

## Use It or Lose It

It is becoming increasingly important that registered trade marks are used in order to maintain their validity and their ability to be enforced against third parties.

This information sheet highlights general principles primarily as regards United Kingdom (UK) and Community Trade Marks (CTM); much of it will also apply, in broad terms, to other jurisdictions, but there are differences between countries. For advice in a particular situation please refer to your usual contact at Mewburn Ellis LLP.

### Why does a trade mark need to be used?

There are four main reasons:

- **Because of the risk of a non-use cancellation action** - If a registered CTM or UK trade mark is not used within five years of being put on the Register or if subsequently it has not been used for five years then third parties can seek to cancel it on the grounds of non-use.
- **So that a registration can be used to attack a third party application or registration** - If a registration is relied upon as a ground for attacking a third party mark in a UK or a CTM opposition or cancellation action and the registration has been on the Register for more than five years, then it is almost certain that the party whose mark is being attacked will, if the opposition or cancellation proceeds, ask for proof that the mark has been used in the preceding five years. If this cannot be satisfactorily shown, then the registration concerned will be disregarded in the proceedings as regards the goods / services on which use cannot be proved, unless there is a satisfactory reason for non-use.
- **Because of the risk of counterattack** - In infringement proceedings the defendant may counterattack the trade mark registration if it is thought that it might be vulnerable on the grounds of non-use.

- **In order to maintain the registration** - In some countries, for example the United States, it is necessary periodically to prove use in order to maintain a trade mark registration.

In rare circumstances failure to use may not be fatal if there is a valid reason for non-use - see below.

### What constitutes use?

Use needs to be genuine commercial use and not just token use and needs to be in the country in which the mark is registered; in the case of a CTM, a reasonable amount of use in one EU country should suffice. The amount and frequency will depend upon the nature of the goods or services; for example the sale of two or three cases of tinned food over a five year period would probably not be considered sufficient, whereas the sale of two or three ships would. For many countries, applying the mark in a given country to goods for export counts as use, even if the goods are not put on the market in that country.

### How does one prove use?

It is not sufficient to assert that the mark has been used, or just produce a catalogue or a price list showing the mark in question. There needs to be a clear chain of documentation showing use of the mark in relation to the goods / services for which the mark is registered. For example, an invoice may show a stock code but not indicate the goods or the mark; it may be necessary also to produce a catalogue or a data sheet to show exactly what was sold. It will probably also be necessary to indicate the turnover in the goods / services concerned.

## What if there is only valid use on some of the goods/services in the registration?

If there has been valid use on some of the goods / services, then such use will be ineffective as regards the remaining goods / services, unless they are closely related. So if the mark is registered for cakes and soft drinks, and the only use is on lemonade, then the use would be considered use in relation to soft drinks, but not in relation to cakes.

## What if it has not been possible to use the mark?

In some circumstances, there may be a justifiable reason why the mark cannot be used. For example, if the mark is to be used in relation to a pharmaceutical product and approval for the pharmaceutical has been sought in good time from the appropriate regulatory authority but has not yet been granted, this would probably be accepted as a valid reason for non-use. However if product bearing the mark simply did not sell, this would not be a valid reason.

## Intra group use

If a trade mark registration is used by a subsidiary of the company owning the registration, this relationship may be sufficient for some jurisdictions without the requirement for a licence or other documentation, as the owner has control over the subsidiary. In other jurisdictions, even with such a relationship, it may be necessary for there to be a licence so that the use accrues to the benefit of the trade mark proprietor.

However the reverse situation does not apply. If a mark is owned by a subsidiary, and the use is by a parent company (or a fellow subsidiary) then there will probably need to be a licence, as the trade mark owner will not otherwise have control over the use of the mark, given the nature of the corporate relationship.

## Other countries

Although for many countries the period after which a registration becomes vulnerable to attack on the grounds of non-use is typically five years, in some cases this can be shorter. The level and type of use that is required to maintain the validity of a registration can also vary from country to country.

## Portfolio review

It is very important regularly to review your trade mark portfolio, for each registration asking:

- Has the registered mark been genuinely used to at least a reasonable extent in the last few years?
- If so, has it been used on all the goods / services of current and future importance that are in the registration?
- Can use of the mark be satisfactorily proved?
- Are there any goods / services for which there is current or future use not covered by the registration?
- Is the form of the mark as registered the form of the mark now being used?
- Is the mark being used by the registered proprietor? If not, and it is being used by someone else (including another company within the group that the registered proprietor is in) is there, or should there, be a licence in place?
- Is the mark being used, or might it be used in the future, in a country or countries where it is not yet registered or applied for?

While carrying out a review, one should also ask:

- Are there any marks not yet the subject of applications or registrations which should be?
- Is there a trade mark watch in place, and does it have the appropriate coverage?

This information is simplified and must not be taken as a definitive statement of the law or practice. For more information on Mewburn Ellis LLP and other intellectual property matters, please contact us or visit our website at [www.mewburn.com](http://www.mewburn.com).

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