MUCH ADO ABOUT NOTHING?
CHARACTERISTICS, BENEFITS, AND PRACTICAL IMPLICATIONS
OF THE EUROPEAN COMMUNITY TRADEMARK

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Introduction

The European Union’s (EU) primary institutional and thus legislative purpose is to establish and continuously enhance a Union-wide Internal Market. The free movement of goods and services within and across the Member States’ borders is a core principle set forth in both constitutional documents of the EU: the EC Treaty (Art. 14) and the recently drafted EC Constitutional Treaty (Art. I-4).1

Before this background, it is generally recognized that uniform rules generate increased economic opportunities and facilitate trade for businesses operating in more than one EU Member State. Therefore, the EU is intensely seeking harmonization and unification of business-related laws, and Member States are introducing EU-wide standards and rules on diverse sectors such as consumer rights, contract laws, environmental issues, anti-discrimination laws, taxes, and intellectual property rights.2

In Europe, as on a global level, enforceable trademark protection is a primary requirement for undertaking successful cross-border enterprises. The merging of media distribution markets and consumer interests within the Union increases recognition and recognizeability of companies and products on the internal market.

Therefore, companies’ trademark strategies must transcend national boundaries, a goal best achieved through a unitary regime, which would establish EU-wide trademark protection and enforcement procedures in a cost-effective manner.

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(Notice: The legislation and sources referred to in this article were last reviewed in August 2005. Information and opinions contained in this document do not provide comprehensive legal advice and should not be relied on as a substitute for specific advice concerning individual situations.)

2 For a list of all legislative acts by the European Community regulating or impacting intellectual property rights in the Union, see, e.g., Paul Goldstein, International Legal Materials on Intellectual Property (2002 Edition) at 519 et seq. (2002).
The EU took action as early as 1988, when the European Council enacted a Directive to approximate the Member States’ trademark-related laws. Five years later, the establishment of the Community Trademark (CTM) provided trademark proprietors and applicants with the option to pursue uniform protection in all Member States through a single application. More than a decade later, this regime is well recognized and constantly being advanced and expanded.

This paper seeks to provide a practical guide for trademark strategies in the EU by outlining the historic development and current state of affairs of trademark protection in the EU, and by presenting the framework of Community Trademark registration and enforcement procedures (Part I). Next, this paper examines the interrelation of the EU system with both the domestic regimes of the Member States, and international trademark protection systems such as the Madrid Protocol and TRIPS. In addition, it assesses the current dispute over geographical indications between the EU and the United States (Part II). Finally, some general conclusions are drawn with respect to trademark strategies of companies doing business in or out of the European Union (Part III).

I. Overview of the Community Trademark (CTM)

A. Historical Development of Trademark Protection in the European Union

Before the EU started regulating trademark protection, companies and individuals had two options to protect their mark: register it under the domestic system of their respective country, or acquire an international trademark under the Madrid System for the International Registration of Marks. Although one could achieve comprehensive protection with (a combination of) these two options, the system was costly and intricate, as protection in more than one country required either an independent registration in each country where the trademark was to be used, or, for acquiring an international mark, the existence of a valid national trademark prior to a “Madrid” registration. Similarly, a separate action (and research of domestic law) was required to enforce the rights conferred by trademarks in every European country where an infringement occurred.

Moreover, both the significant divergence between Member States’ domestic systems and the risk of conflict between marks registered in different countries were regarded as obstacles to the free flow of goods and services and the free transfer of technology within the common market. This assessment made clear the need for harmonization on the pan-European level.

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5 Following its enlargement on May 1, 2004, the EU currently comprises of 25 Member States.

6 The Madrid System was established in 1891 and consists of the Madrid Agreement (1891) and the Madrid Protocol (1899). These treaties are being administered by the World Intellectual Property Organization (WIPO) in Geneva, Switzerland, and currently account for 56 and 66 signatories respectively. See below at II.B.

7 E.g., prior to 2003, when the United States became a party to the Madrid Protocol, U.S. applicants doing business in Europe did not have the option of international registration and were thus forced to register a mark separately in every EU country and to enforce each registration independently before domestic courts.

5 Chi.-Kent J. Intell. Prop. 159
Consequently, the Council of the European Communities took a first step towards uniformity in 1988, when it enacted a Directive to approximate the Member States' laws relating to trademarks in the EU.⁸

The most significant change, however, came with the introduction of the European Community Trademark in 1994,⁹ which had first been proposed in 1964. Now, companies and individuals can acquire a single mark with EU-wide protection through a uniform registration process. The regime offers an alternative as well as a supplement to conventional domestic and international trademark protection. Proprietors doing business in more than one Member State, but not requiring global protection, can reduce cost and effort by registering, managing and enforcing their marks for most of the Western European market.

The 1993 Regulation¹⁰ also established the Office for Harmonization of the Internal Market (OHIM) in Alicante, Spain,¹¹ to administer the Community Trademark. The Office is a European Community body and thus subject to the laws of the European Community. Its actions are subject to the jurisdiction of the Community Courts.¹² The OHIM regulates and handles registration procedures, maintains the public register of the CTM, and passes judgment on trademark registration and invalidation disputes.

In the decade following its establishment, the Community Trademark system was supplemented to expand and improve the system, due in part to concerns regarding the issue of exhaustion.¹³ At the same time, the European Court of Justice¹⁴ has continually cemented the legal framework of the system through its decisions. The 1988 Directive and portions of the 1993 Regulation have been implemented into national trademark laws;¹⁵ after 10 new Member States joined the Union in 2004, the respective domestic rules of those countries have been adapted accordingly.¹⁶ Community Trademarks registered or applied for prior to the EU enlargement on May 1, 2004 were automatically extended to the accessing countries, maintaining the unitary character of the CTM system.¹⁷

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⁸ EUROPEAN COUNCIL, Directive 89/104/ECC, supra note 32. (Directives provide rules that have to be implemented by the Member States into their domestic laws within a certain transformation period. This adjustment process ended in December of 1992). The competence of the European Community to enact legislation on intellectual property rights derives from its trade policy competence for the Internal Market; see cf., EUROPEAN COURT OF JUSTICE, Opinion 1/94 (Nov. 15, 1994), available at http://europa.eu.int/eur-lex/lex/LexUriServ/LexUriServ.do?uri=celex:61994v0001:en:html.

⁹ EUROPEAN COUNCIL, Regulation 40/94, supra note 2. The first filing date for CTM applications was April 1, 1996.

¹⁰ See id.

¹¹ See http://oami.eu.int.

¹² The Community Courts are the Court of First Instance and the Court of Justice of the European Communities (also called European Court of Justice).

¹³ For a list of all EU legislation and activities with respect to the Community Trademark, see http://europa.eu.int/comm/internal_market/en/indprop/tm/index.htm.

¹⁴ For the role of the European Court of Justice in the Community Trademark system, see below at C.5.

¹⁵ For a list of national trademark laws, see, e.g., http://oami.eu.int/en/mark/aspects/natlaw/default.htm.


¹⁷ The same automatic extension of all registrations and applications also applies to any future enlargement of the Union.
Finally, in 2004, the EU joined the Madrid Protocol, giving Community Trademark owners the option to apply for international protection on the basis of their EU registration. Through this, the Community Trademark became an equivalent alternative to any domestic mark in both its scope of protection and its commercial value to the owner. Moreover, it has rapidly gained popularity among trademark law practitioners and registrants.\textsuperscript{18}

**B. Advantages of Community Trademark Protection**

The primary advantage of registering a CTM is that it is of unitary character, meaning that it provides an exclusive right of use and uniform protection for the present and future territory of the entire European Union. The CTM is available to applicants from all signatories to the Paris Convention\textsuperscript{19} and the Agreement establishing the WTO.

Owners who register a CTM get the right to freely and securely use it in all Member States. The Member States together have more than 450 million consumers and share common consumer preferences and cross-border media distribution. At the same time, acquiring a single trademark for all EU countries reduces the financial and time burden for registration (the application can be filed with both the national trademark offices and the OHIM), monitoring, and management (applicants can choose between five different languages for registration and correspondence) of the mark. For protection in all Member States, the mark may be used in only one EU country, and the respective national trademark courts are also the Community Trademark courts. Owners thus do not have to adapt to any new procedures or languages when deciding whether to obtain Community-wide protection, and they can enforce their registration before national courts.

By acquiring a mark which is valid in all Member States, and is freely transferable and licensable for certain countries, owners obtain a right of great commercial value and strategic potential. This is appealing especially with regard to the ongoing enlargement process of the Union and the further merging of markets and consumer preferences.

The European system is fully compatible with the Member States’ national trademark regimes, i.e. seniority of national marks can be claimed with regard to CTM, and the latter are as freely transferable and licensable as national marks. In addition, a CTM provides a basis for protection under the Madrid Protocol as well as the Paris Convention, and generates priority with regard to national and international trademarks.

Naturally, a new system always requires anew application involving certain adjustments by its prospective participants. However, acquiring marketing tools protected on the entire internal market is a logical response to the market’s development, and bears considerable commercial opportunities. At the same time, the CTM only provides a supplement or alternative to conventional means of trademark protection, which continue to remain in effect.

\textsuperscript{18} See below at D.

\textsuperscript{19} Paris Convention for the Protection of Industrial Property (1883); the Paris Convention is being administered by WIPO and has been ratified by 169 parties, including all 148 World Trade Organization members.
C. Registration Requirements and Procedures, Enforcement and Invalidation

1. What May Be Protected as a CTM?

Art. 6 of Regulation (EC) 40/94 provides the general rule that a CTM must be obtained by registration. Art. 4 delineates the two basic conditions for registration of a mark as a CTM: It has to be a sign which can be represented in graphic form, and it must be capable of distinguishing goods and services of an undertaking from those of another undertaking. This means that the following marks can be protected:

- Words (invented or of a known language, if they are not used as generic terms for goods and services which are also described by the trademark), acronyms, slogans, letters and combinations of letters, numbers, or signs;
- Collections of words or graphic elements and complex signs, e.g. labels;
- Names (including first names) and signatures;
- Numbers;
- Logos, designs, figures and pictographs, three-dimensional trademarks (e.g. shapes of goods or packaging);
- Portraits of people;
- Colors or color combinations;
- Sound marks (especially particular musical phrases).  

When a mark fails to comply with the requirements of Art. 4, the OHIM has an absolute ground for refusal of the registration (Art. 7(1)(a)), meaning that it may refuse the application based on certain characteristics of the mark. Additional absolute grounds for refusal are listed in Art. 7, including, for example:

- Whether the mark is indistinct, i.e. whether it is a generic term for the respective goods or services in one of the languages of the EU;
- Whether the mark designates only the kind, quality, quantity, intended purpose, value, geographical origin, or time of production of the goods or rendering of the service;
- Whether the mark merely describes the characteristics of the goods or services;
- Whether the mark consists only of signs or indications which have become customary in ordinary language or in bona fide and established trade practice;
- Whether the mark is immoral, deceptive or illicit.

The OHIM may refuse the application if an absolute ground for refusal exists in just one part of the Union, e.g. if the mark is only descriptive in the French language.  


21 For exemplary decisions of OHIM examiners, the OHIM Board of Appeals, the European Court of First Instance, and the European Court of Justice on the requirements for registration of a mark with regard to descriptiveness, see, cf., Vincent O’Reilly, The Community Trademark System: A Brief Introduction and Overview, 8 MARQ. INTELL. PROP. L. REV. 93, (2004) at 97 et seq.
or services for which registration is being pursued (even in only a part of the EU), i.e. if it has already obtained “secondary meaning” (Art. 7(2) and (3)).

Finally, Art. 8 of the Regulation names relative grounds for refusal, which apply, for example, in the case of opposition within three months by the following persons:

- Proprietors of an “earlier mark”; \[22\]
- Owners of an unregistered mark used in trade, where the mark is of more than just local significance, and where the right to prohibit the use of a subsequent mark is acquired prior to the date of application for the CTM;
- Proprietors of an identical or similar trademark which is used for different goods or services, but which (as a CTM or national trademark respectively) has “reputation in the Community” or “reputation in the Member State concerned” to the extent that the use of the mark would provide an unfair advantage to the applicant, or be detrimental to the distinctive character of the earlier mark (i.e. there would be a likelihood of confusion). \[25\]

An applicant may appeal the examiners’ final decision when they refuse registration of the mark. \[26\] If the mark should not have been registered because a ground for refusal actually applies, third parties may file a request for revocation of the CTM. \[27\]

A CTM may also be registered as a Community Collective Mark if it is intended to apply to and distinguish goods or services of the members of an association, i.e. manufacturers, producers, traders, or suppliers of services (Arts. 64 et seq.).

2. Who Can Register a CTM?

Art. 5 \[28\] provides that “[any] natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark.” This term includes, among others:

- Nationals and companies of EU Member States;
- Nationals of states which are party to the Paris Convention for the Protection of Industrial Property or to the Agreement establishing the WTO (and thus to the TRIPS Agreement);
- Nationals of states which are not party to the Paris Convention or to the Agreement establishing the WTO, but who are domiciled or have a real industrial or commercial

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\[22\] For possible objections by the OHIM to the claim of “acquired distinctiveness”, see, cf., id. at 105 et seq.

\[23\] Relative grounds for refusal cannot be considered “ex officio” by the OHIM examiners, but have to be raised by proprietors of earlier rights feared to be affected by the CTM. For procedural aspects and requirements with regard to opposition, see, cf., id. at 106 et seq.

\[24\] The term “earlier mark” is defined in Art. 8(2) of the Regulation and refers to (1) CTM registered earlier as well as to marks registered under a Member State’s domestic trademark system; (2) trademarks registered under international arrangements (i.e. the Madrid Agreement or Protocol) which have effect in a Member State or for the EU as a whole; or (3) marks which had been “well known” in at least one Member State (in the sense of Art. 6b of the Paris Convention).

\[25\] For a summary of OHIM decisions concretizing the provisions on relative grounds for refusal, see cf., Casalonga, supra note 20, at 184 et seq.

\[26\] See below at 7. For a summary of OHIM decisions regarding CTM opposition proceedings, see, cf., id. at 188 et seq.

\[27\] See below at 6.

establishment within the territory of the Community or of a state which is a party to the Paris Convention.

Persons who do not belong to any of these categories can obtain a CTM if their respective country accords reciprocal protection to all Member States.

Any person from an EU Member State eligible to register a CTM is also allowed to file the respective application, and to communicate with the OHIM. Natural and legal persons from other countries must file CTM registrations through a professional representative or lawyer.

3. Application Procedure and Costs

Title III (Reg. (EC) 40/94 Art. 25 et seq.) and Title IV (Art. 36 et seq.) of the Regulation set forth the application and registration procedure. This procedure consists of four main parts:

- The filing of an application;\(^29\)
- The examination of the application, which includes a check of the formalities, the classifications assigned and the absolute grounds for refusal, followed by a decision as to whether a filing date may be assigned;
- The publication of the application in the CTM Bulletin (if the second part of the procedure has generated a positive result);
- The registration procedure, which may involve opposition proceedings\(^30\) based on third parties’ raising of relative grounds for refusal within three months of the publication of the application.

As opposed to relative grounds, the OHIM considers absolute grounds for refusal and establishes a CTM search report, which involves searches of all national trademark offices for similar marks. The OHIM refuses registration of a CTM if and to the extent that a ground for refusal exists in at least one Member State.

If there are no grounds for refusal, or if third party opposition is unsuccessful, the CTM will be registered and published in the Community Register (Art. 83 et seq.).\(^31\) Once the OHIM refuses a CTM application, it may be converted into national trademark applications in those countries where the ground or grounds for refusal do not apply.

\(^{29}\) The application may be filed in one of the official languages of the EU. However, if this language is not one of the five working languages of the OHIM (English, French, German, Italian, or Spanish), the application has to indicate one of these languages as a second alternative to be used for opposition, revocation or invalidity proceedings. Applications may be filed directly with the OHIM, or with any national trademark office; e-filing, i.e. the filing of the application over the internet with the OHIM, is also possible.

\(^{30}\) For a summary of the course of and the requirements for filing an opposition, see, generally, http://oami.eu.int/en/mark/marque/faq/faq08.htm, and O’Reilly, supra note 21. Before the OHIM makes a decision as to whether an opposition is successful, the applicant and the person filing the opposition try to reach a friendly settlement within a (extendable) two-month “cooling off” period following the notice of opposition.

\(^{31}\) The Community Register provides any person with access to detailed information on a CTM and its owner. Any transfer or licensing of a CTM has to be entered in the Register in order to have effect on third parties. Newly registered marks are published in the OHIM Bulletin in addition to the Register.
With regard to any action before the OHIM, legal or natural persons who are established within the EU are not obligated to be represented before the Office, whereas non-EU persons or entities are required to have a professional representative.\textsuperscript{32} A professional representative must fulfill certain requirements and be entered in a list maintained by the national trademark offices (Art. 88 et seq.). Costs for registering a CTM vary with regard to the number of classifications\textsuperscript{33} desired for the mark. The current costs for registering a basic CTM (covering three classes of goods and services) are EUR 975 for the application and EUR 1,100 in case of registration, i.e. a total of EUR 2,075. A CTM is registered for 10 years from the application filing date and can be renewed indefinitely for additional ten-year periods (Art. 46).\textsuperscript{34}

\textbf{4. Rights Conferred by the Registration}

Once the registered CTM is published in the Community Register, the owner may claim the rights conferred by it (Reg. (EC) 40/94, Art. 9(3)). The scope of these rights is determined by Art. 9 to 14 of the Regulation.

The CTM has "unitary character". This means that the trademark, once registered, is valid in all current and future Member States of the EU.\textsuperscript{35} The proprietor obtains exclusive rights to the registered mark and may prevent third parties from using identical or confusingly similar signs without his consent (Art. 9).\textsuperscript{36} This right is limited only where third parties use their own names, addresses, or general product indications, or where they need to refer to the mark in order to designate the intended use of their own product, e.g. spare parts (Art. 12). Similarly, the proprietor cannot prevent free EU-wide movement of the goods he promotes under the CTM once he has introduced them into trade.

CTM are also regarded objects of property (Art. 16). This qualification implies that they may be transferred (Art. 17), given as security, or be subject of rights in rem (Art. 19), levied in execution (Art. 20), treated as assets subject to insolvency proceedings (Art. 21), or licensed exclusively and non-exclusively for part or all of the EU (Art. 22).

National trademarks are independent from the CTM system, and can therefore still be acquired instead of or in addition to a Community Trademark. However, an earlier CTM constitutes earlier rights in relation to a national mark and vice versa.\textsuperscript{37} Furthermore, since the EU has become a signatory to the Madrid Protocol in 2004, a CTM also provides a basis for international protection of the mark.

\textsuperscript{32} See supra at Section 2. \\
\textsuperscript{33} Classifications must conform to the Nice Classification Agreement. A list of the Nice classifications is available at http://oami.eu.int/en/database/euroace.htm. Compliance of the application with the Nice system leads to immediate acceptance with regard to the classification of the goods and services for which the mark is to be registered. \\
\textsuperscript{34} Renewal procedures are set forth by Art. 47 et seq. of the Regulation. \\
\textsuperscript{35} Negotiations for EU membership are currently being held with Romania, Bulgaria, and Turkey. \\
\textsuperscript{36} Similarity is generally assessed by examining the likelihood of confusion by consumers in the country where the earlier right is being registered. Increased reputation of the CTM increases the level of protection. The use of identical or similar marks for goods and services different from those of the proprietor is also prohibited if confusion is likely, or if the user of an identical or similar mark takes unfair advantage of the CTM’s reputation. \\
\textsuperscript{37} Prior rights based on national trademarks may pose relative grounds for refusal if raised in an opposition.
5. Enforcement of Rights

Art. 90 et seq. of the Regulation provide the framework for the enforcement of the rights conferred by the CTM, and determine which courts have jurisdiction in legal actions. Each Member State has designated one or more national courts as Community Trademark Courts of first and second instance (Art. 91(1)). These courts have exclusive jurisdiction over disputes related to CTM involving:

- Actions with regard to an infringement within the territory of the EU;
- Actions for declaration of non-infringement, if permitted under national law;
- Counterclaims for revocation or for declaration of invalidity of a CTM;
- Compensation claims with regard to the use of CTM between the date of publication of the application and the date of registration.

The plaintiff generally has to bring these actions in the defendant’s country of domicile or establishment, or in the country where the infringement occurred. If the two do not coincide, the plaintiff may choose either one. If neither party has a domicile or establishment in the EU, the defendant must bring his action in the Spanish Community Trademark Courts, as the OHIM is located in Spain. (Art. 93) Any other actions, e.g. actions regarding remedies for infringement or contractual obligations, are subject to the exclusive jurisdiction of national courts.

Art. 97 rules that, where Regulation (EC) 40/94 does not provide any rules, the national laws that apply are those of the country where the Community Trademark Court is deciding the matter. Against this background, national law applies particularly with regard to remedies, enforcement of Community Trademark Court decisions, and temporary injunction proceedings. The national forum in which the Court is situated will also determine whether an infringement has occurred.

In the case of infringement, the Community Trademark Courts first issue an order to infringers or persons threatening to infringe a CTM to refrain from such actions. In addition, the

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39 Even though actions can be brought either in the country of the defendant’s domicile or in the country where the infringement was committed, the first alternative is favorable in most cases. This is because if the action is brought in the country where the infringement occurred, the Community Trademark Courts’ jurisdiction is limited to acts committed in this country’s territory. An action brought in a CTM Court of the country where the defendant has its domicile makes possible a bundling of all disputes in this single proceeding. Thus, the jurisdictional rules of the Regulation allow, to some extent, for “legal forum shopping.” See, cf., Michael Fammler & Christopher Aide, Enforcement of CTMs in the EU: The Real Test of Their Commercial Value, 86 J. PAT. & TRADEMARK OFF. SOC’Y 135 (2004) at 139 et seq.
40 With regard to enforcement of rulings of national courts in other Member States, Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the enforcement of judgments in civil and commercial matters, and, for the State of Denmark, the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters (1968) apply.
41 The aspect that the Member States’ domestic legal systems contain varying regulations on remedies and enforcement procedures obviously causes a certain level of “legal uncertainty”, e.g. with regard to enforcement procedures, remedies, or the likelihood of confusion standard. However, these divergences again provide the opportunity of advantageous forum shopping in that the proprietor of a CTM can file the action in the country where it expects to be most likely to prevail, whose language it prefers, or whose legal system offers the most favorable remedies in his particular case. See, cf., Fammler & Aide, id. at 145 et seq. for examples and factors to be considered with regard to the choice of jurisdiction.
Courts may take measures permitted by the respective national laws to ensure compliance with the order (Art. 98). Where appropriate, the Courts may also issue provisional and preventive measures as permitted by national law (Art. 99). If the Court has extraterritorial jurisdiction (i.e. if the action is being brought in the country of domicile or establishment of the defendant) it may grant relief with pan-European effect.

Finally, appeals to the Community Trademark Courts of second instance depend on the judgments of the Courts of first instance. The respective domestic laws provide the grounds for appeal.

6. Surrender, Revocation and Declaration of Invalidity

A registered CTM may be cancelled, i.e. deleted from the Community Register, in three cases: (1) if its proprietor surrenders it totally or for some of the goods and services for which it is registered (Reg. (EC) 40/94, Art. 49); (2) if it is revoked (Art. 50 and 54 et seq.); or (3) if it is declared invalid by the OHIM (Art. 51 et seq.).

The rights of the proprietor may be revoked (1) if the mark is not being used genuinely for five successive years; (2) if it has become generic with regard to the goods and services for which it is registered; (3) if the mark is misleading with regard to the nature, quality or origin of the goods marketed; or (4) if the proprietor is no longer eligible to hold a CTM.

Invalidity may be declared if absolute or relative grounds apply. Absolute grounds for invalidity refer to the ex post discovery of obstacles for the registration of the mark. These include failure to consider the personal requirements for registering a CTM, or filing for registration with bad faith (Art. 51). Relative grounds, on the other hand, mainly involve the existence earlier rights and can only be raised by proprietors of such earlier rights, i.e. the bearer of a protected copyright or name (Art. 52).

Applications for cancellation can only be filed with the OHIM or as counterclaims before the Community Trademark Courts after the mark has been recorded in the Community Register. If the owner of an earlier mark acquiesces in the use of a later mark for more than five consecutive years, it is no longer entitled to seek cancellation. Finally, Art. 96 et seq. provide rules intended to avoid contradictory decisions by the OHIM and the Community Trademark Courts in cancellation cases.

7. Appeals against OHIM Decisions

Final decisions of OHIM bodies, e.g. an examiner’s denying the registration of a CTM or revoking a mark, can be appealed under the rules of Art. 57 et seq. of the Regulation. The Boards

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43 See supra at Section 2.
44 Community Trade Mark Courts may only revoke or declare a CTM invalid if the claim for revocation or declaration of invalidity is being brought as a counterclaim in the course of infringement proceedings.
of Appeal of the OHIM are deciding the appeals, and their decisions may subsequently be appealed before the European Court of First Instance and the European Court of Justice, which hears questions of law only.

Competency issues, procedural errors (Art. 73 et seq.), or violation of European Communities (trademark) law are possible grounds for appeal.

D. Statistics, State of Affairs, and Outlook

From the year 1996 until the end of February of 2005, the OHIM received 419,945 applications, of which 245,875 were eventually registered as CTM. A major part of these figures originates in the EU Member States, which account for 268,546 applications (64% of all applications) and 155,132 registrations (63%). Within the EU, proprietors from Germany and the United Kingdom own big shares of marks, whereas persons from France, which also represents a strong domestic economy within the Union, hold a comparably small number of CTM. Of the ten new Member States which acceded in 2004, Cyprus (180 registered CTM through February of 2005) and the Czech Republic (68) host the most registrations.

From 1996 through February of 2005, companies and individuals from the United States have registered 59,500 Community Marks. The fact that this figure gives the U.S. the biggest overall share (24.2% of all registered CTM) shows the practical significance of the CTM for U.S. companies doing business in the European Union.

Overall, commentators seem to agree that the number of applications indicates that the CTM has been well received, and that the statistics have exceeded general expectations and show considerable potential. Nevertheless, observers also argue that a number of institutional adjustments could boost registration figures and practical convenience for CTM proprietors even more. Most suggestions focus on a reduction of the number of Community Trademark Courts in the Member States in order to reach more harmonious and predictable jurisprudence. Others recommend the facilitation of the application process, or argue for or against increased protection of geographical indications as trademarks.

Most of the marks registered are word marks and figurative marks. In relation to individual marks, Collective Community Trademarks make up only 0.18% of all registrations.

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45 In order to ensure independence, the Council of Ministers appoints the members of the Boards of Appeal instead of the President of the OHIM.
46 Decisions of the Boards of Appeals are accessible at http://oami.eu.int/search/legaldocs/la/EN_boa_index.cfm; a database of all case law of the European Court of Justice and the European Court of First Instance with regard to CTM is available at http://oami.eu.int/eu/mark/aspects/ecjcfi.htm.
48 See id.
49 See id.
50 See, e.g., Fammler & Aide, supra note 39 at 136.
51 In Germany alone, for instance, there are more than 18 Community Trademark Courts of First Instance.
52 See, e.g., Fammler & Aide, supra note 39 at 140.
54 See id.
As for appeals of OHIM decisions, only a very small number of applicants who were denied registration (mostly based on absolute grounds for refusal) have appealed to the European Court of First Instance or even to the European Court of Justice.55

In 2003, the EU launched the Community Design, which provides a valuable addition to the CTM, because it is now possible to protect industrial designs or distinct shapes of products that may already be marketed unitarily by a Community Trademark.56

Finally, the EU’s recent expansion has extended protection of CTM to 10 new Member States.57 Romania and Bulgaria are expected to join the EU in 2007, and Turkey is currently negotiating its accession. The enlargement process provides CTM proprietors with constant, automatic amplification of their protection in emerging (Eastern) European markets (Reg. (EC) 40/94, Art. 142a) without any further risk of contest from accessing countries, and without any additional fees or formalities except the monitoring necessary to detect possible infringements on the new markets.

II. The CTM System’s Relation to and Effect on Other Regimes

A. Domestic Trademark Systems of EU Member States

The Community Trademark system does not replace or preempt domestic systems but is rather intended to supplement and serve as a unitary alternative to filing separate registrations in each Member State.58 In addition, a national trademark may serve as a basis for claiming priority or seniority with regard to a CTM application. Individuals and entities can thus continue to hold national and Community Trademarks at the same time. Art. 105 et seq. of the Regulation controls the effects of the CTM system on the Member States’ laws and the conversion of a (denied) CTM application into national applications.

The domestic laws bear a certain degree of synchrony after their harmonization by Directive 89/104/EEC and the subsequent adjustments in national legislation required by the Directive.59 Regulation (EC) 40/94, which introduced the CTM, corresponds with the Directive’s framework as well. However, divergences – also between national regimes and the CTM system – still exist and immediately affect the decision over which trademark strategy is most favorable for a certain trademark owner or applicant.

55 See, e.g., O’Reilly, supra note 21 at 96.
57 Joining the Union, which currently consists of 25 Member States, on May 1, 2004 were the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.
58 A database providing national trademark legislation of each Member State is available at http://oami.eu.int/en/mark/aspects/natlaw/default.htm (for the 15 countries which were Member States prior to the 2004 enlargement), and at http://oami.eu.int/en/enlargement/legislation.htm (for the ten new Members which joined the Union in 2004).
59 See supra at I.A.
For instance, with regard to preliminary injunctions or damages for an infringement, a proprietor may often choose the most favorable out of several available jurisdictions. In addition, the owner of a mark protected under the CTM or certain national trademark systems can file an opposition against the registration of a mark under another EU regime. Moreover, the CTM system expands the options of applicants as it allows – unlike some domestic trademark laws – for registration of family or company names. Art. 105(2) and (3) of the Regulation, on the other hand, avoid conflicting decisions of Community Trademark Courts and national courts, ruling that a CTM or national trademark court has to dismiss an action if a final judgment with regard to the same claim has been made by a court in another country.

Overall, the Community Trademark and the national systems have coexisted harmoniously, and both alternatives have retained independent roles and practical relevance. While the national systems are necessary both to administer trademarks registered prior to the establishment of the CTM and to provide a greater degree of predictability and convenience in administration for purely domestically oriented owners, the CTM system has consistently gained relevance, especially with regard to companies from outside the EU seeking to obtain unitary protection for the whole Internal Market.

B. Paris Convention and Madrid Protocol

The Paris Convention for the Protection of Industrial Property came into force in 1884 and currently accounts for 169 contracting parties. It is administered by the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland. Initially intended to extend the protection of industrial property rights beyond national boundaries, today the Paris Convention serves as a basis for recognizing priority rights of owners of intellectual property rights, and for preventing unfair competition: If applied for within six months from the original filing date, a trademark registered in one of the Convention’s signatory countries must be accepted for protection in its original form in the other countries (Paris Convention, Art. 4), unless the registration would infringe upon the rights of other proprietors, the mark would be indistinct, or the mark would be deceptive in character (Paris Convention, Art. 6).

The Community Trademark system complies with the standards set forth in the Paris Convention, as it allows for CTM registration by nationals of states that are parties to the Paris Convention (Reg. (EC) 40/94, Art. 5(1)(b)). Furthermore, Art. 29 et seq. of the Regulation

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60 See supra at I.C.5. See also Fammler & Aide, supra note 39 at 144-45, and at 146.
61 Reg. (EC) 40/94, Art. 29 et seq. and 37 et seq.
62 In Germany, for example, approximately 69,000 applications for German national trademarks were filed in 2004, compared to an overall 58,129 applications for Community Trademarks; see, e.g., http://www.dpma.de/infos/pressdienst/pm041029b.html (for applications for German trademarks) and http://www.ohmi.eu.int/pdf/office/Stats%20CTM%202004.pdf (for CTM applications).
63 For the full text of the Paris Convention and related documents, see, e.g., http://www.wipo.int/treaties/en/ip/paris/index.html.
64 See http://www.wipo.int.
65 Industrial property rights covered by the Paris Convention are inventions (patents), trademarks, and industrial designs.
acknowledge the right of priority for a person who has filed an application or for protection in a
country that is a signatory to the Convention.

WIPO also administers the Protocol Relating to the Madrid Agreement Concerning the
International Registration of Marks.66 Initially signed in 1989, the treaty came into force on
December 1, 1995 and presently counts 66 signatories.67 The Madrid Protocol modernizes the
Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods
(1891), which provides a framework for the international registration of trademarks (“Madrid
system”), by rendering this regime more flexible and open to countries that previously could not
accede to it due to their trademark laws’ incompatibility.

The Madrid system allows for international protection of a mark by simply filing for an
international registration, which is effective in all 66 contracting parties. An international
registration can be acquired by persons or entities established in a signatory state who have
obtained prior registration of the mark in one of those countries.68

The European Community as a whole acceded to the Madrid Protocol on October 1,
2004, enabling Community Trademark owners or proprietors of marks registered under the
Madrid system to easily obtain and administer trademark protection under the other system. The
international application may now be filed directly with the OHIM. A CTM application or
registered CTM serves as a basis for the international registration.

Even though all Member States of the European Union themselves are signatories to the
Madrid Protocol, and unitary protection for the whole Union is therefore also possible by filing
for an international registration under the Madrid system instead of registering a Community
Trademark, the two regimes do not compete: With regard to Europe, the CTM system provides a
more comprehensive forum as it is geared specifically to European needs and conditions, e.g.
with regard to administrative or judicial aspects. After all, the aim in establishing the CTM was
not to replace the Madrid system for the EU territory, but rather to facilitate trade within the
Union’s Internal Market by providing a centralized and unitary fundament for domestic, EU-
wide, and international trademark protection.69

Art. 141 et seq. of Regulation (EC) 40/94 set forth the procedure of applying for
international trademarks with the OHIM on the basis of a Community Trademark application or
a registered CTM. Art. 146 et seq. regulate aspects related to international registrations
designating the European Communities.

66 For the full text of the Madrid Protocol and related documents, see
67 Following the accession of the United States on November 2, 2003, the list of signatories to the Protocol now
includes all Member States of the EU as well as all other major industrialized nations and China.
68 For an overview of the application procedure, and the advantages and disadvantages of obtaining an international
registration under the Madrid System, see, generally, Paul D. Supnik, Protecting Trademarks Under the Madrid
Protocol: A New Tool Exists for U.S. Businesses Seeking Trademark Protection in Other Countries, 27 Los
69 For a comprehensive comparison of the advantages and disadvantages of the Community Trademark system and
the Madrid system, see, cf., Casalonga, supra note 20 at 170 et seq.
C. TRIPS Agreement

Despite increasing dissatisfaction with its regulations and calls for revision, the TRIPS – Trade-Related Aspects of Intellectual Property Rights – Agreement still provides international standards and procedures that are benchmarks for intellectual property lawmaking.\(^70\)

TRIPS was signed in 1994 as part of the WTO’s General Agreement on Tariffs and Trade (GATT). It seeks to promote technology transfer and reduce divergences within the multilateral trading system by establishing binding minimum standards for intellectual property laws, especially with regard to the protection of such rights, and through ensuring effective civil and administrative enforcement procedures.\(^71\)

Core principles of the treaty include the national-treatment commitment and most-favored-nation clause\(^72\) as well as general compliance with the Berne Convention for the Protection of Literary and Artistic Works (1886) and the Paris Convention.\(^73\) In parts, TRIPS expands the protection provided by the Paris Convention.

The TRIPS Agreement sets forth basic standards regarding trademarks (including service marks). These include (1) what must be eligible for trademark protection under national law,\(^74\) (2) what minimum rights must be granted by the registration and under which terms a mark may be licensed,\(^75\) and (3) what each signatory must do to ensure adequate protection from infringements and effective enforceability of the rights conferred by a trademark.\(^76\)

The Agreement is monitored by the Council for Trade-Related Aspects of Intellectual Property Rights of the WTO. Disputes with regard to TRIPS arising between WTO Members are subject to GATT dispute settlement procedures.\(^77\)

As recognized by the Council of the European Communities in amending Regulation (EC) 40/94,\(^78\) the Community Trademark system aims for “full compliance” with the TRIPS Agreement. Therefore, Regulation (EC) 3288/94 adjusted the CTM system by extending the


\(^71\) For an overview and an outlook with regard to the TRIPS Agreement see id.

\(^72\) TRIPS Ag., Art. 3 and 4. The national-treatment commitment requires any TRIPS signatory to treat its own nationals and nationals of foreign countries equally with regard to the protection of intellectual property rights. The most-favored-nation clause extends this principle to the obligation to immediately extend any privileges granted to nationals of other countries to nationals of all other WTO trading partners.

\(^73\) TRIPS Ag., Art. 2(1) and 9(1). For the text and a summary of the 1971 version of the Berne Convention, see, e.g., http://www.wipo.int/treaties/en/ip/berne/index.html. The Berne Convention’s provisions on moral rights are excluded from the compliance requirement.

\(^74\) TRIPS Ag., Art. 15.

\(^75\) TRIPS Ag., Art. 16 et seq.

\(^76\) TRIPS Ag., Art. 41 et seq.

\(^77\) TRIPS Ag., Art. 63 et seq.

eligibility to register CTM and to claim priority to nationals of all WTO members, and by incorporating the TRIPS Agreement’s principles on geographic indications.

D. Current Issue: “Nationalization” of Trademarks and the Dispute over the Protection of Geographical Indications

The European Union’s intent to further protect geographical indications internationally should be closely scrutinized. This initiative originates in Europe, where the already heavily subsidized agricultural sector relies heavily upon linking certain products to the region where they originate or are produced, e.g., Chablis wine, Parmesan and Gorgonzola cheeses, or sardines. The objective is to prevent similar products that are not historically tied to the designated area from being marketed and sold under the respective geographical indication. 79

Protection of geographical indications has been an issue since the 19th Century and has been addressed in the Paris Convention, the Madrid Agreement, and the 1958 Lisbon Agreement for the Protection of Appellations of Origin. Today, due to the limited success of these earlier treaties, the European Union focuses on adjusting the TRIPS Agreement to achieve further protection of geographic indications. The TRIPS Agreement, in Art. 22 through 24, already recognizes geographical indications and prevents designations of wines and spirits to a large extent from becoming generic terms. 80 Consequently, Council Regulation (EEC) No 2081/92 of 14 July 1992 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs 81 reflects these standards and lays down the requirements for and scope of protection for such designations in the European Union.

The EU has proposed to extend global registration to food items. In short, the proposal calls for new registration procedures for geographical indications of food items, for measures to prevent selling such products with misleading designations outside of Europe, and for the withdrawal of any existing geographic labels on products which do not originate in the region referred to by the registered indication. 82

The Fifth WTO Ministerial Conference held in Cancun, Mexico, in 2003, did not reach a compromise on the issue, mainly due to diverging interests and trademark laws of WTO members: Under European trademark law, where geographical indications already enjoy a considerably broad scope of protection, 83 further protection under the TRIPS Agreement would

79 With regard to the term “sardine,” for instance, the EU intends to allow its use within the Internal Market only for sardines that have been fished in European waters. An equal attempt has been made by the United States, which has (temporarily) protected the designation “carfish” by passing laws allowing only North American catfish to be sold as catfish in the United States. See, cf., Xuan-Thao N. Nguyen, Nationalizing Trademarks: A New International Trademark Jurisprudence?, 39 WAKE FOREST L. REV. 729 (2004).


82 For a summary of the EU’s proposals to further protect a list of about 40 geographic indications, see, e.g., Harry N. Niska, The European Union Trips over the U.S. Constitution: Can the First Amendment Save the Bologna That Has a First Name?, 13 MINN. J. GLOBAL TRADE 413 (2004) at 418 et seq.

be in line with prior legislation. In other countries (including the United States), however, the respective geographical indications may already be regarded as generic terms and thus would not be eligible for trademark protection.

Negotiations on this matter as well as a WTO dispute settlement proceeding initiated by the United States over whether EU legislation\textsuperscript{84} violates the TRIPS Agreement are pending, and heated debates continue. Some argue that the EU’s proposal furthers the objectives of strengthening protection of intellectual property rights and enabling customers to make informed choices in the face of an increasing variety of products.\textsuperscript{85} Others strongly oppose the trend of “nationalizing” trademarks and warn that “[the] legal precept that generic words are free to be used by all – a cornerstone of anti-competition and trademark jurisprudence – is now undermined when generic words … acquire a new national status and international meaning.”\textsuperscript{86}

Even if the EU’s proposal is adopted, its practical success will strongly depend on the political will and economic feasibility of preventing the use (and withdrawing) of geographical indications. In any case, the issue provides an example of how the realization of international trademark protection is still hampered by diverging national interests.

III. Remarks on Trademark Strategies of Companies Doing Business in the EU

As noted above, the Community Trademark has been well received by European and non-European individuals and enterprises. This popularity is a result of the significant facilitations the CTM system has brought, including convenient unitary registration and administration procedures and an extensive geographic scope of protection. Therefore, applying for a CTM instead of obtaining a portfolio of multiple national trademarks is advisable especially for non-European companies entering the Common Market.

In particular, the CTM registration’s independence from any prior national marks may provide an essential advantage over an international registration under the Madrid System, which is not available if the applicant does not own an identical trademark in the country of its nationality or incorporation. Also, registering individual marks in single countries or, with the CTM, for the EU instead of taking a national mark as a basis for registration under the Madrid Protocol may provide more flexibility (e.g. with regard to enforcement\textsuperscript{87}), and greater protection in the respective markets.\textsuperscript{88} Financial considerations also impact trademark strategies, especially

\textsuperscript{84} Council Regulation (EEC) 2081/92, see id. at 141 et seq.
\textsuperscript{85} See, e.g., Goldberg, supra note 81.
\textsuperscript{86} See, e.g., Nguyen, supra note 80 at 755; See also Niska, supra note 83 at 415.
\textsuperscript{87} A judgment with regard to an international mark can only be enforced in the country where it originates, whereas decisions of the Community Trademark Courts have extraterritorial, pan-European effect.
\textsuperscript{88} For instance, the OHIM applies broader and thus more favorable standards regarding classification and designation of goods and services in a registration than the U.S. Patents and Trademark Office. Because the registration of an international mark under the Madrid System is based on the standards of the country in which the national mark is registered, an applicant may prefer filing separate registrations in the countries where it seeks protection, e.g. with the OHIM only instead of with the USPTO and subsequently under the Madrid System.
for small companies and individuals: A Madrid System trademark requires a fee of around EUR 3,000 on top of the registration of the national mark, whereas a CTM registration only involves a total fee of EUR 2,075.

On the other hand, however, protection under the Madrid System may be the only option available, if for instance an absolute ground for refusal causes denial of the registration in one or more Member States of the EU.

Once the owner acquires a CTM and an infringement occurs, close attention should be paid to the choice of jurisdiction for infringement actions, which may be brought in different countries. With regard to some issues, including provisional relief or the award of damages and costs, the Community Trademark Courts are allowed to apply national laws with a pan-European effect (Reg. (EC) 40/94, Art. 99). These laws may differ considerably, so the proprietor should anticipate whether the jurisdiction will provide the requested remedy, whether he is likely to meet the requirements for the requested relief in that jurisdiction, and, finally, whether it is convenient for him to commence the action in that jurisdiction.

Conclusion

The introduction and the success of the European Community Trademark are consequential results of the continuous advancement of the EU’s Internal Market. The CTM provides a valuable alternative and supplement to national trademark systems and to international registration under the Madrid System. Despite a certain competition of the CTM and Madrid Systems, their differences in scope and in the circle of eligible applicants provide room for the two regimes to coexist. This has become even more apparent since the EU ratified the Madrid Protocol. The question of which system is the most favorable strongly depends on the concrete business and trademark strategies. In any case, due to the exhaustive protection and convenient procedures it provides, the Community Trademark is strongly advisable if the applicant seeks protection primarily in the EU, and for more than one Member State.

Statistics indicate that small and locally operating enterprises – especially from countries whose official language is not one of the five working languages of the OHIM – will continue to prefer national trademark protection instead of filing for a CTM. Overall, however, it is safe to say that the Community Trademark will become increasingly more relevant, especially in the course of recent and any future enlargement of the EU.

Moreover, a “Madrid” registration may require additional administrative effort, and it fails if, in the first five years of its registration, the underlying national trademark is being cancelled.

For a detailed comparison of trademark registration under the Madrid Protocol and the CTM System, see, e.g., Casalonga, supra note 20 at 173 et seq. (advising clients seeking protection in the European Union to choose the CTM over the Madrid System).

For instance, when the dispute involves claims of bad faith, the United Kingdom provides a favorable forum, because it is possible in the UK to request disclosure of the defendant’s business records.

For an overview of the different options of jurisdiction available to a proprietor, and of the implications connected to each alternative, see supra I.C.5 and note 38. For an analysis of which factors should be considered with regard to the choice of jurisdiction, see, cf., Fammler & Aide, supra note 39 at 145 et seq.
To sustain this trend, the OHIM must continue advancing and enhancing the CTM System. For instance, Regulation (EC) 40/94 still leaves significant areas, such as damages, transfer and licensing, and temporary injunctions, governed by national trademark laws. The result is unpredictability and inconsistency to a certain extent, particularly when domestic trademark laws diverge and when a jurisdiction is assigned to a large number of courts. While the possibility of “legal forum shopping” is certainly appreciated by companies operating on a pan-European level, more synchrony will be necessary to render the CTM the most favorable choice for the mainstream of small businesses and individuals. Finally, practical factors such as the costs and duration of the registration process could be changed to increase efficiency.

Provided these adjustments, trademark law in the EU will continue to reflect economic reality, and to promote the opportunities of a truly borderless Internal Market.