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## TRADE MARK LAW INSTITUTE

Leiden-Nijmegen-Groningen-Amsterdam-Rotterdam

9<sup>th</sup> TLI SYMPOSIUM:

# EUTM's and the EU:

## Living apart together? The issue of territoriality

Faculty of Law, University of Groningen

### PROGRAMME

**Friday, March 22, 2019: ASSESSMENT OF DISTINCTIVENESS, SECONDARY MEANING, REPUTATION, WELL-KNOWLEDGEMENT and GENUINE USE on the EU-MARKET. EUTM's and RIGHTS of LOCAL or MORE THAN LOCAL SIGNIFICANCE (TRADENAMES and the like)**

**Saturday, March 23, 2019: TERRITORIALITY and AGREEMENTS TO DIVIDE MARKETS, SETTLEMENT AGREEMENTS and COMPETITION LAW. ENFORCEMENT of EUTM's on the EU-MARKET**

1. The purpose of this conference is to study and discuss the issue of territoriality and EUTM's (hopefully with a look into the US Federal system). According to art. 3 of the Treaty on European Union "*the Union shall establish an internal market*" and "*shall establish an economic ...union*". Whereas clause 3 of EUTM Regulation 2017/1001 says: "*It is desirable to promote throughout the Union a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to establish a market of this kind and make it increasingly a single market, not only should barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions should be laid down which enable undertakings to adapt their activities to the scale of the Union, whether in manufacturing and distributing goods or in providing services. For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Union, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.*"
  
2. As Annette Kur writes (Kur-Senftleben, European Trade Mark Law, para. 3.25): "*The CTM and, even more so, the EUTM were conceived as unitary rights, matching the concept of a single market. However, doubts still linger as to the degree to which the market in all 28 Member States has actually become one single market in the truest sense. This, as well as the fact that the EUTM system continues to coexist with 26 national (or regional) systems, makes it difficult to interpret and handle in practice those rules and provisions which make sense primarily before the backdrop of a market which is unified de facto instead of only de iure.*"
  
3. Indeed, the EUTM-system is an autonomous system with a unitary character disconnected from the individual Member States. The question is whether this is reflected in what courts have decided so far. Most recently the ECJ ruled in the *Nestlé/Mondelez a.o.* (C-84/17): "*78 However, contrary to what is argued by Nestlé and EUIPO, it does not follow from [Chocoladefabriken Lindt & Sprüngli v OHIM (C-98/11)] that, where a mark is devoid of inherent distinctive character throughout the European Union, it is sufficient, in order for it to be registered as an EU trade mark pursuant to Article 7(3) of Regulation No 207/2009, to prove that it has acquired distinctive character through use in a significant part of the European Union, even though such evidence has not been provided in respect of every Member State.*" And further on: "*83 It follows from those findings that, although it is not necessary, for the purposes of registering, on the basis of Article 7(3) of Regulation No 207/2009, a mark that is, ab initio, devoid of distinctive character throughout all the Member States of the European Union, that evidence be submitted, in respect of each individual Member State, of the acquisition by that mark of distinctive character through use, the evidence submitted must be capable of establishing such acquisition throughout the Member States of the European Union.*"

4. This seems in contrast with ECJ *Leno Merken*, C-149/11 in which it was noted with respect to the issue of genuine use: “42 *The purpose of the system of Community trade marks is thus – as can be seen from recital 2 to Regulation No 207/2009 – to offer on the internal market conditions which are similar to those obtaining in a national market. In that context, if it were held that particular significance should be given, in the framework of the Community arrangements for trade marks, to the territories of the Member States, that would frustrate the objectives described in paragraph 40 of this judgment and would be detrimental to the unitary character of the Community trade mark. And therefore: ... that, in order to assess the existence of ‘genuine use in the Community’ within the meaning of Article 15(1) of Regulation No 207/2009, it is necessary to disregard the territorial borders of the Member States.* GC in *K&K/EUIPO*, T-2/16, however: “50 ... it was quite apparent that the earlier trade marks had been used extensively for many years in the United Kingdom, a sufficient territory for the purposes of assessing genuine use within the European Union, during and beyond the reference period.”
5. And what about EUTM’s that have become generic in one or two Member States. It is unresolved whether or not similar rules should apply in that case as in the case of (acquired) distinctiveness.
6. With respect to the concept of “repute”, necessary for the broad protection against dilution and taking unfair advantage, it was decided (ECJ *Pago/Tirol Milch*, C-301/07 and *Iron & Smith/Unilever*, C-125/14) that an EUTM enjoys a reputation if the reputation exists in a substantial part of the territory of the EU “and such part may, in some circumstances, correspond to the territory of a single Member State.”
7. Looking at the unitary character of EUTM’s it is also interesting to study the different consequences of the existence of earlier, territorially limited unregistered rights in relation to such EUTM’s. First of all, there is art. 8(4) EUTMReg. (opposition based on such earlier rights) and art 8(6) (opposition based on designations of origin or geographical indications). Unless the earlier rights are of more than local significance, the user of such earlier right can oppose the EUTM-registration, if, on the basis of his national law, he can also oppose the use of the later EUTM. All such signs have quite some impact. The EUTM will simply not be granted if an earlier sign is used in one Member State only (or even part thereof), with the result that the applicant for an EUTM has to file 27 national applications. The notion “more than local significance” has been defined in case law. First of all in ECJ *Anheuser-Busch/Budvar* C-96/09: “159 It follows that, ... , the sign relied on in opposition must actually be used in a sufficiently significant manner in the course of trade and its geographical extent must not be merely local, which implies, where the territory in which that sign is protected may be regarded as other than local, that the sign must be used in a substantial part

*of that territory.” Or, as the GC rules in *Fonseca/OHIM*, T-318/06: “41 For the purposes of Community law, the sign in question is of more than mere local significance in the relevant territory where its impact is not confined to a small part of that territory, as is generally the case with a town or a province.”*

8. On the other hand, those who can rely on earlier national rights have the possibility to oppose the use of an EUTM on the territory where that national right exists, thus shooting a hole in the unitary character of an EUTM (art. 137). The same is true for proprietors of earlier rights which only apply to a particular locality (art. 138(1)). It can be assumed that rights are those that are only of mere local significance (as meant in art. 8(4)).
  
9. The unitary character of an EUTM can also play a role in situations where there is co-existence between the EUTM and another sign in one part of the EU and not in another part. In the *Ornua/Tindale*-decision (ECJ, C-93/16) the ECJ reminded us of its decision in *DHL Express France* (C-235/09) that the exclusive right conferred by an EUTM extends, as a rule, to the entire area of the EU. In that decision it was held that a prohibition of infringement of an EUTM as a rule extends to the whole of the EU. Only in certain circumstances can a court limit such a prohibition, for example when there are linguistic reasons or, where the owner restricts his request for a prohibition to a specific territory. The ECJ justifies such restrictions by saying that no uses can be prohibited that are not liable to affect the functions of a mark (see in particular *combit Software*, C-223/15). It was therefore not surprising that the ECJ in *Ornua/Tindale* decided that the fact of peaceful co-existence in one part on the EU does not affect the possibility of infringement in another part, unless it appears that the market conditions and the sociocultural circumstances are not significantly different in the part where the co-existence occurs and in the other part.

10. The *Ornua/Tindale*-case and also the *DHL Express France*- and *combit Software*-cases were likelihood of confusion cases, but similar conclusions can probably be reached in the context of dilution and/or unfair advantage-cases. The ECJ dealt with this in the *Ornua/Tindale*-case, but only under the concept of due cause, which is strange because due cause only comes into play after it has been established that a link is made and dilution can occur or unfair advantage is taken. Territorial restrictions are often the result of agreements, such as settlement agreements, license agreements, distribution agreements, (partial) assignments and the like. It is worthwhile investigating whether the case law regarding such agreements, mainly based on competition law, is satisfying. The most recent ECJ case is *Schweppes (C-291/16)*. That case deals with exhaustion of national trade mark rights where some of the national rights were assigned to another company. These companies however coordinated their commercial policies and maintained a common trade mark strategy so that the image of a single global mark was created. In such a case the owner of the mark in countries A, B or C cannot oppose the import of the products under the mark from countries X, Y or Z where the other party owns those rights. In the case of EUTM's partial assignment can only occur with respect to particular goods and services and in such a case similar situations can occur.

**Friday, March 22, 2019**

## **THE ISSUE OF TERRITORIALITY AND EU TRADE MARK LAW**

### **13.30 Registration and coffee**

14:00 Welcome

*Charles Gielen, Prof. Extraordinary at Stellenbosch University, South-Africa, em. Prof. at Groningen University*

Aim of the Conference & Approach

### **14:15 Part 1: Territoriality and (acquired) distinctiveness, genericness, well-knownness, repute and genuine use**

Chair: *Martin Senftleben, Prof. at Free University, Amsterdam*

14:20 Introduction 1 by *Prof. Annette Kur, Max Planck Institute, München*

14:35 Introduction II by *Prof. Lionel Bently, University of Cambridge*

14:50 Discussion

16:00 Coffee Break

### **16:15 Part 2: EUTM's in relation to earlier unregistered rights, such as tradenames and other business identifiers as well as signs of more (and less) than local significance. Comparison with US law.**

Chair: *Prof. Tobias Cohen Jehoram, Erasmus School of Law, Rotterdam*

16:15 Introduction I by *Prof. Ansgar Ohly, LMU München.*

16:30 Introduction II by *Prof. Graeme Dinwoodie, Chicago-Kent College of Law, Chicago.*

16:45 Discussion

18:00 Summary and conclusion

**20:00 Conference Dinner**

**Saturday, March 23, 2019**

## **THE ISSUE OF TERRITORIALITY AND EU TRADE MARK LAW**

### ***9:30 Part 3: Agreements concerning trade marks and competition law; the principle of exhaustion on the EU-market***

Chair: *Prof. Antoon Quaadvlieg, University of Nijmegen*

9:30 Introduction I by *Prof. Laurence Gormley, University of Groningen*

9:50 Introduction II by *Prof. Marie-Christine Janssens, Catholic University, Leuven*

10:05 Discussion

11.00 Coffee Break

### ***11:15 Part 4: The issue of territoriality and enforcement of EUTM's***

Chair: *Prof. Dirk Visser, University of Leiden*

11:20 Introduction I by *Prof. Cohen Jehoram, Erasmus School of Law, Rotterdam*

11:35 Introduction II by *Roderick Chalmers Hoynk van Papendrecht, PhD Candidate, Erasmus School of Law, Rotterdam*

11:50 Discussion

### ***12:45 Closing and Information on Future Projects***

*Prof Martin Senftleben (Chair Trademark Law Institute)*

### ***13:00 Conference Closing Lunch***