



## Cancellation of McDonald's BIG MAC Trademark – A Wake-Up Call for IP Management

A preventable risk in Intellectual Property (IP) Management is the inadequate exploitation of in-house data with regard to the use of trademarks.

The fact that McDonald's may lose trademark rights to BIG MAC following the decision of the European Union Intellectual Property Office (EUIPO) dated 11.1.2019 is not the point of greatest import of that decision. More vital is a basic statement for all trademark owners: trademark owners must consistently collect data on the use of their trademarks. This data must be disclosed internally and made available within the company and across all departments in order to effectively protect the company's intellectual property. Responsibility for IP management and legal defence does not lie solely with a legal department. It is the joint task of the marketing, legal, and finance departments.

February 2019, Dr. Gösta Schindler

### Background: McDonald's loses its BIG MAC trademark (for the time being)

Rarely does a decision of a trademark office cause such reverberations. The press was stirred when on 11 January 2019 the EUIPO announced its decision to cancel trademark No 62638, BIG MAC, registered for McDonald's International Property Company Ltd. at the request of an Irish applicant for lack of evidence of sufficient use. McDonald's lost the BIG MAC trademark. How did it come to this?

#### Trademarks must be used to remain protected

A principle in trademark law requires trademarks to be used after registration in order to remain protected. The use must be made for the goods and services for which the trademark claims protection. As long as this condition is fulfilled – and the owner pays

the fees – a trademark can in principle live “eternally”.

Use of the trademark must be genuine and reach a relevant part of the respective market. This is the only way it can be regarded as preserving (trademark) rights. On application, which almost anyone can file using the example of proceedings before the EUIPO, the trademark owner must prove that the trademark has actually been used. If he is unable to do so, the trademark is cancelled – the trademark owner loses his right to the trademark.

### Formal procedure – formal proof of use

In administrative proceedings before the EUIPO, but also in judicial proceedings of the EU and the European states, there is a gamut of admissible evidence supporting the use of the trademark (or justification for non-use). For the EUIPO these include

- Documents,
- Packaging,
- Labels,
- Price lists,
- Catalogues,
- Invoices,
- Photographs and
- Newspaper advertisements

It is crucial that the evidence allows the place, time, extent and nature of the use of the trademark to be determined. Affidavits are also admissible. The Office – as well as European case-law – emphasises that there is a general openness to how the use of a trademark is proven in a specific case.

### Lack of sufficient evidence of the use of BIG MAC in the EU?

How did the BIG MAC decision come about? According to the EUIPO’s decision, McDonald’s had submitted three affidavits in which Big Mac sales figures in Belgium, Germany and France, i.e. those of major EU jurisdictions, were presented. In addition, the company presented packaging materials and menus as well as printouts of various of McDonald’s country-specific websites.

The EUIPO was critical: although the affidavits were admissible evidence, they were of limited value as they came from the trademark owner itself. In view of the proceedings directed against its trademark, the EUIPO considered that self-interest in making the statement could not be ruled out and the probative value was thus reduced. Consequently, the totality of the evidence submitted remained decisive and ultimately did not convince the EUIPO.

In sum, McDonald’s was unsuccessful because, in the opinion to the EUIPO, the extent of the use of the BIG MAC trademark had not been sufficiently proven. For example, the use of trademarks on McDonald’s own websites did not allow to determine where, when, and the exact extent to which the trademark was used. According to the Office, such information should have been provided. This could have been done, for instance, by communicating the number of website visitors or information about Big Mac orders via these websites. Product advertisements alone were not sufficient either, since they

did not indicate to whom, to what extent, when and where they were distributed.

### If the Office's knowledge of the use of a trademark is insufficient, what is?

It would be quite astonishing if the three examiners had had no knowledge of the distribution and continuous use of the BIG MAC trademark, at least for burgers. So what really triggered this decision?

The decision can be read in such a way that the Office wanted to make a point: every trademark owner – whether a global corporation or a small company – is treated equally. The primacy of law and neutral consideration apply. This means that no trademark owner should rely on the officials' personal, and therefore variable, knowledge of the use of a trademark. If, according to the applicable rules of procedure, the duty is to prove the use of a trademark, then it must be performed – and thoroughly so.

### Information should not only be collected but also used!

The problem with McDonald's evidence in these proceedings is clear: lack of data.

This is irritating because it can be assumed that McDonalds – like any successful company today – meticulously collects and evaluates data on the use, extent and success of its trademarks, sales, advertising measures and customer feedback. The "mistake" made could therefore (ironically) have been based in the product's notoriety. It was perhaps assumed that due to the BIG MAC's general reputation, the submission of comprehensive data would not be necessary. It is not unlikely either that certain stakeholders within the company did not want to disclose their data to the public for a legal dispute and believed they could manage with affidavits. This was likely also more convenient in the preparatory process than preparing many data records.

The consequences in the present case are substantial: Despite the legal remedies still available, McDonald's already faced a significant wave of negative press. The company as well as the internal and external consultants involved will be confronted with the unpleasant question of why existing data was not used, as it would have prevented this decision. Irrespective of the final outcome of these legal proceedings, considerable damage has already been done.

### And now what? Rethinking IP Management!

This decision should be a wake-up call for all companies to rethink the way they handle trademarks and IP management.

Too often a "silo mentality" prevents companies from efficient IP management and proper IP legal defence. Marketing departments must provide legal departments with data on how, where, to what extent and with what success products or services are marketed. The same applies to finance departments and their data on expenses and returns related to the company's (branded) products and services.

Conversely, a legal department must provide its marketing and finance departments with information on which markets may not yet have sufficient or convincing data records or where marketing measures can be optimised from a legal perspective. In this

way, future potential attacks can be avoided and a solid starting position for an active defence can be created. It is also the duty of the legal department to ensure that all employees in product development and marketing always know which restrictions the company is subject to – for instance, due to contractual delimitation agreements with other market participants or based on court decisions.

Successful IP management requires the overcoming of internal organisational hurdles. IP management in the sense of developing, maintaining and defending a company's intellectual property is a joint task and only possible if data and information are made available and are actively exchanged within the company.

### Can we support you?

We would be pleased to advise you on the optimisation of your IP management.

Should you lack – perhaps only temporarily – the resources for proper IP management, we are also at your disposal as an “external in-house team”. We further bring our expertise as IP litigators to the table in order to ensure the protection of your company's IP – and, if necessary, to actively defend it.

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