European IP Developments

European Union Trademark Law and its Proposed Revision

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There are two types of registered trademarks in Europe – those that are registered nationally and have only national effect and those that are registered at a European Union (EU) level and have EU-wide effect. The legal framework governing each of these has remained largely unchanged since the first was harmonised nationally throughout the EU in the early 1990s and the latter started officially to accept filings on 1 April 1996. Both aspects of this framework are now set to be revised following the recent publication by the European Commission of its proposals for so doing. These proposals provide an opportunity to review the progress of the EU trademark system to date.

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Those trademarks that are registered at an EU level and have EU-wide effect are at present called Community trademarks, which under the Commission proposals are to be renamed ‘European trademarks,’ and are registered at the Office for Harmonisation in the Internal Market (OHIM), which under the Commission proposals is to be rebranded with the rather more descriptive and somewhat less Orwellian title of the EU Trademarks and Designs Agency. Such Community trademarks however are enforced in national courts which, for such purposes, can, and usually will if liability is established grant relief having effect throughout the EU. Although the ‘success’ of a trademark system in societal terms is perhaps not something that can be readily and uncontroversially measured, viewed simply from the perspective of the number of applications for Community trademarks that there have been since the system started in April 1996, and which continue to rise every year, and the number of disputes that have arisen as to these, the Community trademark can be seen to have been a great success.

National registered trademark systems in each and every EU Member State, which have all, since the harmonisation which took place in the early 1990s, shared a common substantive law, continue to operate in parallel with the Community trademark system. Both the national and the Community trademark systems also share, to a large extent, the same substantive law, which is interpreted by national trademark registries and courts, OHIM, its Boards of Appeal and the General Court of the Court of Justice of the EU (to which appeal lies from the OHIM Boards of Appeal), and ultimately the Court of Justice of the EU (CJEU). The jurisdiction of the CJEU over trademarks can arise in one of two ways. Firstly, it can arise, as to national trademarks or Community trademarks where these are being enforced in national courts, on references made by national courts seeking guidance as to matters of interpretation which are unclear or as to which there is conflicting case law in different Member States. Alternatively it can arise on further appeal from the General Court (in its role as an appellate tribunal from the OHIM Boards of Appeal) as to matters concerning the validity of Community trademarks, in either ex parte or inter partes proceedings that originated in OHIM. In this role the CJEU will review only errors of law on the part of the General Court.

In this latter role, the decisions of the CJEU are by the nature of the proceedings before it, highly fact specific, so it tends to be in its former role, on references from national courts, that attention focuses from the perspective of substantive law as it is in such cases that the CJEU is called on to provide interpretations of the primary legislation that governs trademarks in the EU – the trademark Directive (harmonising national laws in the EU) and the Community trademark Regulation (providing the legal basis for the Community trademark and establishing OHIM to administer it). Over that time the CJEU has ruled on numerous references from

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from the OHIM Boards of Appeal. Given the vast body of CJEU trademark case law that this represents no article of this nature can seek to summarise how such case law has developed. However, the Commission’s proposals, in so far as they concern substantive law, provide an insight into some of the most problematic issues which have emerged over time as the CJEU has sought to interpret the Directive and the Regulation. Such proposals seek not only to address shortcomings in the legislation, many of which have been identified in cases before the CJEU, but in certain cases seek to overcome the effect of such decisions where the CJEU interpretation has been felt to be unhelpful. Of special interest however from the point of view of how the CJEU case law has developed are those of the proposals to amend the legislation either to accord with, or more clearly to spell out, or even to clarify problems arising out of, the CJEU’s interpretations. In one case such interpretation was clearly at variance with the literal text of the legislation (as to the added protection conferred on marks with a reputation) and another series of cases left the law in a state of uncertainty (as to the approach to adopt where there is ‘double identity’ between the goods and services for which the mark is registered and those in issue and between the mark as registered and the sign in issue).

**Proposals for Revision**

The Commission’s proposals, published on 27 March 2013, have been long foreshadowed, having emerged from a 2011 report prepared by the Max-Planck Institute which reviewed the functioning of the trademark system in Europe. The proposals envisage replacing the current Directive with a wholly revised and much expanded Directive and making a number of revisions, notably as to substantive law, to the Regulation. The expansion of the Directive reflects the proposed harmonisation of many aspects of national trademark procedures, which the current Directive, being concerned only with matters of substantive law, does not address. Although some of the proposed amendments to the Regulation would streamline procedures for the Community trademark, most concern matters of substantive law, and the new Directive would include correspondingly reworded provisions on substantive law, along with further measures to harmonise substantive national laws by rendering mandatory provisions which were previously optional.

One proposed amendment is to omit from definition of a trademark the requirement for a graphic representation, because this requirement can create legal uncertainty as to certain non-traditional marks. As to such marks, the Commission instance mere sounds, where representation by other means (such as by a sound file) may be preferable, if it permits a more precise identification of the mark and thereby improves legal certainty. The Commission observes however, as to this that the ‘idea is not to go for a boundless extension of the admissible ways to represent a sign but to provide for more flexibility in that respect while ensuring greater legal certainty.’ However it has to be seen how applicants interpret this new freedom.

The proposals also address the relationship between the trademark system and the systems that protect geographical indications and traditional terms. The absolute grounds for refusal set out in the Regulation, which are not at present fully aligned with these other systems, would be revised to give EU law as to geographical indications full effect in proceedings relating to the registration of Community trademarks and would be extended to cover protected traditional terms for wine and traditional specialities guaranteed. The new Directive would mandate such provisions for the first time in national legislation. Meanwhile the disparity between the Regulation (which provides for collective marks but not certification marks) and the Directive (which provides for both but at present mandates only a limited degree of harmonisation as to them) would be removed, and consistent provisions for each introduced.

Several provisions deal with the consequences of CJEU case law mentioned above, such as that of the confusion that has arisen as to the relevance of trademark function in cases of ‘double identity.’ Other such provisions would expressly reflect CJEU case law in treating trade name use of a registered trademark as infringing, if the requirements of use for goods or services are met, and in rendering infringing use of a registered trademark in comparative advertising which does not satisfy the requirements of the comparative advertising Directive. Another provision would seek to ameliorate the adverse consequences of another judgment of the CJEU which has rendered it overly difficult to use customs provisions against counterfeit goods which enter the EU under a suspensive procedure.
Other provisions would extend the range of infringing acts to cover distribution and sale of labels and packaging or similar items which may subsequently be combined with illicit products, and to cover consignments from commercial suppliers so as to ensure that a trademark owner can prevent businesses, wherever based, from importing goods located outside the EU that have been sold, offered, advertised or shipped to private consumers, and to discourage the ordering and sale of counterfeit goods over the Internet. Yet other provisions would in effect add further defences to trademark infringement or refine the existing defences. One would make it clear that a trademark owner cannot successfully assert rights against the use of an identical or similar sign which is already the subject of an earlier right. Others would provide explicit limitations for referential use in general and for use of non-distinctive signs or indications. As to refining such defences, it would be made clear that the ‘own name’ defence applies only to the use of personal names, and an explicit indication would be provided as to when use of a trademark does not comply with ‘honest practices in industrial or commercial matters’, a requirement which a defendant must in general meet in order to be able to rely on such defences.

Conclusion

The Commission’s proposals for revision of the trademark system in Europe have been the subject of extensive preparatory work and consultation, and so it seems likely that they will be enacted in the form proposed. Their major benefit for users of the system will be procedural, in that national application procedures will be harmonised to a much greater degree than is at present the case. From the point of view of substantive law, none of the changes proposed are fundamental and many serve largely to respond, in one way or another, to the case law of the CJEU. To the extent that this means that the legislative wording will in future better accord with the interpretation placed on the old legislation by the CJEU, and express with explicit wording concepts that at present lie buried in the case law, this is to be welcomed. However, despite the extensive harmonisation as to registered trademarks in Europe, it should also be recognised that in some other respects trademark law in Europe is highly variable. Thus the law protecting unregistered trademarks (unfair competition and passing off) remains unharmonised in the EU and it would seem unlikely that any attempt will be made to do so in the near future.

References


2. Case C-235/09 DHL Express France SAS v Chronopost SA (CJEU 12 April 2011) holding that although this should be the case ‘as a rule’ in certain circumstances, such as those set out at paragraphs 47 and 48 of the judgment, the territorial scope of the injunction should be limited.

3. In each of 2011 and 2012 OHIM received more than 100,000 applications for Community trademarks and about 2500 appeals were filed with its Boards of Appeal, of which all except about 100 (which concern the Registered Community Design, and which is also administered by OHIM) concern Community trademarks and of which about three quarters were inter partes – for links to regularly updated such statistics, http://oami.europa.eu/ows/rw/pages/OHIM/statistics.en.do.

4. Case C-196/11 Formula One Licensing BV v OHIM (CJEU 24 May 2012) in which the CJEU set aside a judgment of the General Court as vitiated by an error of law but declined to examine the facts in order to give a final judgment on the matter (as to which it has power) and instead referred the case back to the General Court to undertake this.


6. By virtue of the EEA Agreement, the trademark, Directive applies also to Iceland, Liechtenstein and Norway. The courts of these countries refer questions as to its interpretation not to the CJEU but instead to the EFTA Advisory Court, which however, on the rare occasions that it has received references under the trademark Directive, has sought to align its interpretations with those of the CJEU – see for example Joined Cases E-9/07 L’Oreal Norge AS v Per Aarskog AS and Others and E-10/07 L’Oreal Norge AS v Smart Club Norge AS (EFTA Advisory Court 8 July 2008), aligning EFTA law with EU law in precluding international exhaustion for trademarks.


8. Indeed it is estimated that such cases have accounted for about a third of the General Court’s workload since 2006, which is running at several hundred cases each year, Robinson William, Pratt Giles and Kelly Ruth – Trademark Law Harmonization in the European Union: Twenty Years Back and Forth, Fordham Intellectual Property, Media & Entertainment Law Journal, 23 (2) (2013) 731, 760-761.

10 Case C-292/00 *Davidoff & Cie v Gofkid Ltd* (CJEU 9 January 2003) holding that the specific provisions in the legislation for marks having a reputation, the literal wording of which protected them against use which without due cause takes unfair advantage of, or is detrimental to, the distinctive character or repute of such mark, but only as against identical or similar marks in relation to goods and services which were not similar, applied in fact also those which were similar.

11 The Opinion of Advocate General Jääskinen in Case C-323/09 *Interflora Inc v Marks & Spencer plc* (Opinion 24 March 2011, CJEU 22 September 2011) at paragraphs 7 through 9, observing that in ‘double identity’ cases (where the goods or services in issue are the same as those for which the mark is registered and the sign in issue is also the same as the mark as registered), the relationship between the protection specific to such situations (which requires no showing of confusion) and that applicable to cases of similarity (which does require a showing of confusion) had become unclear, and recommending ‘that the actual situation might be better remedied by appropriate legislative measures rather than a reorientation of the case law’. The proposal would do this by providing that in such ‘double identity’ situations it is only the origin trademark function which matters.


15 Case C-17/06 *Céline* (CJEU 11 September 2007).

16 Cases C-446/09 *Philips* and C-495/09 *Nokia* (CJEU 1 December 2011) holding that the entry, presence and movement of non-EU goods in the customs territory of the EU under a suspensive procedure does not of itself infringe intellectual property rights as conferred by substantive law of the EU and its Member States and that such goods can only be treated as counterfeit once there is proof that they are subject of a commercial act directed at EU consumers, such as sale, offer for sale or advertising. The proposal would entitle right holders to prevent third parties from bringing goods, from third countries, bearing without authorization a trademark which is essentially identical to a trademark registered in respect of those goods, into the EU, regardless of whether they are released for free circulation.

17 Directive 2006/114/EC of 12 December 2006 concerning misleading and comparative advertising, OJ L 376, 27.12.2006, p. 21, which regulates the conditions under which advertising, which explicitly or by implication identifies a competitor or goods or services offered by a competitor, is permissible.