

Chapter 1: Introduction to the Union and the EUTM system

1. Introduction

The European Union Trade Mark ('EUTM') system is a unique trade mark registration system. It has allowed brand owners to obtain protection throughout the entire European Union ('Union') by means of a single registration since it was first introduced back in 1996.

Although detailed consideration of the structure and operation of the Union are beyond the scope of this book, this chapter provides some high-level background on the Union and the creation of the EUTM system.

2. An overview of the Union

The Union is a political and economic union that, when it was first created as the European Economic Community in 1958, comprised just six Member States. Since then, membership has grown considerably. There are now 28 Member States and this number is expected to rise further over time.

2.1 Creation of Union legislation

Union legislation is created by three institutions:

- *the Parliament* – which represents the Union's citizens and is made up of more than 750 members directly elected from the Member States;
- *the Council* – which represents the Union's governments and consists of one national minister from each Member State. The members of the Council are not fixed and the minister involved in any particular instance is normally the minister responsible at national level for the topic under discussion; and
- *the Commission* – which represents the interests of the Union as a whole. It has 28 members, one from each Member State.

All legislation within the Union is initiated by the Commission. The process begins with the Commission sending a proposal to the Parliament. This proposal is considered by both the Parliament and the Council, who can accept, amend, or reject it. Once the Parliament and the Council approve the text of a proposal, the legislation is published.

2.2 Forms of Union legislation

Union legislation takes three different forms:

- *Regulations* – these are directly applicable. Once published, a regulation

becomes law and is binding throughout the Union and so must be complied with by all the Member States;

- *Directives* – these are directly effective. Once published, the Member States must amend their national laws to comply with a directive by a specified date; and
- *Decisions* – these relate to specific circumstances and are directly effective once published.

It should be noted that regulations are quite separate from, and technically not affected by, directives. Directives impact upon the laws of the individual Member States, whereas regulations automatically have effect throughout the entire Union. While Member States are given a specific amount of time (usually years) to implement directives into their national laws, regulations come into effect and must be complied with throughout the Union as soon as they are published.

2.3 The Court of Justice

The Union operates through many different institutions, including those discussed above. Another institution of key relevance to the EUTM system is the Court of Justice of the European Union ('CJEU'). This body is responsible for ruling on the interpretation and application of the Union Treaty and Union law. It comprises the General Court and the Court of Justice, the highest courts in the Union legal system. Both the General Court and the Court of Justice routinely hear trade mark cases, including both appeals from the Boards of Appeal and references from the national courts of the Member States seeking guidance on the interpretation of Union trade mark law.

3. Harmonisation of trade mark rights in the Union

One of the key aims of the Union is the development of a single internal market, which guarantees free circulation of goods, people, capital, and services within the Union; these are known as 'the four freedoms'.

There is a clear conflict between the free movement of goods and services within the Union and the normal operation of national intellectual property ('IP') rights, including trade mark rights. For example, if the same trade mark is owned by a different proprietor in each Member State, each individual proprietor is potentially able to use national trade mark law to prevent all the other proprietors importing goods into its Member State, thus hindering the free movement of those goods through the Union. As a result, the harmonisation of IP laws within the Union has been discussed for as long as the Union has been in existence.

There are two prongs to the attempts to harmonise trade mark law in the Union:

- *The amendment of national laws*: to harmonise the provisions that most directly affect the functioning of the internal market. This does not apply to all provisions: it has never been the intention that all national laws relating to trade marks, or other IP rights, would be exactly the same. The harmonisation approach led to the implementation of the original version of the Trade Marks Directive, the full name of which was Council Directive No 89/104/EEC, to approximate the laws of the Member States relating to trade

marks. This directive was adopted on 21 December 1988 and has subsequently been repealed. The Trade Marks Directive is referred to in this book as the 'TM Directive'; and

- *The creation of a unitary trade mark right:* to have a single right giving uniform protection throughout the Union. Such a right was first introduced with the implementation of the original EUTM Regulation, the full name of which was Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark. This regulation has subsequently been repealed. The EUTM Regulation is referred to in this book as the 'Regulation'.

The latest version of the TM Directive came into force on 13 January 2016. It made some fundamental changes to trade mark law in the Union, most of which the Member States are required to implement within three years, by January 2019. However, there some provisions, such as the requirement that all Member States allow cancellation actions to be brought before their national IP offices ('IPOs') (rather than having to go to court), that do not need to be implemented into national law for seven years.

4. Creation of the EUTM system

The original version of the Regulation came into force on 15 March 1994. At that time, and until the latest version of the Regulation came into force on 23 March 2016, an EUTM was called a Community trade mark (CTM). For ease of reference, the term 'EUTM' is used throughout this book, even when discussing situations that arose before the name change.

The effective date of the first EUTM applications was 1 April 1996. Although it was possible to file EUTM applications from 1 January 1996, all applications filed on or before 1 April 1996 were treated as if filed on 1 April 1996. As a result, there are no EUTM registrations giving EU-wide rights prior to 1 April 1996, subject to priority claims (which are discussed in Chapter 5) and seniority claims (which are discussed in Chapter 24).

The EUTM system was the subject of fairly substantial reforms with the introduction of the latest version of the Regulation in 2016. Not all the changes set out in this regulation came into force on 23 March 2016, however. A number of changes will not come into force until 1 October 2017; these provisions are noted where relevant.

5. The nature of EUTM registrations

An EUTM registration is, by its very nature, a unitary Union-wide right, otherwise it would not serve the purpose of promoting a single internal market within the Union. The effect of this is that an EUTM registration is an 'all or nothing' right. To obtain an EUTM registration, the relevant trade mark must be acceptable and capable of registration in every Member State. If there is a reason why a particular trade mark cannot be registered in any given Member State, it is not possible to obtain an EUTM registration for that trade mark.

As a result of the unitary nature of an EUTM registration, it is not possible for ownership to be split by territory: the owner (or owners) must be the same across the entire Union. This applies both when an EUTM application is filed and when an

EUTM application or registration is assigned: only the entire application or registration (in terms of territory) can be transferred (see Chapter 16 for discussion).

6. The interaction of the EUTM system with national trade mark rights

The EUTM system is not intended to replace, or even compete with, the registration systems that exist at national level in the Member States. Rather, these systems are intended to complement each other. There are some instances when an EUTM registration is more appropriate and others when national registrations are more appropriate, or even necessary if there is a problem with obtaining an EUTM registration. This is discussed in Chapter 3.

At the national level, filing an EUTM application is equivalent to filing a national application. This means that, within the Member States, EUTM applications and registrations give the same rights as national applications and registrations. This is true whether an application is filed directly with the Office or as a Union designation of an International Registration ('IR') (as to which, see Chapter 32).

The EUTM system is a fully autonomous legal system with its own rules. It is extra-jurisdictional in nature, quite independent from any rules set out in national law. As a result, decisions made at national level within the Member States are not binding on the European Union Intellectual Property Office ('the Office'). Having said that, the laws of the Member States and the EUTM system are harmonised to a large degree, so that in most cases it is intended (and expected) that the same decision will be given on the basis of identical facts.

In any event, there is a strong interaction between the EUTM and national trade mark systems. Earlier national rights can be used to oppose or cancel EUTM applications and registrations (and vice versa) (see Chapter 12 for discussion). Further, actions for infringement of EUTM registrations are brought before the national courts of the Member States (as to which, see chapters 21 and 22).

7. What territories are covered by an EUTM registration?

An EUTM registration gives rights in all Member States. Rights in any individual Member State are, however, only effective from the date of accession to the Union of that Member State.

As a result, EUTM registrations give rights in the current Member States with effect from the following dates:

1 April 1996 (when the EUTM system started) – Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK;

1 May 2004 – the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia;

1 January 2007 – Bulgaria and Romania; and

1 July 2013 – Croatia.

EUTM registrations also give rights in certain territories that have special relationships with Member States. For example, an EUTM registration automatically extends to the Canary Islands (which is part of Spain), Madeira and the Azores (both of which are part of Portugal) and Réunion (which is part of France).

In addition, some dependent territories have introduced local legislation so that EUTM registrations give rights within those territories. For example, local legislation means that EUTM registrations automatically give protection in the Falkland Islands. It is also possible to extend EUTM registrations to give protection in the Cayman Islands.

It is clear that most dependent territories are not covered by the EUTM system. For example, EUTM registrations do not automatically give rights in Bermuda, Greenland, the Faroe Islands, the British Virgin Islands, Aruba or French Polynesia.

Finally, it should be borne in mind that not all European countries are part of the Union. EUTM registrations give no rights in many territories that are often referred to as being 'in Europe', including Andorra, Iceland, Lichtenstein, Monaco, Norway, Russia, San Marino, Switzerland, Turkey and the Vatican City.

8. Enlargement of the Union

Before a new Member State is accepted into the Union, the country in question (referred to as a 'candidate country') must satisfy a number of conditions. A key part of this is that the candidate country must agree to adopt, implement and enforce all the current rules of the Union (known as the *acquis*). The *acquis* is split into 35 different chapters, one of which relates to IP. As a result, no candidate country is accepted into the Union unless it satisfies the Commission that it would be able to comply with the provisions of the Regulation.

The basic rule is that all EUTM registrations and applications are automatically extended to, and effective in, new Member States as soon as they join the Union. There are, however, some more complicated transitional rules to be considered.

Where an EUTM application is pending on the date of accession of a new Member State, the application cannot be refused on the basis of an objection relating to that State. This is because objections are judged as of the filing date of the EUTM application, at which point the new Member State was not part of the Union. For example, an application filed on 30 June 2013 (the day before Croatia joined the Union) could not be refused on the basis that the mark was not distinctive in Croatia on that date.

Where a Union-wide objection is raised against an application, the objection need only be overcome as regards the Member States that were part of the Union at the filing date. Therefore, if acquired distinctiveness is relied upon, this only needs to relate to those Member States that were part of the Union at the filing date. To continue with the example given above, if the mark was arguably non-distinctive in both Croatia and Slovenia, proof that the objection was incorrectly raised in relation to Slovenia would be enough to overcome the objection.

As a result of these transitional rules, it is technically possible for an EUTM registration to give rights in a country in which the relevant mark should not be capable of registration. However, this anomaly is necessary to ensure the unitary nature of the EUTM system is maintained. The only exception is where it is proved

that the EUTM application was filed for the sole purpose of obtaining rights in a non-registrable mark, in which case the application would have been filed in bad faith. However, proving this is likely to be very challenging and there do not appear to be any instances of registrations being invalidated on this basis.

For applications filed after the date of accession of a new Member State, objections will be raised that are relevant to that state, even if the priority date of the EUTM application is earlier than the accession date. If, in the example given above, the EUTM application had been filed on 1 July 2013 rather than 30 June 2013, an objection could have been raised that the mark was not distinctive in Croatia, irrespective of any priority claims.

As noted in section 7 above, EUTM applications and registrations cannot give rights in a Member State that predate that state's accession to the Union. Where an EUTM application or registration is converted into national applications, the conversion date cannot be before the date of accession of that Member State (as to which, see Chapter 25). For example, if an EUTM registration dating from 1 January 2003 were withdrawn and converted into national applications in Italy, Slovenia and Croatia, the effective filing date of the converted applications would be 1 January 2003 in Italy, 1 May 2004 in Slovenia and 1 July 2013 in Croatia.

It is also possible to claim seniority from national registrations in a new Member State as of the date of accession of that state (see Chapter 24). This can lead to the unusual situation where seniority can be claimed from a national registration that actually post-dates the EUTM registration. For example, if a proprietor owns an EUTM registration from 1996 and a Romanian registration from 2000, seniority can be claimed from the Romanian registration. This is possible because the EUTM registration only gives rights in Romania from that state's accession date of 1 January 2007.

When a new Member State joins the Union, the rules relating to languages, professional representation and translations (see Chapter 2), together with the possibility for the national IPO of the new state to join the national search system (see Chapter 4), automatically apply to that state as of its accession date.

9. Contraction of the Union

No Member State has ever left the Union, though following the result of the referendum held on 23 June 2016 in the UK, it seems likely that the UK will leave the Union within the next few years.

It is unclear what would happen to existing EUTM rights if a Member State did leave the Union. As EUTM rights are Union-wide rights, they would clearly cease to have effect in a country after it had left the Union.

It seems very unlikely, however, that all rights in existing EUTM registrations and applications would simply be lost in the departing country. Instead, it is much more likely that there would be some mechanism to allow EUTM registrations and applications to be turned into national registrations and applications in the departing Member State so that rights would not be lost. The structure and operation of this transfer mechanism would be a matter of national law in the departing Member State and, as a result, is beyond the scope of this book.

Further reference

This chapter contains only a brief and simplistic summary of the operation of the Union. For more information, a good starting point is the Commission website, at www.ec.europa.eu.

Further information can also be obtained from:

- The online guidelines on current trade mark practice on the Office's website (referred to in this book as the Office Guidelines) – Part A, Section 9
- Regulation – Article 165