

LEGAL ALERT

Trademarks - Last Instance Court decides on (ir)relevance of renewal towards non-use term for cancellation

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On May 18, 2022, the Macau Last Instance Court ruled against the long-standing interpretation that renewal of a TM registration restarts the three-year grace period during which it is not vulnerable to cancellation for non-use.

Background

Article 231 of the Macau IP Code establishes that a trademark registration can be cancelled if no relevant use is made for 3 consecutive years, unless there is just cause, which is the same as saying that no registered trademark shall be devoid of use for a period of more than 3 consecutive years.

The registered trademark is vulnerable to being cancelled if its owner has not started using it in the 3 years after granting of the registration or has used it in a manner that is not considered to be significant. The trademark will also be vulnerable to be cancelled in cases where the owner of the trademark has ceased to use it for an uninterrupted period of 3 years.

The Macau IP Code does not, however, have a provision that establishes, beyond any doubt, that the 3 years must be counted from the date of the registration of the trademark. As such, both the IP Office and the Courts have had the understanding that, in addition to the date of registration, another relevant date to be considered for the beginning of the three-year period is the date of renewal of the registration, that is, the 3-year period is reset with the renewal of the trademark.

Legal Considerations and Findings

Faced with this issue in an appeal, the Macau Last Instance Court has taken the opposite stance. In addressing the dispute on whether the three-year grace period should be recalculated after renewal, the Court determined that the 3-year period should only be counted from the registration or from the date the trademark owner (or registered licensee) ceases relevant use of the mark.

For the Last Instance Court, the act of renewal of a trademark is a mere formality and does not amount to relevant use of the trademark. Thus, allowing the renewal to reset the use period defeats the main purpose of a trademark as an identifier of the source or origin of products or services. Instead, it turns the registration into a mere tool to exclude competitors from using the trademark. Trademarks that are not being used should then no longer enjoy protection and be left available for use by other market operators.

What to Retain

Contradicting several previous decisions from the IP Office and from the First and Second Instance Courts, this interpretation will certainly become the standard for deciding identical cases.

The purpose of the 3-year timeframe should be to afford the trademark owner a period to prepare the introduction of the trademark, goods and/or services to the market. Thus, it is fair to assume that if the owner of a trademark has not used it for 3 years (without just cause), it has no interest in the mark - which is why the trademark must be made available again to other entities.

The previous position generally adopted by the IP Office, and by the First and Second Instance Courts facilitates abuse of the registration system and does not foster fair commercial practices.

Trademark registrations that had previously been kept active by way of simple renewal, may now face cancellation should interested parties decide to challenge them again.

The new interpretation is more aligned with the laws and practice of most jurisdictions, sends a clear sign that the Macau Courts are maturing with respect to IP matters, and sends an unequivocal message to the IP Office that general principles that guide IP in Macau and around the world should be observed.

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