



CANCELLATION No 6281 C (REVOCATION)

Aerospinning Master Franchising, Ltd., s.r.o., Holandská 49/4, 10100 Prague 10, Czech Republic (applicant), represented by **Klára Studená**, Na Poříčí, 11000 Prague 1, Czech Republic (professional representative)

a g a i n s t

Mad Dogg Athletics, Inc., 2111 Narcisus Court, Venice, California 90291, United States of America, (CTM proprietor), represented by **Greyhills Rechtsanwälte Partnerschaftsgesellschaft**, Nollendorfstr. 27, 10777 Berlin, Germany (professional representative).

On 21/07/2014, the Cancellation Division takes the following

DECISION

2. The CTM proprietor's rights in respect of Community trade mark No 175 117 are revoked in their entirety as from 07/02/2012.
3. The CTM proprietor bears the costs, fixed at EUR 1 150.

REASONS

On 07/02/2012 the applicant filed an application for revocation of Community trade mark No 175 117, the word mark "SPINNING" (hereinafter referred to as "CTM") which was registered on 03/04/2000.

The request is directed against some of the goods and services covered by the CTM, namely *exercise equipment* in Class 28 and *exercise training* in Class 41 of the Nice Classification.

The applicant invoked Article 51(1)(b) CTMR.

SUMMARY OF THE FACTS & ARGUMENTS

The applicant is a Czech company while the CTM proprietor is a U.S. corporation. They are competitors on the fitness and strength training market in the Czech Republic. The CTM proprietor, in particular, sells training equipment as well as supplying training and programmes for its SPINNING indoor-cycling courses.

The parties are in conflict over, *inter alia*, the rights in the term SPINNING as it relates to *exercise training* and *exercise equipment*. The latest manifestation of this dispute concerns the applicant's alleged infringement of the contested CTM on the Czech market as a result of the confusing similarity between the mark subject to these proceedings and a variety of the applicant's signs, such as AEROSPINNING, AEROSPINNING CLASSIC and AEROSPINER.

On foot of a warning letter sent in this regard, proceedings were issued before the Prague Municipal Court in 2010 in which the CTM proprietor claims that the applicant has infringed the contested CTM. In response to this allegation the applicant lodged a counterclaim that for revocation of the contested CTM on the grounds that the CTM has become a common term in the trade for the goods and services for which it is registered, as a result of both the CTM proprietor's acts and omissions.

The court, on receiving the counterclaim for revocation requested the applicant to transfer the application for revocation to OHIM under the procedure laid down in Article 100(7) CTMR. The infringement proceedings were stayed pending the outcome of the revocation proceedings before OHIM.

On 07/02/2012 the Office received the application for revocation. On 27/05/2014 the parties were informed that the adversarial part of the proceedings was completed and that a decision would be issued on the basis of the evidence submitted to the Office.

The parties argued a variety of points in their submissions. Due to the complexity of these arguments, they are not presented here but rather dealt with in detail in the substantive assessment of the claims.

GROUND FOR REVOCATION - ARTICLE 51(1)(b) CTMR

General principles

The essential function of a trade mark is to distinguish the goods or services of one undertaking from those of another. This has been incorporated by the European Union legislature into Article 4 of the CTMR, which provides that signs may only constitute a trade mark if, *inter alia*, they are capable of distinguishing the goods or services of one undertaking from those of other undertakings (judgment of 29/04/2004, Case C-371/02, 'Björnekulla Fruktindustrier', paragraph 21).

Article 51(1)(b) CTMR is one of the many articles in the CTMR which give effect to this condition. It relates, specifically, to the post-registration situation when a sign has become the common name in the trade for a product or service ('Björnekulla Fruktindustrier', paragraph 22). In such a case the sign has lost its distinctive character, with the result that it no longer is capable of fulfilling its essential function or meeting the criteria laid down in Article 4 CTMR i.e. it can no longer distinguish the goods or services of one undertaking from those of other undertakings. Were it an application for registration, it would be refused under the provisions of Article 7(1)(d) CTMR.

However, the consequences of revocation for the proprietor of a mark which has had such success as to become generic are far more serious than those which follow from the non-registration of a generic name as a trade mark at the beginning of its existence (Opinion of Advocate General Cruz Villalón of 12/09/2013, C-409/12, 'Kornspitz', paragraphs 30-31). Moreover, the proprietor's interest in its trade mark falls within the meaning of "intellectual property" and is protected as such under Article 17(2) of the Charter of Fundamental Rights.

Thus, the European Union legislature, in striking a balance between the interests of the proprietor of a trade mark and those of its competitors in the availability of signs, decided that the loss of distinctive character of a Community trade mark may support the revocation thereof only when that loss of distinctive character – that transformation into a generic name for a product or service – is due to (lit. "a consequence of") the

proprietor's action or inaction (judgement of 06/04/2014, C-409/12, 'Kornspitz', paragraph 32).

Thus, for a registered Community trade mark to be revoked on the grounds of Article 51(1)(b), two conditions must be met: first, it must be objectively established that the trade mark has become the common name in the trade for the product or service in respect of which it is registered; second this loss of distinctive character must have occurred in consequence of acts or inactivity of the proprietor (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraphs 32).

A. Objective criterion: the common name in the trade for a product or service

The first requirement is an objective criterion. This criterion requires the applicant to prove that the trade mark has become the common name in the trade for a product or service in respect of which it is registered. The possible existence of alternative names for the product or service does not affect whether the CTM has lost its distinctive character as a result of its transformation into the common name in the trade ('Kornspitz', paragraph 38).

Here, the perception of consumers or end users plays a decisive role, since the aim of the commercialisation process is the purchase of the product by end users. The fact that the traders are aware of the existence of that trade mark and of the origin which it indicates is generally insufficient to prevent that mark being liable to revocation ('Kornspitz', paragraph 30). It is thus generally sufficient, for the purposes of satisfying the objective element of liability to revocation under Article 51(1)(b) CTMR, that consumers consider a trade mark to be a generic name.

However, in the presence of particular certain market features, it may be necessary to assess the distinctive character of a sign not only in the light of the perception of end users but also in the light of the perception of traders.

These market features are determined in line with the purpose of Article 51(1)(c) CTMR ('Björnekulla Frukthandlaren', paragraph 24). Such features are present where a trade mark continues to perform its function as an indication of origin despite the end users lack of awareness that the sign is a trade mark.

This may be the case where an intermediary actually makes the decision to purchase for the consumer or where an intermediary exerts a decisive influence or gives advice which has a decisive bearing on the consumer's decision to purchase. In those cases the intermediary's knowledge of the trade mark allows it to function as indication of origin in the entire process of commercialisation (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraphs 57-59).

B. Subjective criterion: loss of distinctive character "in consequence of the acts or inactivity of the proprietor"

The second requirement requires the applicant to establish that the contested CTM became the common name in the trade for a product or service as a consequence of the proprietor's action or inaction.

i) The proprietor's activity

The first limb of this requirement allows revocation of the CTM when the proprietor has acted in a way which harms the distinctive character of the CTM and thereby contributes to the transformation of the mark into a generic term.

ii) The proprietor's inactivity

The second limb of this requirement allows revocation of the CTM when the proprietor has had the opportunity to fight the CTM's transformation into a generic term but rather remains inactive and fails to take the actions available, thereby contributing to the CTM's eventual loss of distinctive character.

The contours of "inactivity" are not defined by the CTMR. Nonetheless, the Court of Justice has held that "inactivity" must be interpreted in light of the balance which Article 51(1)(b) seeks to maintain between on the one hand, the interest of the proprietor of a trade mark to safeguard its essential function, and, on the other hand, the interests of other economic operators in having signs capable of denoting their products and services (judgment of 27/04/2006, C-145/05, 'Levi Strauss', paragraph 29).

Accordingly, "inactivity" must be interpreted as meaning all those omissions 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 ('Kornspitz', paragraph 34).

The extent of the trade mark proprietor's duty of vigilance applies not only to defending the trade mark against infringement but also to the risk of a trade mark becoming a generic name. It requires the trade mark proprietor to observe the market and take reasonable steps to protect his trade mark from developing into a generic name (AG 'Kornspitz', paragraph 83)

Thus, the Court has held that failure to have timely recourse to the exclusive rights referred to in Article 9 of the CTMR in order to prevent the use of confusingly similar signs can constitute such inactivity – since those rights are aimed at preserving the distinctive character of a mark ('Levi Strauss', paragraph 34).

Similarly, the Court has held that failure to take any initiative which would encourage sellers to make more use of a mark and to inform their customers that a sign used to designate the product in question is in fact a registered trade mark may also contribute to the transformation of that trade mark into the common name. Therefore, it can also constitute inactivity for the purposes of Article 51(1)(b) CTMR ('Kornspitz', paragraph 34).

However, the concept of inactivity is not restricted to the above kinds of omission, which are only examples. It must be determined in each individual case what measures are appropriate and reasonable for the trade mark proprietor to take, that is to say what measures constitute a sufficient degree of vigilance with respect to defending the trade mark against the risks of infringement and the loss of distinctive character. Such measures may 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 indicating that the term is a registered trade mark.

In cases where a licence to use the trade mark has been issued, the trade mark proprietor must also 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 (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraphs 83-84).

iii) Generic, but not in consequence of the acts or inactivity of the proprietor

The use of the phrase “in consequence of acts or inactivity” requires a causal nexus between the proprietor’s actions or inactions and the CTM’s loss of distinctive character.

This may be the case, in particular, where the disappearance of distinctive character is caused by third party competitors working in concert to flood the market with similar signs. Those competitors may then claim that the logo they have imitated has in fact transformed into a generic mark. By this, competitors attempt to force the revocation of the CTM they have imitated.

Revocation is not available in those cases, so long as the proprietor takes reasonable efforts to combat this ploy, as to revoke the CTM would allow competitors to gain an advantage through their own unlawful acts and would unfairly prejudice the proprietor’s property rights in the absence of any fault or overriding general interest.

C. Part of the Community

Article 52 CTMR provides for a number of situations in which a CTM may be invalidated on the basis that it was registered in breach of Article 7 CTMR. Those grounds for invalidity may be invoked, according to Article 7(2) CTMR, notwithstanding that the grounds for invalidity obtain in only part of the Community.

Unlike the grounds for invalidity in Article 52 CTMR, the grounds for revocation laid down in Article 51 CTMR, do not make reference to Article 7(2) CTMR. Article 51 CTMR does not state that grounds for revocation obtaining in only part of the Community may suffice to revoke a CTM. Thus, at first sight, it might seem that it is insufficient for the purpose of Article 51 CTMR that the grounds for revocation obtain in only part of the Community.

However, Article 1(2) CTMR states that Community trade marks have “unitary character” with equal effect throughout the Community and may not be the subject of a decision revoking the rights of the proprietor save in respect of the whole Community and that this principle shall apply unless otherwise provided in this Regulation.

The force of Article 1(2) CTMR is not that a ground for revocation must exist throughout the Community before it is activated. On the contrary, proprietors of Community trade marks have the duty to protect and exercise their rights equally, throughout the Union. Thus, no one part of the Union is more important than another and the rights bestowed throughout the Union are in principle accompanied by duties imposed throughout the Union. Thus, where a ground for revocation exists in part of the Union, it will be sufficient to support the revocation of the CTM, as the proprietor has failed to maintain its rights across the Union.

Therefore where the ground for revocation laid down in Article 51(1)(b) CTMR applies in part of the Community this is a sufficient basis on which CTM may be revoked.

D. Relevant date for assessment

According to Article 55(1) CTMR, in the event of revocation, and to the extent it is revoked, the CTM will be deemed not to have the effects specified in the CTMR as from the date of the application for revocation. An earlier date may be fixed by the Office if this is requested by one of the parties, provided that the requesting party shows a legitimate legal interest in this respect.

From this article it can be identified that the grounds for revocation of the CTM must be assessed at the date on which the application for revocation was filed. In principle then evidence relating to the proprietor's conduct after that date or to subsequent developments concerning the distinctive character of the mark is irrelevant for the purposes of this assessment. Thus, evidence referring to after the filing date is disregarded unless it contains conclusive indirect proof of what happened before the application for revocation was filed, such as when it is possible thereby to confirm or assess more accurately the actions taken by the proprietor before the application for revocation was filed (see by analogy, order of 27/01/2004, C-259/02, 'La Mer Technology', paragraphs 28-33).

ASSESSMENT OF THE CLAIM

A. The common name in the trade for a product or service

This is an objective factual assessment. It asks what do consumers understand by the word SPINNING? What is the CTM's primary significance? Does it mean that all the goods and services provided and sold under it have the same or somehow linked provider or is it just the name for the goods and services themselves without identifying in any the commercial origin.

At this point it should be noted that the contested mark is a registered Community trade mark. It carries with it a strong presumption that the CTM is distinctive. The applicant is tasked with dislodging this burden by proving that the CTM has become generic.

1. Common name: determining the relevant public

The applicant argues that the relevant public comprises visitors to fitness centres, owners, operators and managers thereof, sports instructors, traders in sports tools and equipment, operators of sports websites and authors or publishers of sports and leisure activities as well as their readers, which is, essentially the general public.

The CTM proprietor offers a different definition for the relevant public. It claims that *exercise training* and *exercise equipment* are directed to an expert public, one which is particularly interested in fitness, and therefore, the relevant public for the purposes of assessing the distinctiveness of the CTM is the commercial users of these products, namely a limited specialist public consisting of the operators of fitness studios and rehabilitation facilities and traders in equipment used in those locations.

For this reason the CTM proprietor disputes the relevance of evidence concerning the perception of end users, operators of sports websites, and authors, publishers or readers of sports and leisure publications, as they do not fall within the relevant specialist public. The proprietor cited the case law of the Court of Justice (*Boston Gurka*) and of the OHIM 4TH Board of Appeal in support of that position (case R 618/2008-4 "MPPI").

Using that definition, the CTM proprietor argues that the CTM cannot be deemed to have become generic as traders continue to be aware that it is a trade mark and continue to use it as such. Even if the mark is also informally used by end users to designate the category of goods or services as a whole that fact – that it has become generic amongst end users – cannot outweigh the fact that it remains distinctive amongst traders.

The CTM proprietor's arguments on the definition of the relevant public must be rejected. The Court has made it abundantly clear that it is the perception of end users which plays a decisive role in the assessment of whether a mark has become the common name in trade for a product or services. That traders are aware of the existence of a trade mark and of the origin which it indicates is insufficient to prevent that mark being revoked, unless particular market features are present. Those features have not been shown to be present in the *exercise training* and *exercise equipment* markets. Traders and intermediaries do not actually make the decision to purchase for the consumer, exert a decisive influence or give advice which has a decisive role on the decision of which *exercise training* service or *exercise equipment* to purchase. Therefore it is the end users perception which will be assessed.

As the applicant has focused its evidence on the distinctiveness of the CTM in the Czech Republic, the relevant public for this assessment consists of the Czech speaking part of the Union. Therefore, it is the distinctive character of the CTM on the Czech speaking parts of the single-market which must be assessed.

Contrary to the CTM proprietor's claims, the applicant is not required to show that the "overwhelming majority" of the relevant public understand the term in a generic manner. The applicant is in fact required to prove, when alleging that a mark has become generic, at least a part of the relevant public in the European Union considers the CTM as merely designating the goods and services in question rather than those of a particular trader.

2. Common name: perception of the relevant public

The evidence as a whole indicates that a substantial part of the relevant Czech market do not perceive the term SPINNING as an indication of origin. Rather, SPINNING is commonly used to refer to a type of exercise training which consists of group sessions of indoor-cycling led by an instructor or trainer. This perception was indicated in relation to both consumers and traders. Thus, on the Czech market, SPINNING is generically used to refer to a type of exercise training as well as related equipment used in the exercise training, rather than as an indication of commercial origin.

The various depositions made by the parties in this case are considerable, which makes it impracticable for the Cancellation Division to refer to every item of evidence brought to its attention. Nevertheless, some broad observations on the general categories of evidence and some of the more important exhibits must be made clear.

i. Suggestive marks are more susceptible to becoming generic

The applicant argued that the CTM is suggestive of the goods and services for which it is registered. The applicant further explained that suggestive marks are particularly suitable for adoption as the common name in the trade for an entire class of goods or services as they already evoke or allude to the goods and service for which they are registered. Therefore, suggestive marks are, *ab initio*, at higher risk of becoming generic.

The Cancellation Division agrees with this assessment. The degree of transformation necessary to turn an allusive or suggestive mark into a generic term is lower than for entirely fanciful terms. Thus, suggestive marks are born at heightened risk of becoming generic.

Nonetheless, it must be noted that the assessment of whether a mark has become the common name in the trade for a good or service must not be assessed simply on the

basis that suggestive marks suffer from a disadvantageous starting position, but rather must look at the finishing line; that it is easier for a suggestive mark to transform into a generic name does not affect the factual assessment of whether that transformation has actually taken place.

SPINNING is, as the applicant noted, suggestive of *exercise training* services and of *exercise equipment*. While neither the participants in nor the machines used for indoor cycling spin, some parts (such as the pedals) do rotate, such that the idea of spinning is somehow linked to the activity itself. Thus, it is not surprising that those Czech consumers who grasp the meaning of the term SPINNING in English – a rather simple term - would readily take it up as a name for the activity itself, especially considering that the English term is a verb and that the goods and services relate to an activity. Nonetheless, it remains to be established that consumers actually perceive the term in this way.

ii) SPINNING is used generically by end users

As concerns end users, the documentary evidence suggests that they perceive SPINNING as merely designating a type of *exercise training*, consisting of a group indoor-cycling, led by an instructor. The evidence does not indicate that SPINNING is understood as designating these services rendered under the control of any particular undertaking.

In particular, evidence of the use of the mark on internet discussion forums, in popular media and in dictionaries suggests that this is the nature of the average end user's perception.

SPINNING is often presented as one of the many possible different types of fitness or exercise training which can be undertaken in order to lose weight. It is used in these articles in an identical manner as other fitness activities, such as yoga, skating, dancing, tennis and many others. From the various media excerpts provided the following examples of how SPINNING is used in the printed word paint a clear picture:

- Spinning or Indoor cycling also is energetically effective group exercise on a stationary bike that combines music, motivation and imagination.
- Spinning is currently one of the most popular forms of sports activities, focusing on how to obtain or maintain a slim figure and work on the physical condition.
- If your sporting objective is to have larger thighs and backside, do choose spinning.
- Studio Sport Perfect has prepared a prolonged spinning lesson for you. You will thus enjoy 120 minutes in the saddle, led by the instructors, Denisa and Mirek.
- Students tried out some of heavy lifting exercise machines, spinning training and other equipment-free exercises under professional supervision of trainers.
- Do you go, once in a time, to make proper sweat at a lesson of aerobics, spinning or other exercising activities?
- Included will be an exhibition match in tennis, squash, badminton, sample clock aerobic exercises, spinning Marathons, consultation individual

activities with coaches and sample training sessions, nutritional and fitness advice attractions for children, refreshments and much, much more...

As well as a plethora of individual media excerpts, the applicant submitted a media analysis conducted by Newton Media a.s., the purpose of which was to monitor the use of the term SPINNING by the media organisations active on the Czech market during 2011. This analysis focuses on whether SPINNING was used in a generic context, as a kind of sports activity, or as a brand name in relation to the proprietor. The evidence is both directly relevant and glaringly clear – the vast majority of references to the term SPINNING use the term as a type of exercise activity and in no way indicate that the mark is proprietary, or relates to a particular commercial origin.

In addition to media excerpts the applicant also provided evidence of how end users use the mark online, in discussion forums and on blogs. This evidence is of a similar nature, and indicates that SPINNING is used as the name for a type of sports or fitness activity.

Reference was also made to a number of Czech language dictionaries and a statement of the Czech Language Institute of the Academy of Science of the Czech Republic dated 18 November 2010, according to which the term SPINNING is considered generic.

Thus, in the vast majority of the evidence, SPINNING is used as an indication for a type of *exercise training* or sport, most frequently as “spinning bike”, “spinning room” and “spinning centre” and often in combination with other sports such as yoga and aerobics. Only a paltry number of articles make reference to the CTM proprietor or its licensees.

Against this evidence the CTM proprietor raised a number of arguments.

First, the CTM proprietor argued that a large proportion of the examples of SPINNING being used as an indication for a particular type of exercise activity are, in fact, references to the provision of those services at licensed SPINNING centres. Therefore this use is not generic but rather trade mark use, which functions as an indication of origin. In this regard, the CTM proprietor made reference to the affidavit of Mr Tomáš Krmíček – the proprietor’s “educational representative” in the Czech.

This argument must be rejected. Mr Krmíček’s allegations indicate that only some of the evidence relates to licensed centres. Most of the evidence remains unscathed. Moreover, Mr Krmíček’s evidence is uncorroborated and unsubstantiated, and its veracity has been brought seriously into question in light of discrepancies noted by the applicants in their subsequent submissions. Thus, it is entirely insufficient to refute the impression made by the evidence as a whole.

Second, the CTM proprietor argued in law that there is the name for a sporting activity does not necessarily have to be a generic term for such activity. The CTM proprietor cited case law from the Hamburg Higher Regional Court in support of this contention and also made reference to decision R 803/2004-1 of the OHIM Board of Appeal, “Tae Bo”. It noted that in 2004, 2009 and 2012 the Regional Court of Hamburg held that that the CTM was in fact renowned in Germany in relation *exercise training* and *exercise equipment*. Thus, where the term SPINNING is used as a reference to the activity as a whole this should be deemed use of a renowned trade mark rather than use of a generic term.

The Cancellation Division agrees with the crux of this argument, in that a name for a sports activity does not necessarily have to be a generic term. This was surely the case when the SPINNING programme was first introduced onto the Czech market. The activity itself – instructor led sessions of stationary cycling, set to music, is not a particularly inventive or unusual. Many different terms or combinations of words could be used to describe the activity – a variety of combinations have been used so far in this decision. The term SPINNING was certainly distinctive when registered and when first used in relation to *exercise training*.

However, it does not follow that all subsequent use of the term is trade mark use. Moreover, the question before the Cancellation Division is not whether the CTM was ever distinctive, but whether the term remained distinctive at the date of filing the application for revocation. In that regard, the evidence suggests that the contested CTM has in fact transformed into a generic term, partly as a result of its success on the market, and that this generic perception predominates on the market.

Third, the CTM proprietor noted that its main competitors do not use the term SPINNING in their marketing. However, the fact that some competitors do not use the contested CTM in their marketing does not displace the fact that end users, and many other traders do in fact use the term generically. In any case, the evidence in support of this argument was provided in German, not Czech, which suggests that it relates to the situation on the German market, i.e. it does not relate to the understanding of the CTM on the Czech market. Therefore this line of argumentation must also be rejected.

Fourth, concerning the internet based evidence, the CTM proprietor argues that internet search results, or the raw number of hits that a term results in cannot prove that a trade mark has become generic. Moreover, the first five results for spinning on a googles search is the CTM proprietor's website, where the fact that SPINNING is a trade mark can immediately be seen.

Fifth, the CTM proprietor argues that the failure of some dictionaries to recognise that SPINNING is a trade mark is not decisive as to the issue of whether the mark has become a generic term. However, while the evidence may not be decisive, it is still relevant to the question of how the term is understood on the market. The fact that some dictionaries included it as an entry denoting the generic meaning asserted by the applicant suggests that the editors were not aware of its trade mark status and *bone fide* considered that the term was so used by in Czech in the same, generic sense.

Sixth, the CTM proprietor argues that even though the end user plays only a subordinate role in the assessment of the distinctiveness of the CTM, it should nonetheless be noted that the majority of those who attend SPINNING courses are well aware that SPINNING is a trade mark. Fitness savvy consumers appreciate the quality of the original SPINNING products and the training sessions.

This argument also must be rejected. As noted above concerning the definition of the relevant public, the perception of the consumer is decisive – it does not play a subordinate role. In any case, as is explained in following section, traders also use the term in a generic sense. As to the allegation that the majority of end users are aware that SPINNING is a trade mark, this is unsupported by evidence, and is thus manifestly unfounded.

Seventh, the CTM proprietor argued that the deciding factor in this regard is not and cannot be whether the term SPINNING is used in a general context by magazine writers and operators of internet websites focused on sports, as these are not the

target consumer group. On this point, it must be stated that media and websites, as well as dictionaries of foreign words and the like reflect the linguistic situation in the Czech Republic, that is to say the language they use corresponds to that of the Czech population they are addressing. Therefore, this argument must also be rejected.

iii) SPINNING is used generically by traders

The evidence also suggests that traders and commercial entities use the mark in a generic manner. Although not strictly relevant, since the perception of end users is decisive, for the purposes of completeness the Cancellation Division will assess the perception of traders as regards the term SPINNING, with particular emphasis on the CTM proprietor's arguments that traders do not perceive SPINNING as a common name for a type of *exercise training*.

First, the evidence indicates that traders of sports equipment use the word "spinning" as a generic word – thus, "spinning bikes" are a category of stationary bikes and "shoes for spinning" are a category of shoes, both of which are suitable for use while SPINNING. The evidence indicates various firms selling products on the market using this type of language.

Second, SPINNING is also widely used in the websites and advertising of hotels, fitness and wellness centres active on the Czech market. These firms use the term to denote a type of sport, usually offered in connection with the other types of sports, for example in the combination "aerobic, fitness, yoga, spinning, etc." The use of the SPINNING here is merely generic, in exactly the same manner as the use of aerobic, fitness and yoga is.

Third, many entities use variations of the word "spin" or "spinning" – e.g. "POWER SPINN", "SPIN+CORE", "spinbikeclub", "spincore", "spinfitt" or "spinink". In relation to this the CTM proprietor contended that variations of the contested CTM, such as the abovementioned examples are irrelevant as the current proceedings relate only to the use of the contested CTM. In fact, the contrary is true - these novel variations are more likely to indicate competitors trying to add their own marketing twist to what they consider a generic term. Thus, these variations suggest that the SPINNING is not understood as a mark but rather as a generic name for the activity. Moreover, the CTM proprietor also contradicts itself in its guidelines on trade mark usage by likenesses, in which it states that variations of the word spinning or spin should be avoided, in order to preserve the term as a trade mark.

Fourth, the term SPINNING is used as part of the business name of various entities. This term is also used generically to describe, in the register of companies, the type of business activity that is carried on. For example, "provision of education in the sphere of spinning". Extracts from the Czech Company Register, Trade Register, and Register of Citizen Associations were provided in this regard.

iv) Use of SPINNING for classification purposes

The applicant claims that it is a long term practice of the Czech Industrial Property Office to accept the term SPINNING in the specification of goods and services for which a mark can be registered. The same practice is said to exist at the World Intellectual Property Office (WIPO) as well as at OHIM. According to the evidence submitted, 47 trade marks were registered between 2003 until 2011 for a list of goods and services in which the term SPINNING appears.

The applicant interprets the registrations of marks with such a specification as evidence that the Czech Industrial Property Office considers SPINNING to be a generic term. The Applicant also points out at the exact list of goods and services of the majority of these trade marks includes the phrase “activities like aerobic, fitness, spinning, etc.”, which further suggests that it is used generically.

In response to this, the CTM proprietor noted that Article 2(4) of the Nice Agreement states: “The fact that a term is included in the alphabetical list in no way affects any rights which might subsist in such a term”. Thus, according to the CTM proprietor, the presence of SPINNING in the specification of a mark’s goods and services cannot affect whether the mark is generic or not.

The applicant conceded that the presence of SPINNING in the specification of a mark’s goods and services cannot alter a party’s rights in the term. However, although it follows that the presence of SPINNING in the specification of goods and services cannot *cause* SPINNING to become generic, it does not necessarily follow that this presence in cannot *reflect* that the mark has already become generic, i.e. the transformation has already occurred, at least in the mind of the examiner and the party applying for the mark in whose specification it appears.

v) Decisions of national Intellectual Property Offices

The parties, in their submissions made various references to two decisions of national Intellectual Property offices, relating to national versions of the SPINNING mark. Unlike the decision of the Danish Intellectual Property Office, which does not relate to the territory under examination, the decision of the Czech IPO is highly persuasive as to whether the term SPINNING has become generic in the Czech Republic.

This decision, although still subject to appeal, is well reasoned and its findings are corroborated by the evidence which was submitted to this Office in the course of these proceedings. The *ratio decidendi* of the decision is that the designation SPINNING was generic at the time of applying for a Czech national mark. *Obiter dictum* the Czech IPO also held that the term is still commonly used in the field of fitness to indicate a certain type of athletic activity, as well as the instruments on which the activity is performed.

It is also of particular interest that the Czech IPO found that the term SPINNING had been used on the Czech market since the 1990s - years before the CTM proprietor applied for either the contested CTM or the national mark which was the subject of the Czech IPO’s decision. Thus, the Czech IPO found that as early as 2000 to 2002 the mark was commonly used as the name of a new athletic activity such that consumers making such use had no reason to view it as a designation of a commercial brand or a specific entity active on the Czech market. In the early 2000’s the activity itself is said to have quickly spread among the Czech public, and not exclusively associated with the applicant – massive and uncontrolled use of the term SPINNING took place on the Czech market during that period.

vi) The CTM proprietor’s submissions

Even the proprietors’ own submissions support the contention that the term SPINNING has become generic on the Czech market - Mr John Baudhuin, CEO of the CTM proprietor, states in his affidavit of 15/04/2014 that it is increasingly difficult to trace the number of ongoing infringing and generic uses of the CTM SPINNING from year to year. Thus he acknowledges that there are parties on the market who use the term in a generic manner, against which action must be taken. Moreover, the applicant’s own arguments that it has extensively responded to these threats, both in the Czech

Republic and more generally across the Union, are posited upon the existence of generic, unauthorised or improper uses of the term SPINNING in relation to *exercise training* and *exercise equipment*. Without such improper uses there would be no need for the CTM proprietor to have enforced the SPINNING mark in the way which it claims to have done so. Thus, this evidence also indicates that the mark has become the common name in trade for a type of *exercise training* services and the equipment on which the activity is performed.

3. Common name: conclusion

On the whole, the evidence tends not to make reference to the proprietor nor does it indicate that “SPINNING” is a proprietary term for *exercise training* coming from a particular source or subject to proprietary rights. Rather, the evidence shows that consumers understand and use the term in a far simpler way; for them SPINNING is merely the name of a type of exercise activity. The CTM proprietor’s arguments in its defence do not affect this finding as they are outweighed by the plethora of evidence provided by the applicant and by findings of the Czech Industrial Property Office on substantially the same question. Therefore the Cancellation Division finds that SPINNING has become the common name in the trade on the Czech market as a type of *exercise training* and the *exercise equipment* used in this training.

B. Loss of distinctive character “in consequence of the acts or inactivity of the proprietor”

This leg of the analysis under Article 51(1)(b) is a subjective legal assessment which looks at whether the CTM has become generic “in consequence of” the proprietor’s actions or inactions.

The use of the phrase “in consequence of acts or inactivity” requires that a causal nexus exists between the CTM’s loss of distinctive character and the proprietor’s actions or inactions. Thus the CTM may only be revoked under Article 51(1)(b) where the proprietor’s is at fault in allowing the CTM to become generic, such as when the CTM proprietor chooses to act in a manner which harms the CTM’s distinctive character of the CTM, or chooses not to act when faced with a threat to the CTM’s distinctive character against which some actions were available.

Conversely, there is no ground for revocation under Article 51(1)(b) CTMR where the mark becomes generic in spite of the proprietor’s reasonable efforts and vigilance in protecting it. Likewise, when the proprietor is prohibited or legally unable to prevent the mark from becoming generic that fact cannot be held against the proprietor and revocation will not be possible, under Article 51(1)(b).

The proprietor alleges that the current proceedings are a concerted effort on the applicant’s part to destroy the proprietor’s SPINNING trade marks. The proprietor argues that the applicant has aggressively promoted the generic use of the contested CTM by 3rd parties, as part of a campaign to transform the CTM into a generic term and thereby force its revocation. In that regard the CTM proprietor noted that some of the evidence submitted as proof of generic use actually relates to the applicant’s own actions and therefore cannot be relied on against the CTM proprietor.

However, the proprietor’s allegations in this regard concern only part of the evidence. They are not supported by the evidence as a whole. Even though some of the evidence emanates from the applicant and even if it were manufactured solely for the purposes of destroying the CTM’s distinctive character, that fact alone would remain insufficient

to establish that the current proceedings are fraudulent. This is, in particular, because only a part of the evidence was impugned by the CTM proprietor. The bulk of the evidence indicates that multiple parties unrelated to the applicant, consisting of both end users and traders, have made generic use of the mark for a substantial period, both within and without the Czech Republic. Thus, while some of the evidence may suggest that the applicant is attempting to force the CTM to become generic, this does not taint the other evidence which indicates that the CTM has organically lost its distinctive character over time.

1. Loss of distinctive character in consequence of proprietor's acts

In relation to the proprietor's activity, the applicant notes that the proprietor has used the CTM in a generic way and thereby contributed to the CTM becoming generic. The CTM proprietor disputed this and maintains that it has always used the mark as a trade mark.

In particular, the CTM proprietor went to great lengths to prove that it produces high-quality and high-priced bikes specifically for the SPINNING group training program, which are sold either by the CTM proprietor or its licensees, mostly in large quantities to fitness studios for use under a professional and certified spinning instructor. These sales are made under the SPINNING mark and in conjunction with a registered trade mark "®" symbol. New products are released every year and the CTM proprietor's goods are always sold conspicuously bearing the SPINNING mark on their frame. The CTM proprietor has sold millions of dollars since 1995, all of which have taken place under the SPINNING mark and related brands.

The CTM proprietor's also indicated that it provides education services to fitness studios by which it educates and certifies trainers as licensed SPINNING instructors. These instructors provide SPINNING courses at authorized SPINNING centres. Brass plaques and signs are present in each Official Centre designating that fact to consumers. In addition all the promotional materials are said to make use of a registered trade mark symbol "®", as well as specifying that the CTM is a registered trade mark of Mad Dogg Athletics, Inc. Moreover, the CTM proprietor also notes its trade mark rights in promotional brochures, training materials and on internet sites as well as via email.

All the above was corroborated by evidence submitted by the CTM proprietor. Thus, from the evidence on file it has not been proven that the CTM proprietor has itself made generic use of the CTM.

In addition to alleging that the CTM proprietor has made generic use of the mark, the applicant also alleged that by granting an excessive number of free, non-exclusive licenses and by failing to register these licenses with the Office in accordance with Article 23 CTMR the CTM proprietor has acted to the detriment of the CTM's distinctive character.

In that regard, the applicant alleged that a license can be obtained for free by anybody who wishes, so long as he or she registers on the Proprietor's website. Thus the applicant claims that there is an undefined and uncontrolled group of entities, who are licensed to use the mark and that this has contributed to the overbroad and generic use of the CTM.

However, as the CTM proprietor correctly pointed out, there is no requirement to register a license with the Office. Moreover, in addition to there being no requirement to register a license with the Office, the effects of Art 23 CTMR are limited to property

rights or circumstances where the relationship between transfers is unclear such as in the case of conflicting exclusive licenses. Thus, the non-registration of a license would only hypothetically limit the effects of the license *vis à vis* third parties in so far as the transfer, property rights or scope of the license arrangement are concerned. Non-registrations does not mean, as the applicant contends, that use by an unregistered licensee can be deemed infringement or generic use.

Indeed, the mere granting of a large number of licenses is not necessarily a damaging act as regards the distinctive character of a CTM. What matters is the effect of granting those licenses because the loss of distinctive character is a factual assessment. Thus, were a large number of licenses to be granted, the conditions therein strictly regulated and adherence thereto was strictly enforced, then it would be unlikely that those licenses – no matter how many – would cause or contribute to the CTM's loss of distinctive character. That said, in other cases, where the CTM has lost its distinctive character and the subsequent acts of licensees have not been properly policed – as is alleged by the applicant – issues of causation may well arise (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraph 83). However, this latter situation of improper policing falls more correctly under the meaning of "the proprietor's inactivity". Thus, it will be considered in the following section.

Therefore the applicant's arguments that the CTM has become generic in consequence of the CTM proprietor's actions must be rejected as unsubstantiated.

2. Loss of distinctive character in consequence of proprietor's inactivity

In this context it must be noted that proprietors of Community trade marks are not required to police the market to the extent that the CTM does not lose its distinctive character. Were that the case, the mere fact that the CTM has become generic would be enough to ground revocation and the subsequent condition in Article 51(1)(b) – "in consequence of the acts or inactivity of the proprietor" – would be rendered meaningless. Therefore, the mere fact that the mark has become generic cannot be held against the CTM proprietor at this stage.

In the same vein, as a Community trade mark is primarily an economic right, it would be unreasonable for a proprietor to incur costs in enforcing the CTM which outweigh the value of the mark to the proprietor. Thus, a CTM proprietor is not required to take every action possible in policing the market and protecting the CTM's distinctive character. In short, a CTM proprietor cannot be required to bankrupt itself in order to maintain its exclusive rights.

Thus, it is clear that there are some upper bounds on the CTM proprietor's duties as proprietor. That duty may only require measures that are appropriate and reasonable given the context and not unduly burdensome. Moreover, the proprietor's duties can only be defined in light of the specific facts of each case (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraph 84).

In light of this, the question that remains to be answered is whether it is reasonable to punish the proprietor for failing to be more active in preventing the CTM's loss of distinctive character or whether the CTM proprietor's actions as a whole, are to be regarded as appropriate, reasonable and sufficiently vigilant, such that revocation of the CTM would be unfair and disproportionate.

To make such an assessment it is necessary to look at the evidence as a whole and to judge the proprietor's inactivity against the possible range of actions which it could

have taken. Only then, in light of the relevant market and the proprietor's degree of knowledge, can it be deduced whether the proprietor's acts and inactivity were reasonable or not.

In this regard, the applicant argues, in essence, that the CTM proprietor could have done more to prevent the CTM from becoming the common name in the trade on the Czech market and that the CTM proprietor has only enforced the CTM when infringements were brought to its attention in adversarial proceedings. Thus, the CTM proprietor does not make reasonable efforts to police the market.

Assessing the evidence as a whole, the Cancellation Division agrees with the applicant's arguments. The evidence on file suggests that the CTM proprietor has failed to vigilantly protect the CTM when it could easily have done so. In that regard the CTM's loss of distinctive character can be attributed to the proprietor's failure to act.

Some of the applicant's submissions were of particular importance in arriving at this conclusion. Those submissions are assessed in the subsequent subsections.

i) Use by licensees

As was mentioned in the previous section, the mere granting of a large number of licenses is not necessarily culpable action as regards the distinctive character of the contested CTM. That notwithstanding, a proprietor must take action if licensees fail to use the mark in accordance with the proprietor's own trade mark guidelines.

In this regard the applicant notes that the proprietor has tolerated massive use of the CTM by 3rd parties including licensees, and that the proprietor has failed to efficiently prevent or restrict such use. Particular emphasis was placed by the applicant on how licensed centres authorised by the CTM proprietor make use of the mark. In this regard the applicant provided evidence which indicates that these licensees use the mark in lower case, in multiple variations ("bodyspinning", "twister spinning"), as both a noun and a verb ("classic spinning lessons led by an instructor", "try to get to the spinning lesson 15 minutes before it starts", "why come to spinning") as well as in combination with other generic sporting and exercise terms ("types of exercise – spinning"). The evidence of use by licensees does not make reference to a ® registered symbol, or to the CTM proprietor itself.

This is generic use of the mark by the CTM proprietor's own licensees. The CTM proprietor ought to have taken action in these cases if it wished to prevent the mark from becoming generic. Moreover, the CTM proprietor ought to have been aware of this use which, it is worth noting, also contravenes the trade mark usage guidelines presented by the CTM proprietor to each of its licensees.

The applicant, knowing its own licensees, was under the obligation to prevent them from using the mark in such a way. It would have been reasonable and not overly burdensome to do so. Therefore, the proprietor has failed to ensure that its licensees did not use the CTM as a generic term.

ii) Use by other 3rd parties

The CTM proprietor argued that it has taken action against any abuses of its trade mark SPINNING, including but not limited to those brought to its attention by the applicant.

First, the CTM proprietor is of the opinion that for a transformation to a generic term, it is necessary that the proprietor has not taken any action against a large number of

infringements over a long period of time. In that regard, the CTM proprietor maintains that the applicant has failed to show the CTM proprietor's failure to act against a large number of infringements over a long period of time.

Second, on a related note, the CTM proprietor argues that all the evidence submitted by the CTM proprietor must be taken into account in deciding upon the CTM proprietor's activity or inactivity. Thus, evidence of the CTM proprietor's enforcement protection of the mark in other Member States besides the Czech Republic should be deemed relevant to the assessment of whether the proprietor has met its duties as proprietor.

Consequently, the CTM proprietor notes that it was very active between 2006 and 2011 in bringing actions for infringement, and that more generally it has taken all "appropriate enforcement measures" both vis-à-vis commercial traders as well as non-licensed gym operators in the Czech Republic, the UK, Ireland, Luxembourg, Italy, Spain, Portugal, Denmark, Finland, Switzerland, France, Belgium, the Netherlands, and Hungary. More than 700 actions have been taken in Germany alone, in which the CTM proprietor succeeded in more than 50 court cases in enforcing their SPINNING mark, in various German regional courts. The CTM proprietor maintains that the majority of these infringers have subsequently deleted their infringing offerings and ceased to use the SPINNING mark. Affidavits of the applicant's lawyers were submitted in support of this assertion. In addition, the CTM proprietor claims to have had almost 30,000 infringing eBay offers for sale taken down, as well as enforcing its rights on Facebook.

Third, as concerns the Czech Republic the CTM proprietor claims to have sent at least 64 warning letters to various parties, including the publishers of dictionaries, requesting them to stop using the CTM as a generic term. This includes taking action in relation to all of the infringements and generic uses noted by the applicant to the extent that measures are available under law. In particular, Ms Korejzová's affidavit asserts that the CTM proprietor has made continuous and considerable effort to prevent and avert infringement of the contested CTM as well as to educate the professional public on the Czech market to the fact that SPINNING is a trade mark.

Fourth, on a point of law, the CTM proprietor argues that the enforcement activities undertaken in respect of infringements brought to its attention by the applicant are relevant. Thus, the CTM proprietor argues that these enforcement acts are not devalued by the mere fact that they were discovered by the applicant. Thus, taking into account the infringements it discovered on its own in combination with those noted by the applicant the CTM proprietor claims to have issued warning letters and cease and desist letters to the extent that it was possible to determine infringements.

Finally, the CTM proprietor argued that it has no legal recourse against much of the evidence submitted, such as the internet discussions and use of the mark in media purposes. Similarly, it has no means to forbid forum users and bloggers from using the term SPINNING, unless the purpose of this use is to do harm to the CTM proprietor. As regards extracts from the tabloid press, the CTM proprietor argues that without any evidence of premeditated intent to harm the trade mark, it is impossible to take legal action against these forms of infringement. These publishers are not the CTM proprietors' competitors and do not offer any similar goods or services, therefore the CTM proprietor is not entitled to any claims under trade mark or unfair competition law, and should not be punished for failing to act against those parties.

The CTM proprietor's arguments thus are essentially threefold:

- 1) for the CTM proprietor to have failed in its duties requires that the proprietor has not taken any action against a large number of infringements over a long period of time, which is not the case;
- 2) the CTM proprietor's enforcement of the mark outside the Czech Republic is also relevant in this regard;
- 3) the proprietor's enforcement of the mark is sufficient, even excluding enforcement activities which occurred outside the Czech Republic;
- 4) enforcement actions taken against infringements brought to the proprietor's attention by the applicant are still relevant for the proceedings at hand;
- 5) The CTM proprietor should not be punished for failing to act against parties where it is not entitled to any claims under trade mark or unfair competition law.

In spite of the CTM proprietor's impassioned arguments the Cancellation Division cannot agree that the proprietor has been sufficiently active on the Czech market to retain its exclusive rights in the CTM.

In relation to the proprietor's first line of argument, it must be recalled that the Court has held that the extent of the trade mark proprietor's duty of vigilance as regards the preservation of the distinctive character of his trade mark applies not only to defending the trade mark against infringement but also to the risk of a trade mark becoming a generic name and requires the trade mark proprietor to observe the market and take reasonable steps to protect his trade mark from developing into a generic name. However, the concept of inactivity is not restricted to these kinds of omission. It must be determined in each individual case what measures it is appropriate and reasonable for the trade mark proprietor to take, that is to say what measures are sufficiently vigilant (Opinion of Advocate General Cruz Villalón, 'Kornspitz', paragraph 83).

Nothing in the CTMR or in the case law of the Court of Justice supports the idea that a proprietor has failed in its duties as proprietor only when it fails to act against a large number of infringements over a long period of time. The facts of the current case suggest that the proprietor could easily have been more proactive in protecting the mark, for instance by enforcing the mark as strenuously as it has done in other parts of the Community. It is reasonable and fair that the proprietor's failure to act in those circumstances would have negative consequences in relation to its rights as proprietor.

As concerns the second line of argumentation, that approach essentially requests the Cancellation Division to extrapolate from the proprietor's actions in some Member States that similar actions have taken place in the Czech Republic.

However, such extrapolation is not possible. The assessment in the current case relates to the situation on the Czech market. The applicant's evidence focuses thereon and indicates that the CTM is perceived as a generic term by Czech speakers. Thus, the second part of the assessment asks why the CTM has become generic on the Czech market. Accordingly, the evidence submitted by the proprietor should also relate to how to the Czech Republic – the place where the mark is generic. Evidence of the proprietor's enforcement and protection of the CTM in other Member States is not strictly relevant as it does not prove to the Cancellation Division whether the CTM proprietor has been sufficiently vigilant with regard to the enforcement and protection of the distinctive character of the contested CTM to nor can an extrapolation be made that similar efforts were undertaken on the Czech market (see by analogy, judgment of 8 July 2009, Case T-28/08, "BOUNTY", para 55). If extrapolation were permitted, it would permit proprietors to benefit from their inactivity on part of the Union by hiding behind their activity in other Member States. Therefore this argument is rejected.

Regarding the third and fourth line of argument asserted by the proprietor, by which it claims to have been sufficiently vigilant on the Czech market, it must be noted that the time of enforcement activities on the Czech market is of particular importance. The bulk of the proprietor's evidence of enforcement relates to the period after the counterclaim for invalidity was lodged in the infringement action before the Prague Municipal Court which gave rise to the instant proceedings. Only 20 of the warning letters submitted by the CTM proprietor were sent before this line of argument was raised by the CTM proprietor.

Thus, as the applicant rightly noted, the majority of trade mark infringements pursued by the CTM proprietor are as a result of the applicant's own counterclaim for invalidity in the related Czech proceedings. In other words, the proprietor only enforces and defends its mark when infringements are brought to its attention in adversarial proceedings – it does not proactively protect the mark, it merely retroactively defends the mark.

In relation to the final line of argument, relating to generic use against which the CTM proprietor claims to have had no means of recourse, it should be noted that while no specific cause of action may exist in trade mark law against these actions, that does not mean that there are no means by which this type of generic use can be mitigated or fought, nor does it absolve the proprietor of its duty to do so. Simple informational letters can be sent out, or advertising can be undertaken. As the CTM proprietor itself indicated in its evidence relating to other countries, it is possible to send warning letters to various news organisations or media outlets. Similar actions could have taken place in the Czech Republic, but did not.

Thus, this evidence also indicates that the CTM proprietor has failed in its reasonable duties to be vigilant as regards the protection of the distinctive character of the CTM on the Czech market.

iii) Decisions of the Czech IPO and Czech courts

The decisions of the Czech IPO and the Municipal Court of Prague both support the contention that the CTM proprietor has not been sufficiently vigilant with regard to the protection of the CTM.

According to the decision of the Czech IPO, the conclusions of which are supported by the evidence on file in the instant proceedings, the CTM proprietor only began to take serious steps to protect its rights under the SPINNING mark during the period between 2009 and 2011. In the Czech IPO's assessment, the CTM proprietor began to fight against the loss of distinctive character too late, such that it was unable to acquire distinctiveness for its mark, which had already become generic at that point. That is to say, through its inactivity on the market the CTM proprietor allowed the CTM to become generic. Its subsequent attempt to reacquire distinctiveness failed – albeit irrelevantly for the purposes of this case.

The decisions of the Czech community trade mark courts are also relevant. On 31/08/2010 the Prague High Court upheld a lower court's decision to refuse the CTM proprietor's application for a preliminary injunction against the applicant, claimed on the basis of an alleged ongoing trade mark infringement. The court rejected this application as the CTM proprietor had failed to show that an urgent need, due in particular to the proprietor's prior, long term, knowledge of the offending trade mark applications.

Moreover, in light of knowledge of the offending applications, the court held that the CTM proprietor should have carried out at least a basic monitoring of possible unauthorized use of its trade marks, in particular uses similar to the offending trade mark applications. This monitoring would have immediately brought the infringement at issue in those proceedings to the CTM proprietor's attention. However, the CTM proprietor did not monitor the market and therefore delayed in finding out about the infringement, in issuing proceedings and, ultimately, in applying for preliminary relief. The court considered the CTM proprietor's behaviour to be objectionable and to have a bearing on the success of the application for preliminary relief. Since the CTM proprietor knew of the applications but had not monitored the market it could not claim that the infringement was urgent. Therefore the application was rejected.

The relevance of that decision to the current assessment is that it supports the conclusion that the CTM proprietor has been less than vigilant in protecting the CTM's distinctive character. It has not undertaken reasonable efforts in monitoring the market, and its enforcement has not taken place throughout the life of the mark.

3. In consequence of proprietor's acts or inaction: conclusion

The evidence indicates that the CTM proprietor has failed in its duties. The contested mark was registered on 15/05/2000 and entered into force in the Czech Republic on its accession to the European Union on 01/01/2004. Thus, the mark has been protected in the Czech Republic since 2004, during which period the CTM proprietor was required to be sufficiently vigilant in protecting its distinctive character. Since that date the CTM has become generic - the evidence resoundingly indicates that both end users, traders and even licensed service providers use and perceive the mark in a generic manner as a designation of a particular type of exercise training rather than as a trade mark.

The evidence also indicates that in the period between 2000 and the issuing of the current proceedings the CTM proprietor has been lax in the protection of the CTM. The amount of evidence submitted by the applicant attesting to the loss of distinctive character is as remarkable as the CTM proprietor's inactivity is damning. The CTM proprietor, although taking some actions to protect its mark, has for the most part sat idly by while others have either used the CTM without authorisation or as a generic term. The CTM proprietor has only really defended the mark in light of the infringements and unauthorised uses brought to its attention by the applicant.

Moreover, it cannot be said that to require the CTM proprietor to undertake a more strenuous policing of the market would be unreasonable or economically unviable as this is exactly what seems to have occurred on other Member States markets, such as Germany and the United Kingdom. Thus, the only conclusion that can be drawn from the evidence is that the CTM proprietor chose not to invest in the enforcement of its brand on the Czech Republic.

Therefore, despite the availability of other measures to combat the deterioration of its mark, the CTM proprietor has allowed others to use the CTM in a generic manner and has thereby caused the CTM, through its inactivity, to become the common name in the trade for a type of *exercise training*.

This finding also applies to *exercise equipment*, since this equipment will be used in activity of spinning. It is thus analogous to selling treadmills under the mark "RUNNING", or swimming shorts under the trade mark "SWIMMING". Therefore the application for revocation is also successful in relation to exercise equipment in Class 28 of the Nice Classification as well as exercise training in Class 41.

CONCLUSION

In the light of the above, the Cancellation Division concludes that the application is successful and the CTM should be declared invalid for all the contested goods and services.

COSTS

According to Article 85(1) CTMR, the losing party in cancellation proceedings must bear the fees and costs incurred by the other party.

Since the CTM proprietor is the losing party, it must bear the cancellation fee as well as the costs incurred by the applicant in the course of these proceedings.

According to Rule 94(3) and (6) and Rule 94(7)(d)(iii) CTMIR, the costs to be paid to the applicant are the cancellation fee and the representation costs, which are to be fixed on the basis of the maximum rate set therein.



The Cancellation Division

Michaela SIMANDLOVA

Karin KUHL

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According to Article 59 CTMR, any party adversely affected by this decision has a right to appeal against this decision. According to Article 60 CTMR, notice of appeal must be filed in writing at the Office within two months of the date of notification of this decision. Furthermore, a written statement of the grounds of appeal must be filed within four months of the same date. The notice of appeal will be deemed to be filed only when the appeal fee of EUR 800 has been paid.

The amount determined in the fixation of the costs may only be reviewed by a decision of the Cancellation Division on request. According to Rule 94(4) CTMIR, such a request must be filed within one month of the date of notification of this fixation of costs and will be deemed to be filed only when the review fee of EUR 100 has been paid (Article 2(30) CTMFR).