the (former) Directive, Member States were free (but under art. 17 of the Recast Directive, they no longer are), to decide whether to provide on how to handle revoked trade mark (i.e. .if a revoked trade mark could be successfully invoked in infringement proceedings). Finally it noted that there was nothing in the order for reference to suggest that the French legislature, at the time of the proceedings had implemented such possibility (see at §§43-44) .

Thus, the CJEU held that whenever Member States failed to implement art. 11(3), the owner of a revoked trade mark “retains the right to claim compensation for the injury sustained as a result of the use by a third party before the date on which the revocation took effect”. (see at §48)

As regards the award of damages, the CJEU held that the fact that a trade mark has not been used “does not, in itself, preclude compensation in respect of acts of infringement” (see at §47). However, non-use remains an important factor to be taken into account in determining the existence and, as the case may be, the extent of the injury sustained and the amount of damages which can be claimed.

This latter part of the decision is the most troublesome. On the one hand, there is no support for the CJEU’s assertion that “the fact that a trade mark has not been used does not, in itself, preclude compensation in respect of acts of infringement”, given that the CJEU recognizes that the case at hand can be distinguished from Länsförsäkringar (C 654/15) since it concerns the question of the scope of that exclusive right on expiry of the grace period where the trade mark has already been revoked.

On the other, just saying that non-use “is an important factor to be taken into account” seems to ignore that trademarks fulfil their purpose of distinguishing goods or services only when they are actually used on the market, as clearly indicated in Recital 9 of the (former) Directive: “It is necessary to provide … that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked”, and Recital 9 only mentions that it is up to the Member States to establish the applicable rules of procedure, not whether the (revoked) mark may or may not be invoked.

Granted, perhaps the CJEU did not feel it could legislate in lieu of Member States to fill the vacuum. However the CJEU could have “creatively” come up with a different outcome by “distinguishing” the case at issue, because, as indicated in the order of reference, the mark at issue had never been used at all, a circumstance strangely ignored in the decision.

Thus by leveraging on this circumstance the CJEU could have well said that even though, in principle, a revoked trademark could be invoked in infringement proceedings, where it had never been used, there was no injury, and thus no damages. Possibly a more equitable solution?

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