“Prove it or lose it” – Two recent decisions on EU Trade Marks showcase the quality of evidence trade mark users need to provide to prove genuine use and acquired distinctiveness of their trade marks.

(Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd. EUIPO Cancellation Division Cancellation No 14 788 and Adidas v EUIPO (T-307/17))

**Introduction**

Two very recent decisions have provided some clarity as to what evidence trade mark holder need to provide to prove genuine use and acquired distinctiveness in relation to their EU Trade Mark. The EU Trade Mark Regulation\(^1\) prescribes that an inherently undistinctive sign may become registrable where the mark “has become distinctive in relation to the goods or services for which registration is requested as a consequence of the use which has been made of it.”\(^2\) In addition, a EU trade mark may be subject to revocation if it has not been put to genuine use for more than five years within the territory of the European Union (EU).\(^3\) Both of these scenarios require the holder to provide evidence as to whether the sign has acquired distinctiveness or that it has been genuinely used. The two discussed decisions were decided this year and relate to two arguably widely known “brands” – McDonald’s flagship burger, the Big Mac, and the notorious three stripes by Adidas.

The first decision related to a revocation request of the word mark “BIG MAC” by the Irish fast food chain Supermac’s. In January this year, the Cancellation Division of the European Union Intellectual Property Office (EUIPO) revoked McDonald’s registration for the word mark “Big Mac” and Supermac’s victory has been compared to David’s victory against Goliath.\(^4\) In the second decision, the General Court of the EU which hears appeals from the EUIPO decided to dismiss the action brought by adidas against the EUIPO’s decision to annul its figurative mark consisting of three symmetrical stripes. Both cases showcase quite detailed which evidence trade mark holder must produce to prove genuine use and acquired distinctiveness, respectively. One common trait can already be revealed at this point: They cannot simply rely on the fame and reputation of their marks.

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\(^2\) Article 7(3) EU Trade Mark Regulation.

\(^3\) Article 18, 58(1)(a) EU Trade Mark Regulation.

1. **BigMac decision**

1.1. **Background**

The Big Mac has been one of McDonald’s flagship products and has been available in its US restaurants since the late 1960ies. The word mark BIGMAC (No 62 638) was registered for classes 29, 30 and 42 of the Nice Classification as a Community Trade Mark. Supermac’s is an Irish Fast food chain which started its operation in 1978 in the county Galway in West Ireland. It now has more than 100 restaurant within the Republic of Ireland and Northern Ireland and is planning to expand across Britain and continental Europe. On the 11 April 2017, Supermac’s filed an application for revocation of the word mark ‘BIG MAC’ pursuant to Article 58(1)(a) of the EU Trade Mark Regulation based on the lack of genuine use for a continuous period of 5 years. McDonald’s responded to the application by submitting a set of evidence of use of the mark ‘BIG MAC’ on advertising and the packaging of products within several EU Member States.

1.2. **The Decision**

The Board reiterated the case law on genuine use. Such use would exist “where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services.” Such genuine use must be actual use of the registered goods or services and cannot be based on mere token use for the purpose of maintaining the trade mark registration. The Board highlighted that the assessment of genuine use would include “all the facts and circumstances relevant to establishing whether commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a market share for the goods or services protected by the mark.”

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5 Class 29: Foods prepared from meat, pork, fish and poultry products, meat sandwiches, fish sandwiches, pork sandwiches, chicken sandwiches, preserved and cooked fruits and vegetables, eggs, cheese, milk, milk preparations, pickles, desserts.
6 Class 30: Edible sandwiches, meat sandwiches, pork sandwiches, fish sandwiches, chicken sandwiches, biscuits, bread, cakes, cookies, chocolate, coffee, coffee substitutes, tea, mustard, oatmeal, pastries, sauces, seasonings, sugar.
7 Class 42: Services rendered or associated with operating and franchising restaurants and other establishments or facilities engaged in providing food and drink prepared for consumption and for drive-through facilities; preparation of carry-out foods; the designing of such restaurants, establishments and facilities for others; construction planning and construction consulting for restaurants for others.
8 Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.
Importantly, the query whether the mark has been used genuinely does not entail an assessment of commercial success or review of the economic strategy of an undertaking, “nor is it intended to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks.”\textsuperscript{15}

After establishing that the proprietor of the EU trade mark had the burden of proof of genuine use for the 5 year period preceding the revocation request, it looked at the evidence submitted which were:

- 3 affidavits signed by representatives of McDonald’s companies in Germany, France and the United Kingdom claiming significant sales figures of the ‘Big Mac’ within the relevant period between 2011 and 2016.
- Brochures and printouts of advertising posters showing Big Mac sandwiches and its packaging
- Printouts of the various McDonald’s websites comprising top level domain names from EU Member states (e.g. www.mcdonalds.de, www.mcdonaldsl.se, etc.) depicting, \textit{inter alia}, the ‘Big Mac’ sandwich.
- Printout of the English Wikipedia page on the ‘Big Mac’.

While being a permissible way in establishing genuine use, the Board found that statements drawn up by the interested parties themselves or their employees would generally be given less weight than independent evidence. This is because the perceptions of a party involved in a dispute may be more or less affected by its personal interests in the matter. With regards to the extent of use, the Board found that “all the relevant facts and circumstances must be taken into account, including the nature of the relevant goods or services and the characteristics of the market concerned, the territorial extent of use, its commercial volume, duration and frequency.”\textsuperscript{16} These factors would entail a degree of interdependence, meaning that a low level of commercial or limited territorial use may be offset through an extensive use of the mark or the duration of use.

With regards to the evidence submitted in form of internet print offs, the Board found that these may be a way of establishing genuine use. It would, however, not suffice to provide this through the mere presence of the trade mark on a website but would need to show “the place, time and extent of use.”\textsuperscript{17} Such evidence could be records of internet traffic as to how many times such website has been visited and used to order goods or services by a certain amount of people within the relevant period and territory. The Board however, found, that such evidence has not been submitted by McDonald’s. The submission of the brochures showing the word mark did not provide information as to how these were circulated and whether they led to purchases. The print offs from the websites did not show how to purchase the produce. Even if this would be possible there was no evidence on how many orders have been made. Hence, a causal link between the websites and the sandwiches sold by McDonalds could not be established. With regard to the submission of a printout of the English Wikipedia website, the Board held that this “cannot be considered as a reliable source of information, as they can be

\textsuperscript{15} Case T-203/02, The Sunrider Corporation v European Union Intellectual Property Office, Judgment of the General Court (Second Chamber), 8 July 2004, para 38.

\textsuperscript{16} Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 4.

\textsuperscript{17} Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 4.
amended by Wikipedia’s users.”

Rather, this could only become relevant in conjunction with “other pieces of independent concrete evidence.”

Based on the evidence provided, the Board concluded that McDonald’s had not proven genuine use of the word mark ‘Big Mac’ within the relevant period. According to its findings, there was “no confirmation of any commercial transactions, either online, or via brick-and-mortar operations.” Nor, did McDonald’s provide concrete evidence how long the products had been offered on the websites, nor was there any data as to actual sales. In relation to the registered services for which Big Mac has been registered for the board stated that “there is no single piece of evidence that refers to any of the registered services being offered under the EUTM.” The decision is likely to be appealed.

2. Adidas AG v EUIPO (Case T-307/17)

2.1. Background

The second decision upheld the decision of the Second Board of Appeal of the EUIPO (Case R 1515/2016-2) to annul the registration of Adidas’ mark (see below). The original proceeding was based on an application for declaration of invalidity by the Belgian company Shoe Branding Europe BVBA.

The mark consisted of “three parallel equidistant stripes of identical width, applied on the product in any direction” and was registered on 21 May 2014 under the number 12442166 for goods in class 25 of the Nice Classification. Shoe Branding Europe filed its application for declaration of invalidity pursuant to Article 52(1)(a), 7(1)(b) of Regulation No 207/2009 (now Article 59(1)(a), 7(1)(b) of Regulation 2017/1001). The Cancellation Division found that the mark was devoid of any inherent or acquired distinctive character. Adidas appealed against the decision but only maintained that plea with regard to acquired distinctiveness. The Second Board of Appeal dismissed the appeal since Adidas failed to prove that the mark had acquired distinctiveness.

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18 Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 5.
19 Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 5.
20 Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 5.
21 Decision of the EUIPO Cancellation Division Cancellation No 14 788, Supermac’s (Holdings) Ltd v McDonald’s International Property Company, Ltd., 11 January 2019, page 5-6.
2.2. **The decision**

Adidas’ plea was based on two points: First, that the Board wrongly dismissed various items of evidence. In its decision, the Board held that the evidence submitted would relate to other signs rather than the mark at issue. Secondly, that the Board erred in holding that acquired distinctive character through its use within the European Union.

The Court first discussed the submission by Adidas that the Board wrongly dismissed various items of evidence. Adidas’ action before the General Court was particularly based on two points: The misinterpretation of the sign and the misapplication of the “law of permissible variations” by the Board of Appeal. Regarding the former, Adidas argued that the Board wrongly concluded that the mark would be an ordinary figurative mark rather than a pattern mark. This interpretation would limit the subject matter of protection to what is actually registered. This would mean that “[o]nce a trade mark is registered, the proprietor is not entitled to a broader protection than that afforded by that graphic representation.”

Pattern marks, on the other hand, such as the Burberry tartan, could be reproduced in various ways depending on the specific goods it was applied to and could be advantageous for proving genuine use as variations of the registered mark may be included in the assessment. The Court, however, adopted the Board’s view which noted that “interpretation of the mark at issue closely corresponds to the graphic representation on the basis of which that mark has been registered.”

Hence, the Court concluded that the “interpretation of the mark at issue closely corresponds to the graphic representation on the basis of which that mark has been registered.” The Court rebutted Adidas’ interpretation of the Apple judgement whereby marks may be registered without indicating their scale or proportions. The Court held that this decision would only state that a design may be registered as a trade mark even without an “indication of the size and proportions of the object which it represents.” This decision would, however, not mean that a mark could be registered without defining the proportions of the sign itself. In addition, the description of the mark in question would not provide any information that the mark would be “composed of a series of regularly repetitive elements,” i.e. a pattern mark.

The Court discussed the second point of the first plea, the alleged misapplication of the law of permissible variations, at quite length. This doctrine would permit variations of the registered mark to be considered as use of that mark for establishing acquired distinctiveness where such variations would not alter the distinctive character of the mark. Adidas added that the concept of “use” in relation to acquired distinctiveness pursuant to Article 7(3) EU Trade

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26 Case T-307/17, adidas AG v European Union Intellectual Property Office, Judgment of the General Court (Ninth Chamber, Extended Composition), 19 June 2019, para 41
Mark Regulation would be the same as within genuine use pursuant to Article 18(1) EU Trade Mark Regulation. On some cases, genuine use can be proven through use of the mark in different forms than the registered one. Applying these considerations in the context of acquired distinctiveness would broaden the possible uses of certain variations of the registered mark to be considered as use of the mark in question. The Court agreed with Adidas and held that use in context with acquired distinctiveness “must be interpreted as referring not only to use of the mark in the form in which it was submitted for registration and, where relevant, registered, but also to the use of the trade mark in forms which differ from that form solely by insignificant variations and that are able, therefore, to be regarded as broadly equivalent to that form.” The Court, however, held that the Board followed this guideline in its decision so the action could not be based on such an omission.

The Court then discussed the alleged misapplication of the law of permissible variations. With this regard, Adidas particularly opposed the following interpretative yardsticks applied by the Board:

(i) where a trade mark is extremely simple, even a slight difference could lead to a significant alteration to the characteristics of the mark as it had been registered;
(ii) use of the mark at issue in the form where the colour scheme is reversed necessarily alters the distinctive character of that mark;
(iii) some of the evidence showed a sign with two instead of three stripes and;
(iv) the use of sloping stripes altered the distinctive character of that mark.

Adidas challenged this interpretation in relation to the following pieces of evidence in form of photographs from promotional materials or catalogues (see below) which the Board dismissed since “the vast majority of the evidence produced by the applicant did not relate to the mark at issue itself, but to other signs which differed from that mark significantly.”

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The Court sided with the Board which “dismissed those images on the ground that they were related to signs other than the mark at issue.”\textsuperscript{32} It held, \textit{inter alia}, that “where a trade mark is extremely simple, even minor alterations to that mark may constitute significant changes, so that the amended form may not be regarded as broadly equivalent to the mark as registered.”\textsuperscript{33}


Adidas second and final plea related to the claim that the Board had wrongly concluded that it had not provided evidence that the mark had acquired distinctive character resulting from use in the EU. It added that it had provided a vast amount of evidence of intensive use of the ‘mark with three parallel equidistant stripes’ throughout the territory of the EU. This evidence ought to “be assessed globally, regardless of the colour and length of the stripes shown and whether or not they are sloping.”

The Court, however, discarded this statement right from the outset:

[In order to demonstrate that the mark at issue has acquired distinctive character, the applicant cannot rely on all of the evidence which shows a mark consisting of three parallel equidistant stripes. Indeed, it follows from the answer to the first part of the plea in law that the relevant evidence is only that which shows the mark at issue in its registered form or, failing that, in forms which are broadly equivalent, which excludes forms of use where the colour scheme is reversed or which fail to respect the other essential characteristics of the mark at issue.]

The Court then reiterated the case law on how acquired distinctiveness is assessed by outlining the elements set out in the Windsurfing Chiemsee decision by the Court of Justice. These are: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

The Court then analysed the evidence provided by adidas which were i) the images which were part of the first plea above; (ii) figures relating to the applicant’s turnover as well as its marketing and advertising expenses; (iii) market surveys and; (iv) other evidence.

All of these pieces of evidence were, however, dismissed by the court. In its opinion, the images would relate “to signs which were not broadly equivalent to the registered form of the mark at issue” and, therefore, could not be taken into consideration. The figures of turnover and advertising costs were also irrelevant since they did not make a link between these numbers and the mark at issue. They would rather relate to the entire business of adidas, including all its goods and marks. The market surveys were rightly discarded by the Board since some of them would not concern the mark at issue and would be irrelevant. 5 of the 23 submitted market surveys which were conducted in Germany, Estonia, Spain, France and Romania did relate to the mark and have shown its measure of perception in these countries. The Court, however, questioned the methodology of these surveys. The other 18 market surveys were not which were not broadly equivalent to the registered mark. While some signs consisted of two, three or four parallel stripes in different lengths, colour combinations and thickness and were applied to a

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shoe, others showed two or three white stipes affixed to black clothing. The remaining evidence consisted of decisions of national courts or press cuttings. The Court also dismissed these and held that the cited decision by national courts would not relate to “forms of use that may be regarded as equivalent to the registered form of the mark at issue.”

The Court also scrutinised whether the evidence would cover use of the mark in question within the territory of the EU as a prerequisite of acquired distinctiveness for an EU trade mark. It would, however, be “unreasonable to require proof of such acquisition for each individual Member State.” Adidas argued that it could provide different types of evidence in order to prove acquired distinctiveness of its mark. However, the Court found that the only relevant pieces of evidence were the above-mentioned 5 surveys, albeit their questionable methodology. But even where these were considered to be relevant, they would not extend to such Member States not covered by the surveys. And all remaining pieces of submitted evidence was irrelevant. Consequently, the Court dismissed adidas’s action.

3. Comment

Both marks which were subject of the discussed decisions are undoubtedly famous. The Big Mac is not only known as one of McDonald’s staples around its operations around the globe. It has also reached a cultural status as being part of a or as a the “side kick” to the “Royale with cheese” in the infamous dialogue between Samuel L. Jackson’s and John Travolta’s characters in Quentin Tarantino’s film “Pulp Fiction.” Adidas, who for a time marketed itself as the brand with three stripes (which itself is a registered trade mark) is similarly known around the globe – not just the sporting world, but it has transcended to be an iconic fashion and cultural item (e.g. the song “My Adidas” by the hip hop group RunDMC).

Both decisions outline quite nicely that trade mark owners of undoubtedly famous marks cannot be rely solely on this fame when trying to prove acquired distinctiveness or genuine use. It urges them, and more importantly their representatives, to be more thorough when providing evidence in this regard. Two points stand out as interesting further discussion points: First, trade mark owners should look more closely which goods or services their marks are registered for. This can be seen in relation to the Big Mac decision where McDonald's provided no evidence of services in relation to the mark. Additionally, the decisions could have highlighted the treatment of “well-known” facts more and how these should be treated in litigation. But it appears, that both the Board and the Court in the discussed decisions wanted to have solid evidence as to use of the particular marks. To this end, they provide good and useful information of how such evidence ought to be provided.

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43 Case T-307/17, adidas AG v European Union Intellectual Property Office, Judgment of the General Court (Ninth Chamber, Extended Composition), 19 June 2019 para 141
46 009203324
47 https://www.youtube.com/watch?v=JNua1FDuDf