



WHERE NEXT FOR EUROPEAN TRADE MARK LAW?

Graeme B. Dinwoodie
Professor of Intellectual Property and Information
Technology Law
University of Oxford

Competition Law Association
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Overview: Problems Addressed

- The nature of the "European" System: a number of issues related to territoriality in the unitary CTM system
 - Substantive Rules
 - Procedural/remedial Issues
- Clutter [dealt with by Peter]
 - Caused by too many registrations (both national and CTM, but especially CTMs given territorial scope)
 - Caused by broad registrations (specifications of goods and services)
- Inconsistency
 - Among laws
 - Reconciling CTM and national laws (vertical harmonisation)
 - Further harmonisation of national laws (horizontal harmonisation)
 - In practice
 - Between OHIM and national offices
 - Among national offices

The Nature of the CTM

- Trade Mark Regulation, art. 1(2): "A Community trade mark shall have a unitary character. . . . This principle shall apply unless otherwise provided in this Regulation"
 - Is the EU thus to be treated (for CTM purposes) as though a discrete territorial unit, or as an amalgam of 27 member states?
 - What weight to give to local rights/local variation?
 - In short, what to make of a unitary mark absent a unitary market?
 - Answer: a balance of provisions pulling in different directions

Grounds for Rejection of CTM: Absolute Grounds

- Distinctiveness analysis: Current law:
 - Assessment on country by country basis
 - Must prove acquired distinctiveness in each country where ground for denial exists (*Europolis*)
- Proposed modification: acquired distinctiveness: proof (p. 147)
 - Could show distinctiveness in majority of markets
 - Suggested that “markets” must be representative of all markets
 - Of particular significance perhaps for designs marks
- Subject to carve out to reflect local variation: “allow the continued use of product features such as shapes or colours. . . , even after they have become the object of a CTM registration . . . where such use is made. . . in a part of the EU where the registered trade mark has not been used to an extent which would be sufficient in itself to establish acquired distinctiveness” (¶ 3.75)

Rights of the CTM owner

- Protection against Confusion: if perception would be different in different member states, relief should be tailored (page 149); should be reflected in the preamble
- Extended (Reputation) Protection
 - Preserves *Pago* rule: substantial part of the Community *may* be one state
 - But relief would only be available in places where the CTM has a reputation
- But, in other ways, broader EU-wide protection under revised CTMR?
 - Give protection for (unregistered) marks that are well-known in the Community
 - Allowing access to CTM courts, subject to restrictions on relief discussed in context of *Pago* (p. 94)
 - Extend protection of Article 5(5) of the TMD (against non-trade mark uses) to the CTM system (p. 113)

Grounds for Rejection of CTM: Relative Grounds

- Unregistered rights (page 148)
 - Current law: CTMR Article 8(4): can rely on unregistered rights if of more than mere local significance (and recognised by state law)
 - Proposal: would require that any unregistered right be nationwide in scope to be invoked against a CTM
 - With CTMR art. 111 as a backup (right to oppose local use of CTM)

Remedies

- Current law:
 - Injunction mentioned in CTMR but much left to national law
 - Scope of injunction: *DHL* decided after report issued
- Proposals
 - Detailed delineation of remedies consistent with Enforcement Directive
 - As a matter of right, injunctive relief should be available across EU even if the defendant is not yet using in all places
 - But note point re differing perceptions
 - Similar to *DHL*
 - Some matters left for review of the Enforcement Directive and the Brussels Regulation

Genuine Use

- *LENO/ONEL*
 - Conflicting views of CTMR Article 15, in light of Article 1(2)
 - Policy issues
 - Deadwood
 - Preserve National Rights
 - Relation to other issues raise similar challenges stemming from a unitary mark without a necessarily unitary market
 - Joint Statement of the Council and Commission of 20 Dec.1993/OHIM position (p. 134)
 - Text of Regulation: other hints?
 - Article 112(2)(a) CTMR: conversion of a CTM shall not take place where revocation for non-use unless the CTM used in way that would constitute genuine use in that state
 - Study: Any approach that treats political borders as the decisive criterion would be inappropriate, but genuine use may be different at national and CTM levels (pp. 47, 135)

Co-existence proposal

- Co-existence rule for good faith, remote local uses 15 years after grant of CTM (pp. 136-37)
 - Close to US good faith remote junior user rule . . . but this proposal is for *later* adopter (post-CTM registration), which is *Dawn Donut* context
 - Indeed claimed to be like *Dawn Donut* rule in the United States (same as in Canada)
 - But actually more ambitious than *Dawn Donut*: not temporary remedial rule; allows continued local use and national registration (and use by CTM owner, p. 138)
 - Invokes spirit of enlargement compromise (CTMR art 165(5)), but that provision does not allow concurrent CTM owner use
 - Meant to be an exceptional case
 - Arguably embodying what CTM owners would already do in practice
 - Points of debate: “minimal use” of CTM; “remote”; “good faith”; measures to avoid confusion

Inconsistency: National Laws Inter Se (Optional to Mandatory)

- Further harmonisation in light of Directive experience: making optional mandatory in directive, **with coherence with CTMR** still being a governing principle
 - Relative grounds based on unregistered rights made mandatory (p. 116)
 - Dilution endorsed: Article 5(2) and Article 4(4)(a) of the TMD made mandatory (p. 108)
 - Article 5(5) of the TMD against non-trade mark uses made mandatory (p. 113-14)
 - Note: Article 5(5) has no reputation threshold and none suggested by Study
 - the consolidation of European unfair competition law?

Inconsistency: National Laws Inter Se (New Harmonisation)

- New ground: defences
 - Honest referential use (included as part of TMD, art 6(1)(c), see p. 122)
 - Parody (now to be assessed under TMD, article 5(5), with limitations to act as guide regarding honest practices, p. 123)
 - Although the statement of the honest practices proviso in discussion of a number of defences appears to suffer from the flaw recognised by the US Supreme Court in *KP Permanent* (p. 123) (and presently avoided by most European case law)
- New ground: procedural matters
 - Should be a new area for harmonisation consideration (p. 232)
 - Knaak (1998): "The national courts will not be able to avoid applying Community law . . . In this way, the harmonization process could develop a dynamism in trademark law that might also include non-harmonized areas and perhaps even parts of procedural practice. It is to be hoped that the enforcement of the rights in the Community trademark system will advance the harmonization of national trademark law, and result in a comprehensive European trademark law."

Inconsistency between text and case law (codification)

- *Dyson*: abstract subject matter, such as mere concepts, unprotected: reflect in Preamble (p. 68)
- *Linde; Libertel*: Fact that shape of product less or colour per se likely to identify should be reflected in preamble (p. 71)
- Dilution protection for use on similar goods
- Exhaustion applies in EEA, not just EU (p. 124)

Inconsistency among courts

- Problems: Never fully integrated functional analysis into scheme of infringement provision (pages 95-117)
 - How relates to defences? (*Halterhoff*)
 - What are the functions and how affected?
 - Problems, starting in *Arsenal*, and getting worse in *L'Oreal and Google France* (pp. 98-101); hardly resolved by *Interflora*
- Revision of functions analysis proposed in Preamble
 - Of greatest effect in Article 5(1)(a): double identity
 - Make clear that functional analysis has no role in calibrating protection under Article 5(1)(a)
 - Problem: failure to differentiate between
 - Counterfeiting: should still be absolute protection
 - Referential use: actionable only (under a mandatory TMD article 5(5)), if not compatible with "honest commercial practices" (rather than whether adverse effect on functions), a test that would be informed by the content of the limitations (see p. 115, 122)
- Confusion analysis: add to Preamble that stronger marks get greater protection (p. 107)

Reversing some decisions (legislative and judicial)

- Courts should have regard to full range of public interests (e.g., competition concerns) in all areas of analysis and for all types of marks (p. 59)
- TMD, Article 6(1)(a): restrict to names of natural persons (reversing *Budweiser*) (p. 120-21)
- Functionality
 - Delete the "aesthetic functionality" exclusion of shapes giving "substantial value" (TMD, art. 3(1)(e)(iii)) (p. 73), or give ability to overcome through use (p. 74) (reversing *Benetton/G-Star*)
 - Broaden TMD, art. 3(1)(e)(i) and (ii) to any features that have the effect of giving a monopoly on technical solutions, not just shapes

Inconsistency Problem: Practice

- Cooperation among national offices: put applications on common web page for 5 days to get input from national offices (p. 245)
 - denied that this is to generate work for national offices
 - Would national determinations bind OHIM if more than input (eg on national law)?
- Particular problem identified by users: inconsistency vis-à-vis product designs
 - Rejected requiring acquired distinctiveness
 - Instead, add clarification to the Preamble that less likely to be source-identifying
 - And new rule on acquired distinctiveness under the CTM might help too
- Inconsistency among EU institutions
 - OHIM should be encouraged to establish working relations with the European Medical Agency to align practices on confusing names

Thank you

Comments: graeme.dinwoodie@law.ox.ac.uk
