

Court of Justice EU, 6 march 2014, Backaldrin v Pfahnl



TRADEMARK LAW

Becoming a common name for end users of that product can be sufficient ground for revocation of a trade mark

- 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 fact that the proprietor of a trade mark does not encourage sellers to make more use of a trade mark in marketing a product may be classified as ‘inactivity’ by the proprietor

- 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.

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.

It is irrelevant for the revocation of a trade mark, that has become the common name of product, that there are other names for the product

- 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.

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Court of Justice EU, 6 march 2014

(M. Ilešič (Rapporteur), C.G. Fernlund, A. Ó Caoimh, C. Toader and E. Jarašiūnas)

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 Fruktindustrier \[2004\] 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 Fruktindustrier](#), 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 Fruktindustrier](#), 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 Fruktindustrier](#), 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 Fruktindustrier](#), 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.

OPINION OF ADVOCATE GENERAL CRUZ VILLALÓN

delivered on 12 September 2013 (1)

Case C-409/12

Backaldrin Österreich The Kornspitz Company GmbH
v

Pfahnl Backmittel GmbH

(Request for a preliminary ruling from the Oberster Patent- und Markensenat (Austria))

(Trade marks – Article 12(2)(a) – Directive 2008/95/EC – Grounds for revocation – Trade mark which has become the common name in the trade for a product in respect of which it is registered – Objective and subjective conditions of liability to revocation – Determination of the class of persons relevant to the assessment – Inactivity of the trade mark proprietor – Availability of alternative names – No reference by the intermediaries to the existence of the trade mark)

1. Trade marks have a defining impact not only on our economic system and purchasing behaviour. Subtly but unmistakably, they have also put their stamp on our language. Some trade marks have shaped our perception of an object to such an extent that they have entered our vocabulary as the name for the object itself. (2)

2. A change in the meaning of a trade mark is not without problems for its owner. In accordance with Article 12(2)(a) of Directive 2008/95/EC (3) ('the Directive'), 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 in respect of which it is registered. The present case provides the Court with an opportunity to clarify further the conditions governing this ground for revocation. In particular, it raises the questions of which class of persons must come to perceive the trade mark as the name for the product, when inactivity becomes relevant and whether the availability of equivalent alternative names for the product constitutes a condition of the trade mark's liability to revocation. While the Court adopted a basic position on the issue raised in the first of the aforementioned questions in *Björnekulla Fruktindustrier* (4) and made its initial comments on the second question in *Levi Strauss*, (5) it is to a large extent charting new territory when it comes to the third question.

3. Those questions have arisen in a dispute concerning the validity of the trade mark 'Kornspitz' between the trade mark proprietor, Backaldrin Österreich The Kornspitz Company GmbH ('Backaldrin'), and its competitor, Pfahnl Backmittel GmbH ('Pfahnl'). While the trade mark has possibly become the generic name for a particular type of bakery product for consumers, the same is not true for bakers.

I – Legal framework

A – European Union law

4. Article 2 of the Directive (6) stipulates which signs may be used as trade marks:

'A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.'

5. Accordingly, Article 3(1) of the 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;

...

(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'.

6. Article 12(2)(a) of the Directive provides as follows:

'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'.

B – National law

7. Paragraph 33b(1) of the Austrian *Markenschutzgesetz* (Law on the protection of trade marks) ('the MSchG'), which transposes Article 12(2)(a) of the Directive, provides:

'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.'

II – Facts and main proceedings

8. Backaldrin is the proprietor of the Austrian word mark 'KORNSPITZ' (No. 108725), which is registered with priority from 13 December 1984 in Class 30 of the Nice Classification (7) both for bakery goods, pastry confectionery, also prepared for baking, and for raw materials and intermediate products (such as flour and dough) used for the manufacture of such products. The present proceedings are concerned only with the trade mark's registration for (finished) bakery goods, not for raw materials and intermediate products.

9. Under the trade mark 'Kornspitz', Backaldrin produces a baking mix, made from various types of flour and wholemeal, linseed and salt, which it supplies primarily to bakeries. The bakeries then add water, milk and yeast, and shape and bake the finished bakery product, which both they and the food retailers that they supply sell, with Backaldrin's consent, as 'Kornspitz'.

10. According to the findings of the referring court, the end product manufactured by the bakeries has a typical taste and shape. The parties are in dispute as to how uniform the bakery product is. Backaldrin maintains that, through the use of a recipe, the provision of training and the issue to bakeries of non-exclusive licences for use of the trade mark, it ensures a uniform product with a uniform shape which is free from the addition of any further ingredients other than those mentioned in the foregoing paragraph. Pfahnl, on the other hand, maintains that bakeries are free to manufacture the bakery product as they wish and are not under the control of Backaldrin. This leads to extensive variations in the shape of the end product and the ingredients added to it.

11. The bakery product sold under the 'Kornspitz' trade mark is very well known to end consumers in Austria and is available nationwide. According to Backaldrin, it supplies the baking mix to 1200 out of the 1500 bakeries in Austria as well as to many bakeries abroad.

12. According to the lower court's findings, which Backaldrin contests on appeal, the vast majority of end consumers consider 'Kornspitz' to be the name of a class of bakery products rather than an indication of origin from a specific undertaking. Competitors and bakeries, on the other hand, are aware that 'Kornspitz' is a trade mark.

13. According to the referring court's findings, the bakeries supplied by Backaldrin do not usually inform their customers that the bakery product at issue is manufactured from a baking mix obtained from Backaldrin.

14. Backaldrin itself carries out activities to market and advertise its trade mark. As regards protection of the trade mark against third-party interference with the rights connected with the trade mark, the referring court held that no significant number of such acts of interference has been established. According to the findings of the Cancellation Division, Backaldrin had taken no action or had taken action only belatedly

against bakeries in only four cases in which the latter had sold a product as 'Kornspitz' without having produced it from Backaldrin's baking mix.

15. Pfahnl contends that Backaldrin did not monitor the market for abuses of its trade mark rights. It maintains that the term 'Kornspitz' appears in the 40th edition of the *Österreichisches Wörterbuch* (Dictionary of the German language in Austria) and in a list of Austrianisms on Wikipedia. Backaldrin, on the other hand, argues that advertising is made available to bakeries, that the latter occasionally draw attention to the trade mark by using an '®' symbol or the word 'Kornspitz' and that no dictionary mentions the word without reference to its status as a trade mark. Furthermore, it argues, consumers in urban areas with large bakeries and subsidiaries, in particular, are aware that bakery products are not manufactured on the premises.

III – Request for a preliminary ruling and procedure before the Court

16. On 14 May 2010, Pfahnl applied to have the trade mark 'Kornspitz' cancelled in respect of both bakery goods and the corresponding primary products, on the basis of Paragraph 33b(1) of the MSchG. On 26 July 2011, the Cancellation Division of the Austrian Patent Office ordered the cancellation of the trade mark in respect of all the aforementioned products. It is against that order that the appeal brought by Backaldrin before the referring court is directed.

17. In support of its application for cancellation, Pfahnl claimed that the term 'Kornspitz' is now used by manufacturers, consumers and traders to designate a bakery product made from brown flour which is pointed at both ends. It is not therefore capable of distinguishing Backaldrin's products from those of other manufacturers.

18. As regards the trade mark's registration in respect of raw materials and intermediate products, Backaldrin argues in response that cancellation is precluded not least by the fact that bakeries and food retailers continue to understand 'Kornspitz' to be a trade mark. As regards its registration in respect of end products, Backaldrin contests the view that bakeries, food retailers and consumers understand the trade mark as a generic term. In its opinion, even if consumers have ceased to be aware of the existence of a trade mark, the fact that bakeries and food retailers are aware of the term's status as a trade mark prevents it from developing into a generic name. Cancellation of the trade mark is also precluded, it argues, by the availability of alternative names for the bakery product, such as 'Knusperspitz', 'Kerni', 'Bio Urkornweckerl', 'Kornstange', 'Kornweckerl' or 'Alpenspitz'. Backaldrin further submits that the cancellation of the trade mark constitutes an unjustified interference with its fundamental right to property.

19. In its request for a preliminary ruling, the Oberster Patent- und Markensenat (Supreme Patent and Trade Mark Court), when examining the question whether the trade mark at issue has become a common name, draws a distinction between the various products in respect of

which the trade mark has been registered. In so far as the trade mark is registered for raw materials and intermediate products, it considers that the market consists mainly of bakeries and food retailers, who are aware of the term's status as a trade mark. To that extent, cancellation is precluded and the decision of the Cancellation Division of the Austrian Patent Office must be amended, there being no need for a reference for a preliminary ruling.

20. As regards its registration in respect of 'bakery goods' and 'pastry confectionery', however, the market for the product consists primarily of end consumers. According to the findings of the lower court, which are contested by Backaldrin, end consumers regard 'Kornspitz' as designating a specific class of bakery product. According to the referring court, the case-law of the Court of Justice does not make it clear whether it is possible for a trade mark to develop into a generic name where the sign is understood to be a generic term by consumers but not by traders or intermediaries. That proposition is rejected by legal commentators writing in German and Austrian case-law.

21. The referring court takes the view that the case-law of the Court of Justice might support the inference that the way in which intermediaries understand the term is relevant only if it influences the end consumer's decision to purchase. In the present case, however, bakeries have, according to the referring court, no interest in drawing attention to the fact that they use a baking mix and do not work 'traditionally'. Their knowledge does not therefore affect the consumer's decision to purchase. If, however, taking that approach a stage further, account were taken only of the consumer, successful trade marks would actually be more liable to revocation than any others. In addition, revocation of the trade mark for bakery goods would jeopardise the trade mark for the baking mix, since any loss of the trade mark for bakery goods would thereafter have the effect of allowing competitors to describe the intended use of the primary product as being 'for Kornspitze'. The referring court argues that it is questionable whether this is compatible with the protection of intellectual property as a fundamental right.

22. The referring court also asks whether Backaldrin can be accused of relevant inactivity. It finds that inactivity or delayed action in four cases of infringement of a trade mark is not such as to have been a cause of the trade mark's transformation into a generic name. The question is, however, whether Backaldrin should have required bakeries to sustain the trade mark or should itself have portrayed the trade mark more intensively as an indication of origin.

23. Finally, the referring court points out that Austrian case-law considers a trade mark which is still regarded as such by the trade to be none the less liable to revocation on public interest grounds in the case where end consumers view the trade mark as the common name for the product and there is no alternative name available to traders. In that event, traders need to have the freedom to make use of the name.

24. In the light of the foregoing considerations, on 11 July 2012, the Oberster Patent- und Markensenat stayed the proceedings and referred the following questions to the Court of Justice of the European Union for a preliminary ruling pursuant to Article 267 TFEU:

'(1) Has a trade mark become "the common name ... for a product or service" within the meaning of Article 12(2)(a) of Directive 2008/95/EC, where

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

(b) (inter alia) on those grounds, end consumers 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/EC 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 consumers, 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?'

25. Written observations have been submitted by Backaldrin, Pfahnl, the Federal Republic of Germany, the French Republic, the Italian Republic and the Commission.

26. At the hearing on 29 May 2013, oral argument was presented by Backaldrin, Pfahnl, the Federal Republic of Germany and the Commission.

IV – Legal assessment

A – Preliminary observations

27. As so often in trade mark law, the key to finding an answer to the questions raised by the referring court lies in the function which the protection of a trade mark performs. It follows from recital 11 in the preamble to the Directive and the settled case-law of the Court that the main function of the protection afforded by a trade mark is to guarantee the mark as an indication of origin. A trade mark enables the consumer or end user to identify the origin of the marked goods (8) and to distinguish them from goods of other origin. (9) What matters here is not that the consumer should be able to identify the 'physical' producer of the goods, that is to say the undertaking which, itself, produces the goods. (10) This would not be consistent with the reality of today's economic system, which is based on a division of labour and in which products are manufactured under licence in complex production chains. The trade mark serves rather to guarantee that the goods are manufactured under the control of an undertaking (the proprietor of the trade mark). (11)

28. If, however, a trade mark is primarily intended to serve as an indication of the origin of a product, in the sense of the undertaking controlling the manufacture of that product, it follows, in accordance with Article 2 of the Directive, that the only signs that may be used as a

trade mark are those which are capable of distinguishing the goods of one undertaking from those of other undertakings. Signs which are devoid of any such distinctive character cannot be registered. (12) Such distinctive character is lacking, for example, in signs which have become customary in the current language or in the bona fide and established practices of the trade as a means of designating the goods themselves. Their registration is precluded by Article 3(1)(d) of the Directive. (13) Article 3 of the Directive concerns cases in which the trade mark fails from the very outset to perform its function as an indication of origin. However, a sign which did not become customary as the generic name for a product until after it was registered as a trade mark, and is no longer understood by the relevant public as being an indication of origin, also lacks distinctive character. Article 12(2)(a) of the Directive provides that such trade marks are liable to revocation, subject to certain conditions. (14)

29. The provisions cited constitute a coherent scheme of rules which must be interpreted in the context in which they arise. In this regard, account must be taken not only of the case-law concerning the Directive and Directive 89/104/EEC, (15) which it replaced, but also of the case-law concerning the Community Trade Mark Regulation, which contains similar provisions. (16)

30. Although it stands to reason that a trade mark which has developed into a generic name should be liable to revocation on the ground that it has ceased to perform its function as an indication of origin, one must not lose sight of the fact that that ground for revocation has a serious consequence for the trade mark proprietor – one far more serious than the non-registration of a generic name as a trade mark at the beginning of its economic existence. The fact that a trade mark enters the current language as the term for the product itself is evidence ultimately of the success generated by the hard work, often over many years, of the trade mark proprietor, whose product has, in the eyes of the world, become the embodiment of the type of product itself. Indeed, in many cases, the trade mark proprietor created a new type of product through a particularly innovative product, whose name thereby became the designation of the type of product itself.

31. The legislature was thus called upon to undertake a fundamental balancing of interests. In this regard, account had to be taken, on the one hand, of the interest of the public and of competitors in having the freedom to use a term which is no longer associated with a particular origin in the minds of the relevant class of persons and the monopolisation of which compels competitors to avoid it – in some cases in favour of an artificial-sounding alternative. On the other hand, account had to be taken of the interest of the proprietors, whose trade marks also enjoy protection as intellectual property under Article 17(2) of the Charter of Fundamental Rights and Article 1 of the First Additional Protocol to the European Convention on the Protection of Human Rights and Fundamental Freedoms. (17) By balancing those interests, the

legislature considered that the transformation of the trade mark into the common name of a product can be relied on against the proprietor thereof only where that transformation is due to his action or inaction. (18)

32. Accordingly, Article 12(2)(a) of the Directive requires, as an objective element, that the trade mark has become the common name in the trade for the product or service in respect of which it is registered. As a subjective element the provision requires that that development occurred in consequence of acts or inactivity of the proprietor of the trade mark.

33. The present proceedings provide the Court with an opportunity to clarify both those conditions further. The first and third questions referred concern the objective element of liability to revocation, which I shall examine first; the second question, on the other hand, concerns the subjective element of liability to revocation.

B – Objective element (first and third questions referred)

1. First question

34. By the first question, the referring court wishes to ascertain the class of persons for which a trade mark must have become the common name for a product in order for the objective element to be satisfied and for the trade mark to be liable to revocation under Article 12(2)(a) of the Directive. The court asks in particular whether it is sufficient in this regard that end consumers no longer understand the name as being an indication of origin, while traders continue to understand it as such but do not normally disclose the indication of origin to end consumers.

35. Backaldrin, the Federal Republic of Germany, the French Republic and the Commission take the view that, in situations such as that in the present case, both consumers and intermediaries must be taken into account as the relevant class of persons. Pfahnl and the Italian Republic consider that, in the present case, consumers alone must be taken as the point of reference.

a) Consideration of the quality function

36. Before turning to the issue of the relevant class of persons, however, I must address an argument put forward in this connection by Backaldrin and the Federal Republic of Germany.

37. Backaldrin and the Federal Republic of Germany take the view that the examination of the way in which the understanding of the trade mark has been transformed, such that it is now perceived as a common name, must take as a point of reference not only its function as an indication of origin but also the quality or guarantee function which a trade mark performs, that is to say whether the class of persons concerned associates particular characteristics and consistent quality with the product sold under the trade mark in question.

38. The Commission rejected that view at the hearing. In its opinion, if all the functions performed by a trade mark were taken into account in the context of Article 12(2)(a) of the Directive, liability to revocation would be excluded and there would therefore be no scope for

the provision's application. In its submission it argues that the consequence of organising the manufacturing process in such a way as to grant licensees freedom in the conduct of their affairs must be a corresponding response on the part of consumers, not the loss of the trade mark.

39. It is beyond question that, in addition to their aforementioned principal function – as an indication of origin (19) – trade marks perform a number of other tasks. (20) The Court has made it clear in its case-law that the trade mark proprietor may rely on his exclusive right under Article 5(1)(a) of the Directive not only where there is an adverse effect on the function of the trade mark as an indication of origin but also where there is an adverse effect on the function of guaranteeing the quality of a product or that of communication, investment or advertising. (21) The Court has not yet given a ruling on whether those functions also have a role to play in the assessment of whether a sign has become a generic name.

40. The quality function is not relevant to such an assessment.

41. This follows first of all from a proper understanding of the quality function itself. A trade mark allows an undertaking to invest in the quality of its product. After all, it enables consumers to identify the undertaking responsible for manufacturing the product and, on the basis of their experience, to reward good-quality manufacturers by buying their product and penalise lower-quality manufacturers by not patronising them. (22) In this sense, a trade mark serves as a sign of the consistent characteristics of a product. (23)

42. The quality function thus presupposes that a trade mark performs its function as an indication of origin. Advocate General Jacobs rightly pointed out in this regard that trade marks '*may, by virtue of their origin function, be valuable assets, encompassing the goodwill attached to an undertaking (or one of its particular products)*'. (24) It protects the expectations which the consumer attaches to an undertaking's product, not the expectations which he attaches to a term understood by him as being a generic name. If the trade mark no longer fulfils its origin function because it has become the generic name for the product, it can no longer fulfil its quality function either.

43. If, on the other hand, the assessment of a trade mark's transformation into a generic name were also to be carried out by reference to the quality function, that is to say if such a transformation were to be deemed not to exist in the case of trade marks which have lost their origin function but have retained their quality function, Article 12(2)(a) of the Directive would never be applicable, as the Commission has rightly pointed out.

44. That is the case because, first of all, consumers also associate certain consistent characteristics with any given generic name (not only with trade marks). A croissant in the shape of a baguette or without a particular taste would not be a croissant. A table with a vertical top would not be a table.

45. Secondly, the quality function does not protect the expectation of a particularly high quality, but only the

expectation of a certain quality. The consumer may associate trade mark A with outstanding products, trade mark B with lower-quality products and trade mark C with variable-quality products. (25) Hence, it is entirely unclear at what point a quality function which is isolated from the origin function should cease to be fulfilled.

46. It must therefore be concluded first of all that, in cases involving a trade mark's transformation into the generic name for the product in question, account is to be taken only of the trade mark's function as an indication of origin.

a) Relevant class of persons

47. On the basis of the trade mark's function as an indication of origin, it must now be determined which class of persons is relevant, in the context of Article 12(2)(a) of the Directive, to the assessment of whether a trade mark has become the common name for a product.

48. The Court looked at that question in *Björnekulla Fruktindustrier*. The dispute forming the subject-matter of the main proceedings in that case concerned a trade mark for chopped pickled gherkins which, according to surveys, had become a generic term for consumers but not for the grocery, mass catering and food stall sectors.

49. The Court interpreted Article 12(2)(a) of Directive 89/104/EEC, which was then in force and is essentially identical to Article 12(2)(a) of the Directive, on the basis of its wording, scheme and objectives. It stated that the whole aim of the commercialisation process is the purchase of the product by consumers and end users. The role of the intermediary consists in detecting, anticipating, increasing or directing the demand for that product. Accordingly, the Court held that, *'in cases where intermediaries participate in the distribution to the consumer or the end user of a product which is the subject of a registered trade mark, the relevant classes of persons whose views fall to 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 and end users and, depending on the features of the market concerned, all those in the trade who deal with that product commercially'*. (26)

50. The parties to the proceedings draw different conclusions from that case-law for the purposes of the present case. Backaldrin, the Federal Republic of Germany, the French Republic and the Commission take the view that, depending on the features of the market concerned, bakeries form part of the relevant class of persons in the present case. The French Republic and the Commission consider it to be decisive in this regard that bakeries are involved in the choice of products made by customers. The French Republic points out that, by deliberately not disclosing to consumers the status of the name in question as a trade mark, bakeries exert an even greater influence over the decision of consumers to purchase. The Federal Republic bases its argument on the fact that the product is processed by the bakeries. The Commission further

states that the influence of the intermediaries increases in proportion to their influence on the product. Backaldrin argues that, in the case of products which are sold to the end consumer unpackaged and which offer almost no scope for drawing attention to trade mark rights, the view held by traders carries much weight. In general, they submit, a trade mark becomes a common name only in the case where the sign is perceived as an indication of origin only by an entirely insignificant proportion of the relevant class of persons. 51. Pfahnl and the Italian Republic, on the other hand, consider that, in the present case, bakeries do not form part of the relevant class of persons. Pfahnl argues that bakeries have no influence over the decision to purchase made by consumers, who choose bakery products independently and without advice. Furthermore, they contend, a bakery is not an intermediary; it manufactures the product and, in so doing, makes its work easier by using a baking mix. The Italian Republic considers the view held by bakeries to be irrelevant, since their awareness of the name's status as a trade mark has no influence over the decision to purchase made by end consumers.

52. In accordance with the case-law cited above, with which I concur, the assessment of whether a trade mark has become the generic name for a product must take as its point of reference, primarily, the views of consumers, but also, 'depending on the features of the market', the views of those in the trade who deal with the product commercially. The question therefore arises as to which features of the market are important.

53. The wording of Article 12(2)(a) of the Directive, which Advocate General Léger carefully interpreted in *Björnekulla Fruktindustrier*, (27) provides no guidance in this regard.

54. Although the legislative context of the aforementioned provision supports the inference of arguments to the effect that the focus of the assessment must be the end consumer, it offers no indication of which market features must be present in order for those in the trade also to form part of the relevant class of persons.

55. In connection with the systematic interpretation of that provision, it should be borne in mind, as stated above, that Article 3(1)(d) of the Directive precludes the registration of 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'*. That ground for refusal of registration – a special case of lack of distinctive character (Article 3(1)(b) of the Directive) – may be overcome, in accordance with Article 3(3), by the acquisition of distinctive character.

56. The wording of Article 3(1)(d) of the Directive ('current language' or 'bona fide and established practices of the trade') appears to classify a term as a generic term where it is regarded as such by consumers or by the trade. (28) This would support the proposition that, for the purposes of an assessment to the effect that a term has become a generic term, it is generally sufficient that the change in meaning has taken place in

the minds of consumers. That proposition is in particular also supported by the fact that, when assessing questions concerning distinctive character, the Court has repeatedly taken as its point of reference the consumer, that is to say the average consumer, reasonably well-informed and reasonably observant and circumspect. (29) However, there are examples of cases in which the Court has included traders in the relevant class of persons. (30)

57. The purpose of the aforementioned provision is therefore decisive for determining what are the market features, in the presence of which account is also to be taken of those in the trade who deal with the product commercially, when it comes to assessing whether a trade mark has become a generic name.

58. As I have already stated, the main function of the trade mark is as an indication of origin. In the context of the sale of a product, the trade mark gives information on the origin of the product. The trade mark thus forms part – like language generally – of a process of communication, in this case between vendors and purchasers. That communication process produces its intended result and the trade mark fulfils the function justifying its existence only where both parties involved in the communication ‘understand’ the trade mark, in the sense that they are aware of its function as an indication of origin. If either party considers the trade mark to be a generic name, the information which the trade mark was intended to convey is not transmitted. It is thus generally sufficient, for the purposes of satisfying the objective element of liability to revocation under Article 12(2)(a) of the Directive, that consumers consider a trade mark to be a generic name. That is what the Court meant when it held that, in general, ‘the perception of consumers or end users [plays] a decisive role’, (31) since the aim of the commercialisation process is the purchase of the product.

59. That process of communication between vendors and purchasers makes readily apparent the features which a market must exhibit in order for an intermediary to be relevant to the assessment of the generic nature of a trade mark. After all, a trade mark may, despite the purchaser’s lack of awareness that the name is a trade mark, continue to perform its function as an indication of origin where an intermediary exerts a decisive influence over the purchaser’s decision to purchase and the intermediary’s knowledge of the trade mark’s function as an indication of origin thus leads to the success of the communication process. That is the case where it is customary in the relevant market for the intermediary to give advice which has a decisive bearing on the decision to purchase or where the intermediary actually makes the decision for the consumer himself, as is the case with pharmacists and doctors in relation to medicinal products available only on prescription. (32)

60. There is no such decisive influence over the decision to purchase in the present case. The customers of a bakery make their decision to purchase without

any decisive advice or influence over the decision to purchase.

61. The fact that, by acquiring certain baking mixes, bakeries play a part in the decision made by customers does not support a different conclusion. The acquisition of a baking mix exerts no influence over the acquisition of the finished bakery product. The latter is a different product which is manufactured by the bakery from the primary product and is offered to the customer under licence.

62. The decision that bakeries make as regards their own product offer and the fact that their customers are not made aware that the name of a bakery product is a trade mark also have no crucial influence over the consumer’s decision to purchase that product. As stated above, such an influence would presuppose that bakeries fulfil the trade mark’s function as an indication of origin, in other words that they influence the consumer’s decision to purchase during the process of sale between the vendor and the consumer. In the present case, however, the bakeries manufacture the finished product themselves only under licence. They therefore stand on the side of the manufacturers, not the consumers. Although the restriction of the range of products on offer and the non-disclosure of the status of the product name as a trade mark do in effect influence the consumer’s decision to purchase, the bakeries do not thereby exert any influence over that decision to purchase from the point of view of the purchaser, but rather from the point of view of the vendor.

63. European trade mark law is by no means exceptional in relying on the consumer as the decisive point of reference for assessing whether a trade mark has become generic. In the United States of America, Judge Learned Hand held long ago that the decisive factor was the consumer’s understanding of the word in question. (33) The Court of Justice of the Andean Community, too, when assessing whether a trade mark has become a generic name, takes as its point of reference the consumer’s understanding of that mark, as the consumer is the ‘target of trade mark protection’. (34)

64. The Austrian Oberster Gerichtshof, on the other hand – even after the Court’s decision in *Björnekulla Fruktindustrier* – relies in principle on a ‘comprehensive determination of the understanding of all classes of persons who are confronted with the trade mark’, which, in addition to end consumers, also includes manufacturers and traders. The argument it cites in this regard is that end consumers are readily inclined to use trade marks as generic names. (35)

65. I am not convinced by that argument. Although consumers do often use trade marks as generic names, they are none the less generally aware of the status of such names as trade marks, which is not sufficient to satisfy the objective element of liability to revocation. Cases in which the consumer has lost all awareness of a name’s status as a trade mark are relatively rare. Where such a case does arise, however, the trade mark no longer fulfils its function as an indication of origin. It is not clear why, in such a case, the onset of the

development of a trade mark into a generic name, in other words the objective element of liability to revocation, must be made artificially more difficult by using as the relevant class of persons for comparison purposes a group with a particularly acute awareness of trade marks. Nor is such a requirement justified by the need to protect the trade mark proprietor's right to property as a fundamental right. This right is already taken into account by the fact that existence of the objective element alone does not render the mark liable to revocation.

66. Nor, finally, does another consideration of the referring court change the interpretation of the provision, namely that in case of a revocation of the 'Kornspitz' trade mark in respect of finished bakery products competitors could, in accordance with Article 6(1)(b) of the Directive, designate baking mixes as being 'for the manufacture of Kornspitze', in which event Backaldrin's registered trade mark for baking mixes would lose some of its value. The risk that the trade mark for the primary product will lose value as a consequence of the revocation of the trade mark for the end product follows from the decision to register the trade mark for both product categories and from the specific structure for producing and distributing the end product, in particular the fact that it is manufactured by bakeries which are licensed to sell it under the trade mark. The trade mark proprietor itself made those decisions and thereby created the risk associated with them. The trade mark proprietor is, however, protected by the fact that revocation of the trade mark is excluded if the mark's transformation into a generic name is not the consequence of its acts or inactivity.

67. In the light of all the foregoing, the answer to the first question must be that Article 12(2)(a) of the Directive must be interpreted as meaning that the relevant class of persons for assessing the question whether a trade mark has become the common name in the trade for the product in respect of which it was registered consists primarily of consumers and end users. Depending on the features of the market, account must also be taken of those persons in the trade who deal with that product commercially. Features indicating that the latter should also be taken into account are present in particular where the relevant traders exert a degree of influence over the end consumer's decision to purchase. In so far as that is not the case, a trade mark has become the common name for the product in respect of which it is registered where it is understood as such by end consumers, even though traders who manufacture the product themselves from a primary product of the trade mark proprietor and sell it under the trade mark with the trade mark proprietor's consent are aware that the name is an indication of origin but do not generally disclose this to the end consumer.

2. Third question

68. By its third question, the referring court seeks to ascertain whether the liability to revocation of a trade mark which, in consequence of acts or inactivity of the proprietor, has become a common name for consumers,

but not in the trade, presupposes that there are no equivalent alternative names for the product itself, with the result that end consumers have to use that name.

69. According to the findings of the Oberster Patent- und Markensenat, the background to that question lies in the case-law of the Austrian Oberster Gerichtshof. In accordance with that case-law, the transformation of a trade mark into a generic name is in principle excluded so long as traders continue to understand it as a designation of origin. The position is different, however, where traders do not have an equivalent alternative to a trade mark which, from the point of view of end consumers, has become a generic name. (36) Although, in the view of the referring court, that condition finds no support in the wording of the Directive, it allows an appropriate balance to be struck between the trade mark proprietor's property right, which is also protected as a fundamental right, on the one hand, and the general interest in the availability of signs designating products and services, on the other.

70. In Backaldrin's view, the development of a trade mark into a generic name is excluded where alternative names for the product are available. This must also be assumed to be the case where the alternative names for the trade mark are not equivalent in every respect, in particular as regards the extent of their use.

71. Pfahnl considers the aforementioned requirement to be irrelevant to the assessment of the liability of a trade mark to revocation. It has no basis in the wording, context or objectives of the Directive. The Commission supports this view.

72. The French Republic, too, does not regard the availability of alternative terms as being a condition of the capacity of a trade mark to develop into the generic name for the product, although it is ready to concede the indicative value of that fact. The Italian Republic considers the absence of alternative names to be no more than a 'risk factor' which may contribute towards a trade mark's development into a generic name.

73. I take the view that, for the purposes of examining the liability of a trade mark to revocation, there is no need to consider whether equivalent alternative names for the product itself are available to traders.

74. It must be clarified first of all in this regard what the referring court means when it states that there 'are no equivalent alternatives'. It cannot mean that a synonym must objectively 'exist'. Language is a social phenomenon, not an objectively defined space. A term spontaneously invented (by the trade mark proprietor) cannot constitute an 'equivalent alternative'. The meaning of a word is, after all, defined by its use in the language. (37) Although, once introduced, a term is subject to the evolution of language usage, it cannot simply be changed by design. Whether a word constitutes an 'alternative' for another word, indeed whether that word is 'equivalent' at all, is therefore determined by the linguistic community, not by a court. The linguistic community may understand what at first sight appears to be an 'equivalent' word differently, or refuse to use it altogether. The criterion must therefore be understood as referring to synonyms for the term

which have been introduced into the current language as it is actually used. This is also consistent with the understanding of the Austrian Oberster Gerichtshof, which speaks of an ‘alternative term which is in use’. (38)

75. However, such a criterion is not provided for by, or compatible with the purpose of, the wording of the aforementioned provision. The liability to revocation which results from the development of a trade mark into the common name for a product is, in accordance with my foregoing submissions, justified by the fact that the trade mark can no longer fulfil its function as an indication of origin. Liability to revocation is the means by which the legal order responds to the public-interest requirement that the sign be freely usable (‘requirement of availability’). (39) Evidence of a public-interest requirement that the sign be usable, which may be less pressing where other signs are available for the same purpose, is not, however, a statutory condition of liability to revocation. The only statutory condition is that the trade mark should have become the common name for a product. This issue is, however, independent of the question whether synonyms have been introduced into the current language.

76. Finally, the argument to the effect that the criterion under consideration in this question for a preliminary ruling is necessary in order to ensure that the trade mark proprietor’s property is protected as a fundamental right, must be dismissed. As has already been stated, the legislature fulfilled its duty to strike a balance between the public interest and the trade mark proprietor’s fundamental rights by requiring, for the purposes of a trade mark’s liability to revocation, not only that the trade mark should have become the generic name for the product in question but also that the conditions comprising the subjective element of liability to revocation as provided for in Article 12(2)(a) of the Directive should be satisfied. There is no room in this regard for any further unwritten criteria in the objective element of such liability.

77. The answer to the third question must therefore be that it is irrelevant to the assessment of the liability of a trade mark to revocation whether end consumers have to use the name in question because there are no equivalent alternatives.

C – Subjective element (second question referred)

78. The second question raised by the referring court concerns the subjective element of liability to revocation as provided for in Article 12(2)(a) of the Directive, that is to say, the question whether the change in the meaning of the sign is attributable to the trade mark proprietor. The referring court wishes to ascertain in this regard whether inactivity may consist in the mere fact that the trade mark proprietor remains inactive even though the traders selling its product do not disclose to customers that the name is a registered trade mark.

79. Backaldrin takes the view that the reply to that question must be in the negative. Inactivity is relevant where the trade mark proprietor fails to take action

against the unjustified use of the trade mark by third parties. In the present case, however, Backaldrin allowed its customers, bakeries, to distribute the bakery products at issue under the ‘Kornspitz’ trade mark under a non-exclusive licence. In its submission, to oblige bakeries to inform purchasers of the bakery product at issue that the ‘Kornspitz’ name is a trade mark is unusual and unreasonable in the fresh food trade. The making available of advertising material which can be displayed in bakeries should be sufficient. 80. Pfahnl, the French Republic, the Italian Republic and the Commission, on the other hand, consider that the question must be answered in the affirmative. A trade mark proprietor must be sufficiently vigilant also with regard to the protection of the distinctive character of its trade mark and use all the means at its disposal in the course of trade to ensure that the mark does not develop into a generic name. It must therefore urge bakeries to disclose its trade mark. The French Republic considers failure to do so to be an indication of relevant inactivity.

81. In accordance with Article 12(2)(a) of the Directive, the transformation of a trade mark into the common name for a product does not in itself render the trade mark liable to revocation. Rather, the transformation must have occurred ‘in consequence of acts or inactivity’ of the trade mark proprietor. In this respect, the wording of the provision contains no restriction on the relevant inactivity that is capable of causing a trade mark to become a generic name.

82. In *Levi Strauss*, the Court had occasion to comment on the kind of inactivity which is sufficient for the purposes of the subjective element of the provision at issue. It held that ‘... *inactivity may also take the form of a failure on the part of the proprietor of a mark to have recourse to Article 5 in due time, for the purposes of applying to the competent authority to prevent third parties from using the sign in respect of which there is a likelihood of confusion with that mark, since the purpose of such applications is precisely to preserve the distinctive character of the mark in question*’. (40) The use of the word ‘also’ shows that the Court considered the situation it described as being merely an example of relevant inactivity.

83. The extent of the trade mark proprietor’s duties can be determined more accurately by reference to the meaning and purpose of the provision. The Directive is intended to strike a balance between the interests of the trade mark proprietor and those of other economic operators in the availability of signs. Consequently, the protection of the trade mark proprietor’s rights is not unconditional, and the trade mark proprietor must show himself to be vigilant with regard to the protection of his trade mark. (41) As I see it, this applies not only to defending the trade mark against infringement but also to the risk of a trade mark becoming a generic name. The duty of vigilance requires the trade mark proprietor to observe the market and take reasonable steps to protect his trade mark from developing into a generic name.

84. It is for the national courts to determine in each individual case what measures it is appropriate and reasonable for the trade mark proprietor to take. Examples of such measures can be found both in the practice of OHIM and in academic literature. They include advertising, placing warnings on labels (or placards placed alongside the product which specify the product's name) or persuading dictionary editors to give an indication in the entry for a word that that word is a trade mark. (42) The trade mark proprietor himself must avoid using the trade mark as a generic name (43) and take reasonable steps to combat such use by others, while drawing the attention of traders to the fact that the name of the product is a trade mark. (44) In cases where a licence to use the trade mark has been issued, the trade mark proprietor must, here too, take reasonable steps to protect the trade mark, such as laying down conditions to that end in the licence and, within reason, monitoring compliance with those conditions.

85. The answer to the second question must therefore be that there is inactivity within the meaning of Article 12(2)(a) of the Directive where the trade mark proprietor does not take reasonable steps to protect his trade mark from becoming a generic name. These include bringing influence to bear on his licensees to achieve that result.

V – Conclusion

86. For the reasons set out above, I propose that the Court answer the questions referred as follows:

– Article 12(2)(a) of Directive 2008/95/EC must be interpreted as meaning that the relevant class of persons for assessing the question whether a trade mark has become the common name in the trade for the product in respect of which it was registered consists primarily of consumers and end users. Depending on the features of the market, account must also be taken of those persons in the trade who deal with that product commercially. Features indicating that the latter should also be taken into account are present in particular where the relevant traders exert a degree of influence over the end consumer's decision to purchase. In so far as this is not the case, a trade mark has become the common name for the product in respect of which it is registered where it is understood as such by end consumers, even though traders who manufacture the product themselves from a primary product of the trade mark proprietor and sell it under the trade mark with the trade mark proprietor's consent are aware that the name is an indication of origin but do not generally disclose this to the end consumer.

– It is irrelevant to the assessment of the liability of a trade mark to revocation whether end consumers have to use the name in question because there are no equivalent alternatives.

– There is inactivity within the meaning of Article 12(2)(a) of the Directive where the trade mark proprietor does not take reasonable steps to protect his trade mark from becoming a generic name. These include bringing influence to bear on his licensees to achieve that result.

1 – Original language: German.

2 – Thus, for example, in German, the trade marks 'Fön' (Deutsches Patent- und Markenamt (German Patent and Trade Mark Office), registration number 739154) or 'Heroin' (Register of the Reichspatentamt (State Patent Office), No. 31650). Since 30 September 1950, the latter trade mark has been unassertable. De Ridder, M., *Heroin – Vom Arzneimittel zur Droge*, Campus, Frankfurt am Main, 2000, pp. 63 and 64. For examples in French, see Opinion of Advocate General Léger in Case C-371/02 *Björnekulla Fruktindustrier* [2004] ECR I-5791, point 50.

3 – 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).

4 – Case C-371/02 *Björnekulla Fruktindustrier* [2004] ECR I-5791.

5 – Case C-145/05 *Levi Strauss* [2006] ECR I-3703, paragraph 34.

6 – Cited in footnote 3 above.

7 – Nice Agreement of 15 June 1957 concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, as amended.

8 – Trade marks can, of course, also designate services. However, as the present case concerns goods, I shall, for the sake of simplicity, refer always to goods alone.

9 – Case C-482/09 *Budějovický Budvar* [2011] ECR I-8701, paragraph 71, Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 22, and Case C-39/97 *Canon* [1998] ECR I-5507, paragraph 28.

10 – See my Opinion in Case C-661/11 *Martin y Paz*, point 75.

11 – See *Canon* (cited in footnote 9 above, paragraph 28), and Case C-10/89 *HAG II* [1990] ECR I-3711, paragraphs 13 and 14.

12 – Article 3(1)(b) of the Directive.

13 – See *Merz & Kell* (cited in footnote 9 above, paragraphs 28 and 31), and the Opinion of Advocate General Ruiz-Jarabo Colomer in *Merz & Kell*, (cited in footnote 9 above, point 40).

14 – *Björnekulla Fruktindustrier* (cited in footnote 4 above, paragraph 22).

15 – First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1).

16 – See Articles 4, 7(1)(d) and 51 of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78, p. 1). Similar provisions were also contained in Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).

17 – Judgment of the ECtHR of 11 January 2007 in *Anheuser-Busch v. Portugal* (no. 73049/01).

18 – *Levi Strauss* (cited in footnote 5 above, paragraph 19).

19 – Point 27 of this Opinion.

- 20 – See, for example, the Opinion of Advocate General Ruiz-Jarabo Colomer in Case C-206/01 Arsenal Football Club [2002] ECR I-10273, point 46.
- 21 – See Case C-323/09 Interflora and Interflora British Unit [2011] ECR I-8625, paragraph 38, Joined Cases C-236/08 to C-238/08 Google France and Google [2010] ECR I-2417, paragraph 77, and Case C-487/07 L'Oréal and Others [2009] ECR I-5185, paragraph 58; see also Cornish, W. and Others, *Intellectual Property*, London, Sweet & Maxwell, 7th ed. 2010, p. 658 to 661.
- 22 – Jehoram, T. and Others, *European Trademark Law*, Kluwer, Alphen aan den Rijn, 2010, p. 12 and 13.
- 23 – Fezer, K.-H., *Markenrecht*, C.H. Beck, Munich, 4th ed. 2009, Introduction, paragraph 8.
- 24 – Opinion of Advocate General Jacobs in C-337/95 Parfums Christian Dior [1997] ECR I-6103, point 39 (emphasis added by me).
- 25 – On the question, to be distinguished from the matter at issue here, of the penalties available under trade mark law for extensive variations in the characteristics of a product, see (in United States law), Hennig-Bodewig, F., *Die Qualitätsfunktion der Marke im amerikanischen Recht*, GRUR Int. 1985, 445.
- 26 – Björnekulla Fruktindustrier (cited in footnote 4 above, paragraphs 24 and 26).
- 27 – Opinion of Advocate General Léger in Björnekulla Fruktindustrier (cited in footnote 2 above, points 29-43).
- 28 – Advocate General Léger is, however, of the view that it can be seen from the wording and from OHIM's practice that both the view of the average consumer and that of the persons in the trade who deal with the goods commercially are relevant. See Opinion of Advocate General Léger in Björnekulla Fruktindustrier (cited in footnote 2 above, points 57-60).
- 29 – See Case C-104/01 Libertel [2003] ECR I-3793, paragraphs 45 and 46; Case C-363/99 Koninklijke KPN Nederland [2004] ECR I-1619, paragraph 76; Case C-218/01 Henkel [2004] ECR I-1725, paragraph 50; Case C-64/02 P OHIM v ErpoMöbelwerk [2004] ECR I-10031, paragraph 43; Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee [1999] ECR I-2779, paragraph 53; Opinion of Advocate General Ruiz-Jarabo Colomer in Merz & Krell (cited in footnote 9 above, point 44), and Opinion of Advocate General Ruiz-Jarabo Colomer in Levi Strauss (cited in footnote 5 above, point 23).
- 30 – Windsurfing Chiemsee (cited in footnote 29 above, paragraph 29).
- 31 – Björnekulla Fruktindustrier (cited in footnote 4 above, paragraph 24).
- 32 – See in this regard, however, with respect to Article 8(1)(b) of Regulation No 40/94, Case C-412/05 P Alcon v OHIM [2007] ECR I-3569, paragraph 56. See also the Opinion of Advocate General Kokott in Alcon v OHIM (points 48 to 52).
- 33 – Bayer Co. v. United Drug Co. (S.D.N.Y. 1921), 272 F. 505. See *Berner Intern. Corp. v. Mars Sales Co.* (3rd Cir. 1993), 987 F.2d 975; Lemley, M. and McKenna, M., *Is Pepsi Really a Substitute for Coke?*, 100 Georgetown L. J. S. p. 2055, 2066 to 2069 (2012).
- 34 – Proceso 11-IP-2002.
- 35 – 4 Ob 128/04h – Memory. The latter argument is also used in German case-law to support a restrictive interpretation: see OLG Munich, GRUR-RR 2006, 84, 85 'Memory'.
- 36 – OGH, 4 Ob 269/01i – Sony Walkman II of 29 January 2002; see OGH, 4 Ob 128/04h – Memory of 6 July 2004.
- 37 – Wittgenstein, L., *Philosophische Untersuchungen*, Akademie Verlag, Berlin 2011, paragraph 43.
- 38 – OGH, 4 Ob 128/04h – Memory of 6 July 2004.
- 39 – Case C-102/07 adidas and adidas Benelux [2008] ECR I-2439, paragraphs 22 to 24.
- 40 – Levi Strauss (cited in footnote 5 above, paragraph 34).
- 41 – Levi Strauss (cited in footnote 5 above, paragraphs 29 and 30).
- 42 – In so far as a right to do so exists, it must be exercised. Guidelines concerning proceedings before the OHIM. Final version: November 2007, Part D, Section 2, p. 9.
- 43 – BK 595/2008-4 – 5HTP; De la Fuente García, E. in O'Callaghan Muñoz, X., *Propiedad Industrial*, Centro de Estudios Ramón Areces, Madrid, 2001, p. 223.
- 44 – Eisenführ, G. in Eisenführ, G. & Schennen, D., *Gemeinschaftsmarkenverordnung*, Carl Heymanns Verlag, Cologne 3, 2010, Article. 51, paragraph 22; Galli, C. and Others in Bonlini G. & Confortini, M., *Codice Commentato della Proprietà Industriale e Intellettuale*, UTET, Milanofiori Assago 2011, p. 191.