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GODS IN TRANSIT
IP AT THE CROSSROADS OF GREAT CIVILIZATIONS

Ines Duhanic

What's wrong with the unitary character of the European Union trademark?[1]

Since the European Union trademark was launched 22 years ago, it has helped transform European trademark practice. But how did the multiplicity of the European languages, the national case law, and the diverse enforcement system affect the unitary character of the European trademark? Can both the EU and the national trademark system successfully co-exist after all? Ines Duhanic investigates.

On 8 February 2018, the European Communities Trade Mark Association (ECTA) hosted a round-table discussion on the questions and legal issues surrounding one of the guiding principles in European trademark law – the principle of the unitary character of the European trademark and its legal implications for the interaction between the national and EU trademark law regime. Titled "Lights and Shadows of the Unitary Character of the EU Trademark and Design System: Should We Remove the Inner Borders?", the conference hosted a high-level panel moderated by Benjamin Fontaine, Vice-Chair of the ECTA EUIPO Link Committee & Chair of the ECTA GI Committee. The panel also compromised of representatives of the EUIPO like Christian Archambeau, Deputy Executive Director, who attended the discussion on behalf of Antonio Campinos, Executive Director of EUIPO, with also Stefan Martin, Member of the 2nd Board of Appeal and Arnaud Folliard-Monguiral from the Litigation Service, ICLAD, participating. Voices from the private practice included Verena von Bomhard, Bomhard IP, who established one of the EU trademark law firms in Alicante back in 1996, at a time when EU-wide trademark were only just about to come into existence. The panel list also included insight views from the EU jurisprudence through the panel talk of Ignacio Ulloa Rubio, Judge, EU General Court.

The primary goal of this expert group discussion was to increase awareness of the fact that, due to technology, the business world has changed more in the last decade than in any other period since the industrial revolution. As the Fourth Industrial Revolution gets under way, intelligent digital technologies are becoming more responsive and more human. What does this mean for trademark law, which stands for a harmonized attempt on the European level to drive force for growth, innovation, and competitiveness?

Building bridges in the world of intellectual property law

In this context, Archambeau highlighted in the first key note presentation, after the introductory welcome note of ECTA President, Ruta Olmane, Metida Law Firm, the important link between innovation and intellectual property. He said that individual entrepreneurs and small and medium sized enterprises (SMEs) are often the driving force behind innovations and have often made substantial

Résumé

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Ines is a German qualified lawyer specializing in international intellectual property and media law. After her legal studies in Berlin and Stockholm, she gained considerable experience with renowned organisations in private and public sector in Geneva, Paris, Berlin and Sydney. Being a highly passionate communicator and strong advocate for innovation and creativity, she currently serves as Public Affairs Manager, Media Policy, at a lobby organisation from the media industry in Berlin where she is responsible for legal and EU regulatory advice, stakeholder mapping, monitoring, analysis and reporting in media and IP law, fostering effective networks with key contacts in the European Parliament, European Commission and German Parliament.

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financial investments in order to develop intellectual property in the form of a new product, process, or brand. While tracing back the historical developments of the industrial revolution and the enlightenment period, Archambeau said that the digital revolution with its new technologies have accompanied by far more radical changes than have been experienced with previous milestone-inventions such as Thomas Edison's invented electric light bulb in the 19th century. Right across the long sweep of history – from the invention of electricity to the world changing electronic rocket engine – all the inventions have delivered previously unthinkable advances and we can now say that the sky is no longer the limit. Archambeau said, recent EUIPO studies reveal IPR-intensive industries generated more than 42% of total economic activity (GDP) in the EU, worth €5.7 trillion. In addition to their direct employment contribution, the link between economic growth and intellectual property is omni-present and is thus an immensely important fact to consider when shaping the EU IP policy framework, as it also helping to keep the EU's external trade in balance.

The fact that innovation remains a key factor in EU trademark law strategy can also be seen when analyzing some of the main discussions held at the Annual Meeting of the World Economic Forum, which just took place in Davos-Klosters, in January 2018, bringing together the world's leading figures from a wide variety of sectors including international business and political leaders. Some of the Davos-reports examined the major trends affecting the transformation of energy and mobility systems and transformative technological developments and highlight the necessity to promote innovation and a creative fruitful ground for new ideas, according to Archambeau.

Achieving a competitive economy with higher employment in the EU depends on several different factors, but an efficient system of intellectual property rights undoubtedly ranks among the most important goals. However, it would be more important to not only protect the interests of multinational corporations but also focus on the innovative activities of SMEs and their potential to access relevant markets by helping them to bring their input into the developmental process. Cooperation remains an important factor in IP policy so that "building bridges" between relevant institutions across the IP relevant network remains essential in this regard. May it be the EU-wide study partnerships with the European Patent Office (EPO), the European Observatory on Infringements of Intellectual Property Rights, the EUIPO Convergence Program, study exchange programs and short-term secondments or the European Union's Horizon 2020 research and innovation program – this cooperation network between IP offices and other organizations, at bilateral, multilateral and regional level, helps strengthen the current IP system, he said.

Also, intellectual property rights complement each other. Trademark and design or patent protection have very often been used together: another indication for a necessary strong linkage between IP rights policy. On the enforcement level, joint investigations by Europol's Intellectual Property Crime Coordinated Coalition, the US National Intellectual Property Rights Coordination Centre, and law enforcement authorities from EU Member States have seized over 20,000 illegal domain names; a great success said Archambeau. Ultimately, we need more cooperation links between people as, in the end, IP protection aims to promote innovation of and for people.

What about the cheese?

Verena von Bomhard discussed in her presentation "The glory and crux of the EUTM regime" and highlighted the general rule of the unitary character of the EUTM system – despite the increasing exceptions catalogue. An interesting aspect of her expressed view on the debated complex of issues was the comparison of the unitary character principle in Article 1 (2) EUTMR with the Emmental Cheese. Being one single mark for all 28 members, one autonomous law, one procedure, one IP office, one language, one attorney, and one Member State with proven genuine use of the mark would be enough. All relevant exceptions to the equal effect (such as the rules governing the earlier rights exception in Article 137 (1) EUTMR, the civil, administrative and criminal law exception in Article 137 (2) EUTMR, the local right in Article 138 EUTMR, the rights in the new Member States as the "Grandfathering-Clause" in Article 209 (2) EUTMR, the agreements exception) are all remaining mere exceptions and do not alter the main

principle. While also referring to case law such as Nokia v. Wärdell, C-316/05, Pago, C-301/07, DHL v. Chronopost, C-235/09 and Combit Software, C-223/15, Ornua v. Tindale & Stanton, C-93/16, Iron & Smith v. Unilever, C-125/14 and other relevant exceptions – Acquiescence in Article 61 (3), 138 (2) EUTMR and intervening rights rule in Article 16 EUTMR – von Bomhard stressed that what does remain unclear in her view is the underlying political mood of some of the outstanding exceptions ruled by the ECJ. The "cheese", however, does not remain full of holes like a Swiss cheese; the dents are there but without any "deeper" consequences for the EUTM regime.

EU's rich linguistic diversity – a curse or blessing for trademark law?

Then, when listening to Stefan Martin's presentation "The unitary character and the multiplicity of languages", we were reminded again of what trademark law really is, a legal field that always requires an examination approach from a multiplicity of fields: from business history, marketing, legal history, philosophy, sociology and from, particularly, linguistics.

He went on and whisked us away into the linguistic world of the Tyrolean and Bavarian Alps region. While, for example, he said, it is a very common polite greeting in all of Austria and parts of Bavaria, a EUTM registration has been granted for a company from Bavaria for "Griaß di" for paper and printed material. However, this was later cancelled as the average consumer of the products of this particular industry, normally informed and reasonably attentive and circumspect, would feel being warmly greeted when seeing the sign. For example, on a t-shirt and would not perceive the sign as an indication of the commercial origin of the goods or services. This mosaic-like applied approach, that allows the EUIPO to take a careful account of the distinct traditional language of each Member State, is visible throughout all other remaining language settings in the European Union.

Although Turkish is not an official language of the EU (Cyprus' request to the EU to recognize Turkish as an official language has made little headway since 2016), it is a language that is understood and spoken by part of the population of Cyprus and, therefore, the average consumer in Cyprus may understand certain Turkish words as descriptive, a fact that is now considered in the EUIPO examination guidelines.

The genuinely multi-cultural nature of the consuming public of the European Union becomes clearer when noticing that there are around 60 minority and regional languages spoken in the European Union, as well as more than 175 migrant languages. Formally, all EU languages were equal in the EU trademark system; Article 3 (3) TEU and Article 22 CFR explicitly state the necessity to protect the rich cultural and linguistic diversity. However, factual reality renders this legal reality into fiction and some languages simply end up being "more equal" than others, as it is impossible to consider every little dialect or obsolete words like from medieval English, old French, Old Finish, slang such as "Louchébem" (meaning in French boucher) or "Rotwelsch" (a secret language originally used by German converts as mixture of German, Yiddish and Romani), or "Küchendeutsch" (German word for "kitchen German" or Namibian Black German) – a pidgin language of Namibia that derives from standard German. In the end, Martin made it clear that the EU is still undergoing major socio-economic changes also regarding the huge migration waves.

His main conclusion on how the EU trademark system should embrace linguistic diversity when bringing even more foreign languages into the pool of the reference base for trademark registration and cancellation assessments was that it remains unclear and requires further research and strong evidence.

The influence of national law on the unitary character

Ulloa noted that the main principles of CTM law consist of its autonomy, unitary character, and coexistence. But, with a view to the recent case law of the European Court of Justice of the European Union (CJEU), we can notice – in contrast to von Bomhard's view – substantial problems with these principles.

In this context, the EU General Court Judge pointed to the recent decision of the CJEU in Kerrygold, C-93/16, where the court ruled that the trademark co-existence in one Member State of the EU does not prevent confusion in another Member State of the EU.

The dispute concerned the two Irish butter and margarine brands Kerrygold and Kerrymaid, where the region Kerry played a decisive role. Here, although the scope of EU trademarks is pan-European, if national trademark courts find that infringement is limited to a single Member State or to part of the EU, they must limit the territorial scope of prohibition orders. While also analyzing the Combit case, C-223/15, Limoncello case, T-7/04 and Formula One case, C-196/11, Ulloa stressed that the only conclusion from this is that the exceptions to the general rule of unitary character have been increased to a great extent, which allows us to question their very nature as mere exceptions.

Enforcement of rights in the European Union

Arnaud Folliard-Monguiral finally gave an interesting insight into several enforcement issues arising in the context of trademark rights in the European Union and pointed to the problem that in the EU are some significant obstacles to full economic integration that persist and are related to language barriers and cultural differences.

Conclusion

In conclusion, in this successful round-table we learned a number of questions arise when the concept of unitary character is considered, in particular in regard to what impact the unitary character has on the assessment of distinctive character and descriptiveness. Most of the problems that arise are often linked to the multiplicity of languages spoken in the Community. Whereas, for countries where the main language is neither spoken nor understood in any other Member State, for instance Finish or Hungarian, the situation remains foreseeable. Problematic is the case when word marks will be assessed from the perspective of a foreign and not purely native speaker and the relevant linguistic and geographical territory will not be limited to one single territory. Problems therefore arise primarily regarding the English language. The round-table indicated a high legal uncertainty as how to handle the crucial notions of EU English speakers and the English speaking territories.

As case law appears to be still unsettled on the problem of defining the relevant linguistic territory for assessing absolute grounds of refusal, clear and stringent rules should be adopted for determining when and how English words are being received into the local language of the Member States and how far English is being used as an alternative to the local language.

Ultimately, considering the ongoing European enlargement process incorporating the countries in Eastern Europe and the current migration waves peculiarities, the question for all relevant policy makers on the European level would be: Should our European unitary concept extend the protection of the current legal trademark law framework to all consumers in this Community who speak other languages? Do we want a similar concept like, for example, the U.S. "Foreign-Equivalents-Doctrine"? Or will the European unitary principle model remain an inward looking approach?