

**Case C-62/21**

**Summary of the request for a preliminary ruling pursuant to Article 98(1) of the Rules of Procedure of the Court of Justice**

**Date lodged:**

2 February 2021

**Referring court:**

Bundesgerichtshof (Germany)

**Date of the decision to refer:**

19 November 2020

**Applicant and appellant in the appeal on a point of law:**

Leinfelder Uhren München GmbH & Co. KG

**Defendants and respondents in the appeal on a point of law:**

E. Leinfelder GmbH

TL

SW

WL

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**Subject matter of the main proceedings**

Action for performance and declaratory relief; Interest in bringing proceedings; EU trade mark law; Application for revocation of EU trade marks; Non-use; Contractual agreement not to file an application for revocation (non-challenge clause)

**Subject matter and legal basis of the request**

Article 267 TFEU; Interpretation of provisions of EU trade mark law; Application for revocation; Effectiveness and scope of a non-challenge clause

### **Questions referred for a preliminary ruling**

1. Does the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, lead to the ineffectiveness of a contractual agreement by which a third party undertakes vis-à-vis the proprietor of an EU trade mark not to file an application for the revocation of that EU trade mark on the grounds of non-use with the European Union Intellectual Property Office?
2. Does the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, have the effect that a final judgment of a court of a Member State requiring the defendant to withdraw an application for the revocation of an EU trade mark on the grounds of non-use filed by him or her directly or via a person instructed by him or her is to be disregarded in revocation proceedings before the European Union Intellectual Property Office and the Courts of the European Union?

### **Provisions of EU law relied on**

Article 56(1)(a) of Regulation (EC) No 207/2009 on the Community trade mark

Article 63(1)(a) of Regulation (EU) 2017/1001 on the European Union trade mark

### **Brief summary of the facts and procedure in the main proceedings**

- 1 E. Leinfelder GmbH ('the first defendant') is a company that trades in and produces jewellery. TL, SW and WL ('the second, third and fourth defendants') are natural persons who are shareholders and directors of the first defendant.
- 2 Leinfelder Uhren München GmbH & Co. KG ('the applicant') was established in 2010 in order to continue the watch business of the first defendant. The second, third and fourth defendants jointly acquired 1% of the limited partner shares in that company, and a private investor acquired 99%.
- 3 Various contracts were concluded in the course of the establishment of the applicant.
- 4 In particular, the first defendant sold the applicant the German word mark 'Leinfelder' for goods in Class 18, namely watches and watch accessories (partial trade mark assignment agreement). That agreement contained the following

clause: 'The Seller undertakes not to attack the partially assigned trade mark directly or to assist any third party in attacking it.'

- 5 Furthermore, the first defendant sold various assets to the applicant, including the 'intangible assets belonging to the Leinfelder watch business ... including ... industrial property rights' (asset purchase agreement) and granted the applicant the right to use the designation 'Leinfelder' as part of the applicant's company name free of charge by means of two agreements (inter-company licence agreements).
- 6 As in the case of the partial trade mark assignment agreement, the agreements referred to in paragraph 2 each contained clauses in which the first defendant undertook not to challenge the rights which were the subject of the respective agreements ('non-challenge clauses').
- 7 In 2011, the EU figurative mark No 009808205 'Leinfelder Meridian' was registered on behalf of the applicant for goods in Classes 14 and 18, inter alia for jewellery and watches. In addition, the applicant owned the EU word mark No 013975461 'Leinfelder' and the EU figurative mark No 013975453 'EL', both of which were registered in respect of Class 18 (watches and watch accessories) and had been created by the partial assignment of trade marks of the first defendant (all three trade marks hereinafter collectively referred to as: 'the EU trade marks at issue').
- 8 On 10 August 2016, the lawyer XQ filed applications with EUIPO for the revocation of the applicant's EU trade marks at issue on the grounds of non-use. Prior to that, the second, third and fourth defendants had announced that they were going to terminate the applicant's articles of association and file cancellation applications against its 'Leinfelder' trade marks.
- 9 The applicant brought an action before the Landgericht (Regional Court) and sought, first, an order requiring the first, second, third and fourth defendants to instruct the attorney XQ to withdraw the applications for revocation filed with EUIPO ('action for performance') and, second, a declaration that the first, second, third and fourth defendants are jointly and severally liable to compensate the applicant for the damage suffered and to be suffered as a result of the applications for revocation ('action for declaratory relief').
- 10 The Regional Court dismissed the action as unfounded. The applicant's appeal on the merits against that dismissal was unsuccessful.
- 11 By its appeal on a point of law, the applicant is pursuing the forms of order sought by it. The defendants contend that the appeal on a point of law should be dismissed.

### **Main arguments of the court ruling on the appeal on the merits and of the parties in the main proceedings**

- 12 The court ruling on the appeal on the merits considered the applicant's action for performance to be inadmissible owing to a lack of interest in bringing proceedings. That court stated that, in accordance with the case-law of the General Court of the European Union (judgment of 16 November 2017, T-419/16, *Carrera Brands v EUIPO* [Carrera]) ('the *Carrera* decision'), a national court cannot order the withdrawal of an application for the revocation of an EU trade mark filed with EUIPO. Since an application for revocation does not require an interest in bringing proceedings, a non-challenge clause cannot affect the admissibility of such an application. The non-challenge clause – assuming that it is valid and relates to the trade marks at issue – is therefore irrelevant and it is not possible to bring an action seeking its withdrawal.
- 13 The court ruling on the appeal on the merits took the view that the applicant's action for declaratory relief was, in any case, unfounded. It held that a breach of an irrelevant non-challenge clause cannot, from the outset, give rise to an obligation to pay compensation, as this would in fact amount to the enforcement, in a roundabout fashion, of an entitlement that is not conferred by the legal system. The application for revocation also lacks a causal link to damage.
- 14 The applicant submits that the non-challenge clause, as an agreement entered into pursuant to the principle of freedom of contract, contains a waiver of the right to file an application for cancellation. It follows from the latitude granted to the applicant for revocation, who is free to decide whether to file an application for revocation or to withdraw it subsequently, that a contractual agreement on those rights must also be permissible. The *Carrera* decision is not applicable to the case in the main proceedings, submits the applicant. The action does not seek a judicial order requiring the withdrawal of the applications for revocation filed with EUIPO, but rather seeks to have the defendants ordered to perform an act that they had contractually undertaken to perform. This cannot be regarded as an impermissible interference in revocation proceedings, since, in accordance with the principle that the parties themselves delimit the subject matter of proceedings, the applicant for revocation can withdraw its application at any time. In the case underlying the *Carrera* decision, however, the non-challenge clause had been invoked directly in the proceedings before EUIPO with the aim of calling into question the interest in filing the application for revocation.

### **Brief summary of the reasoning in the request for a preliminary ruling**

- 15 The decision on the appeal on a point of law hinges on whether the applicant has an interest in bringing its action for performance. Such an interest is lacking if, by its action in revocation proceedings before EUIPO or the Courts of the European Union, the applicant cannot under any circumstances obtain, for reasons specific to EU trade mark law, an advantage worthy of protection. This is the case, first, if

a contractual agreement by which a person undertakes vis-à-vis the proprietor of an EU trade mark not to file an application for revocation with EUIPO on the grounds of non-use is generally incompatible with EU trade mark law. Second, there would be no interest in bringing proceedings if a final judgment upholding the action for performance were to be irrelevant in revocation proceedings before EUIPO or the Courts of the European Union.

- 16 Question 1: The applicant does not have an interest in bringing its action for performance if, from the outset, the first, second, third and fourth defendants could not effectively undertake not to challenge the EU trade marks at issue by way of an application for revocation on the grounds of non-use. In that context, the question arises as to whether the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may be submitted by any natural or legal person and any body having the capacity to sue and be sued (Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation 2017/1001, respectively) means that a contractual agreement by which a person undertakes vis-à-vis an EU trade mark proprietor not to submit such an application is ineffective.
- 17 The present Chamber takes the view that non-challenge clauses that exclude applications for the revocation of an EU trade mark on the grounds of non-use should be permissible and effective provided that they do not infringe antitrust law in the individual case.
- 18 According to the prevailing view taken in the case-law and legal literature on the criteria for cancellation under the German Markengesetz (Law on trade marks), which are largely identical to those under the European Union Trade Mark Regulation, non-challenge clauses do not in principle infringe trade mark law. That view is shared by this Chamber. Trade mark law has assigned the role of enforcing the use requirement to the parties. Since the relevant legislation does not contain a mandatory prohibition on keeping in the register trade marks that are not used in such a way as to preserve the rights attached to them, an agreement on the invoking of non-use of a trade mark, entered into pursuant to the principle of freedom of contract, must also be possible in principle.
- 19 The substance of the applicant's action for declaratory relief also depends on the answer to Question 1. The first, second, third and fourth defendants could have been made liable to pay compensation as a result of the applications for the revocation of the EU trade marks at issue only if a non-challenge clause relating thereto is compatible with EU trade mark law.
- 20 Question 2: Even if non-challenge clauses are compatible with EU trade mark law, the applicant does not have an interest in bringing its action for performance if, by its action, it cannot obtain under any circumstances, for reasons specific to the revocation proceedings conducted under EU law, an advantage worthy of protection. In that context, the question arises as to whether the circumstance that an application for revocation of an EU trade mark on the grounds of non-use may

be submitted by any natural or legal person and any body having the capacity to sue and be sued, as provided for in Article 56(1)(a) of Regulation No 207/2009 and Article 63(1)(a) of Regulation No 2017/1001, results in the irrelevance of a final judgment upholding the action for performance in revocation proceedings before the EUIPO or the Courts of the European Union.

- 21 In principle, the Chamber shares the applicant's view that the *Carrera* decision concerns a situation that differs from that in the present case.
- 22 The Chamber takes the view that a final judgment given in a Member State should have relevance in revocation proceedings conducted under EU law. The circumstance that, under the provisions of EU trade mark law, an application for revocation on the grounds of non-use may be filed by any natural or legal person and any interest group having the capacity to sue and be sued does not rule out the possibility that the filing of an application in a specific individual case may constitute an abuse of rights for other reasons, such as a breach of a contractual obligation. The fact that other persons can file an application for revocation at any time does nothing to change that. Since, pursuant to Article 51(1)(a) of Regulation 207/2009 and Article 58(1)(a) of Regulation 2017/1001, the periods for which use preserving the rights attached to a trade mark must be proven (also) depend on the date of filing of the application for revocation, it cannot be excluded that the withdrawal of the application for revocation will give rise to a situation that is more favourable to the trade mark proprietor, even if a new application for revocation is filed immediately afterwards or such an application is already pending.
- 23 Furthermore, it will not burden revocation proceedings under EU law if the scope of a non-challenge clause – such as that in the present dispute – is clarified by the courts of the Member States. The present dispute differs from the situation ruled on by the General Court in the *Carrera* decision in that, in the latter case, a non-challenge clause was invoked directly in the revocation proceedings.