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German Tax and Legal News

Compulsory use under trademark law on basis of the Testarossa case - District Court ruled that Ferrari has to agree to the deletion of the Testarossa trademark

The maintenance of trademark protection for historic luxury brands requires a lasting and serious use

The Ferrari Testarossa is a world-famous sports car. Its production, however, already ended in the late 1990s. Recently, the name "Testarossa" was hardly used by Ferrari which now threatens the loss of its trademark. In the absence of a genuine use, the judges accepted the request of a manufacturer of razor blades and bicycles and ordered Ferrari to agree to the deletion of the "Testarossa" trademark.

Case

It is obvious for car owners that the maintenance and conservation of the value of luxury vehicles requires a regular and comprehensive care. This seems to be less obvious for trademark owners. With its much-noticed decision of August 2, 2017 (case no. 2a O 166/16), which is still subject to scrutiny by higher instances, the District Court of Duesseldorf has reiterated that the maintenance and upholding of trademark rights requires a high degree of care, as well – in this case in the form of a serious use. In the controversial case, the Italian sports car manufacturer Ferrari has at least for the moment lost the dispute over the model name "Testarossa" and may thus have to accept that – based on the intention of the claimant – bicycles with the name "Testarossa" produced by a manufacturer that is not affiliated with Ferrari will be put on the market in the future. This should serve as a warning to owners of product brands and trademarks.

Ruling

In the present case, the District Court ruled that Ferrari has to agree to the deletion of its German and international trademark "Testarossa", since the trademark had not been sufficiently used in the past five years. The legal background to this judgment is the concept of so-called compulsory use under trademark law. The basic regulation of the genuine use is stipulated in section 26 of the German Trademark Act (Markengesetz – MarkenG). A genuine use of trademarks basically requires the active and serious use of the registered trademark for the registered goods and services by the owner in Germany. In this case, the use of the trademark with the consent of the owner shall be deemed as use by the respective owner. However, should such a genuine use not take place within an uninterrupted period of five years, the deletion of the trademark may be sought upon request (sections 49, 55 MarkenG).

Contrary to the arguments brought forward by Ferrari, the judges of the District Court of Duesseldorf did not allow an alleged use of the model name for maintenance and repair services as well as for spare parts business as serious and, thus, genuine use. While the maintenance and repair services were only offered under the umbrella brand "Ferrari", the use of "Testarossa" in spare parts business was not sufficient.

Recommendation

It remains to be seen how the judges of the upcoming instances will decide the question of the seriousness of the use of the trademark by Ferrari. However, the decision provides an important signal for the owners of individual trademarks as well as of trademark portfolios that the maintenance of their trademarks requires a constant and diligent care. This should include not only the monitoring of the market with regard to possible infringements, but also the type and extent of use of the trademarks should be carefully reviewed on a recurring basis.

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