

White Paper Conference on Trade Marks

EU wide relief – Roland Mallinson

**"Unitary character" within the
EUTM Regulation**

The legal fiction v reality paradox

**"Unitary character" in action
and under siege**

**"Unitary character" injunctions
and burden of proof**

What sense of "unitary character" is in the EUTM Regulation 2017/1001?

Recital (3) - 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.... 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.

Recital (4) - For the purpose of pursuing the Union's said objectives it would appear necessary to provide for Union arrangements for trade marks whereby undertakings can by means of one procedural system obtain EU trade marks to which uniform protection is given and which produce their effects **throughout the entire area of the Union**. The principle of the **unitary character** of the EU trade mark thus stated should apply unless otherwise provided for in this Regulation.

Recital (32) - It is essential that decisions regarding the validity and infringement of EU trade marks have effect and **cover the entire area of the Union**, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the **unitary character** of EU trade marks is not undermined. The provisions of Regulation (EU) No 1215/2012 of the European Parliament and of the Council (9) should apply to all actions at law relating to EU trade marks, save where this Regulation derogates from those rules.

Recital (34) - With the aim of promoting convergence of practicesto comply with the specific requirements arising from the **unitary character** of the EU trade mark.

What sense of "unitary character" is in the EUTM Regulation 2017/1001?

Article 1(2) - An EU trade mark shall have a **unitary character**. It shall have equal effect **throughout the Union**: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of **the whole Union**. This principle shall apply unless otherwise provided for in this Regulation.

Article 19(1) - Unless Articles 20 to 28 provide otherwise, an EU trade mark as an object of property shall be dealt with in its entirety, and for **the whole area of the Union**, as a national trade mark registered in the Member State in which, according to the Register:

Article 209(1) - As of the date of accession of('new Member State(s)'), an EU trade mark registered or applied for pursuant to this Regulation before their respective date of accession shall be extended to the territory of those Member States in order to have equal effect **throughout the Union**.

"Unitary character" in the context of remedies?

Recitals

- ▶ **(4)** - ..undertakings can ...obtain EU trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Union. The principle of the unitary character of the EU trade mark thus stated should apply unless otherwise provided for in this Regulation.
- ▶ **(32)** - It is essential that decisions regarding the ...infringement of EU trade marks have effect and cover the entire area of the Union, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of EU trade marks is not undermined. T

Articles

- ▶ **1(2)** - An EU trade mark shall have a unitary character. It shall have equal effect throughout the Union: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Union. This principle shall apply unless otherwise provided for in this Regulation.
- ▶ **130(1)** - Where an EU trade mark court finds that the defendant has infringed or threatened to infringe an EU trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the EU trade mark.



The legal fiction

- ▶ EU is a unitary market of 500 million people
- ▶ No borders
- ▶ A notional EU consumer

The reality

- ▶ 28 Member States
- ▶ 24 official languages but
 - ▶ ~200 languages spoken, including indigenous e.g. Welsh, Walloon, Catalan and immigrant e.g. Cantonese, Arabic, Hindi, Turkish
 - ▶ ~40 languages spoken by more than 1 million people
 - ▶ 3 different official scripts: LATIN, Ελληνικά and кирилица
 - ▶ Even in Latin script
 - Multiple additional letters in some alphabets, e.g. Æ, ß, lj
 - Various accents changing emphasis, tone or even meaning
 - ▶ Considerable variation in pronunciation even without accents
- ▶ Other practicalities
 - ▶ 11 different currencies
 - ▶ 3 different 'standard' train gauges, 5 different electric train voltages
 - ▶ 4 countries drive on the left
 - ▶ 5 different electric power plugs

Impact of the reality over the legal fiction

Test for conflict considers all relevant circumstances ...

...as they exist in the relevant territory or territories....

...through eyes of 'average' consumer

- ▶ Nature of marks
- ▶ Phonetic / conceptual / visual test
- ▶ Whether prior mark has reputation
- ▶ Where the reputation exists
- ▶ When the reputation was acquired
- ▶ Whether use affecting TM functions
- ▶ Existence of acquiescence or honest concurrent use
- ▶ Own name or other local defences
- ▶ Consent

CONFUSED?

Potential for inconsistent decisions around EU

Particular difficulties arise in "paper" conflicts where parties' interests geographically separated

- ▶ Assumed not an issue for pure logos?
- ▶ But even colours can convey different messages
- ▶ Words pronounced differently
- ▶ Words have different meanings
- ▶ Varying comprehension of words in Chinese or Arabic scripts.
- ▶ Reputation only abroad
- ▶ Reputation gained at different times

Examples of "unitary character" in action

Reputation "in the Union"

- ▶ In a substantial part of the EU, e.g. Austria alone enough - *PAGO*, CJEU (2009)

Genuine use "in the Union"

- ▶ Disregard territorial borders - *Leno Marken* (ONEL), CJEU (2012)
- ▶ Use in London and Thames Valley sufficient – *Now Wireless*, GC (2015)

Acquired distinctiveness "in the Union"

- ▶ Needs to be sufficiently proved" in quantitative terms" - *Chocoladefabriken Lindt*, CJEU (2002)

Examples of "unitary character" under siege

Acquired distinctiveness "in the Union"

- ▶ Need to prove it in each of the 29 EU MS - *Nestle* (Kit Kat), GC (2017)

Reputation "in the Union"

- ▶ Reputation in one MS may trigger extended protection in EU but only a "link" is made if mark familiar to a "commercially significant part of the public in the MS - *Iron & Smith* (BE IMPULSIVE), CJEU (2015)
- ▶ Max Planck study (2011) recommended dilution protection only where reputation existed

Genuine use "in the Union"

- ▶ Use in UK only insufficient - *CITY INN*, Hungarian Patent Office (2010)
- ▶ "reasonable to expect [EUTM] be used in a larger area than a national mark" – *Leno Marken* (ONEL) (2012)
- ▶ (Widespread) use in UK alone insufficient , needs to be in > one MS – *Sofa Workshop*, IPEC (Hacon) (2015)
- ▶ "I find the thrust of Judge Hacon's analysis of Leno persuasive" – *London Taxi Co* , HC (Arnold J) (2016)

"Unitary character" and injunctions – The Case Law

DHL v Chronopost C-235/09 (2011)

EUTM: WEBSHIPPING

Use: WEB SHIPPING

Services: Identical

"Double identity" infringement of EUTM (& French TM)

- ▶ No need to show confusion anywhere in EU
- ▶ But French courts had doubts about injunction in UK etc

Decisions

- ▶ First instance injunction in France only (on French TM)
- ▶ CA injunction (and penalty on default) silent on pan-EU scope
- ▶ Supreme court refers questions to CJEU on geographic scope of injunction and penalty in default

DHL v Chronopost C-235/09

- ▶ Key question: must all injunctions for infringement of an EUTM be pan-EU injunctions?
- ▶ Answer:
 - ▶ **"as a rule", yes**
 - ▶ exceptions derived from *Google France* CJEU line of cases, namely EUTM rights only conferred to protect specific interests to enable TM to fulfil its functions and exercise of those rights to be confined to where use affects or may affect those functions.
- ▶ Court **must** limit territorial scope of injunction if infringement is limited to one Member State ["in circumstances such as those of the main proceedings"] or to **"a part of the territory" of EU**, e.g.
 - ▶ Where claimant restricts geographical scope of its action
 - ▶ Because defendant **"proves** that use of the sign at issues **does not affect...the functions of the trade mark**, for example on linguistic grounds"

"Unitary character" and injunctions – The Case Law

Combit v Commit C-223/15 (2016)

EUTM: COMBIT

Use: COMMIT

Goods: Identical

Not "double identity", confusion-based claim

Decisions

- ▶ First instance injunction in Germany only (on German TM)
- ▶ CA held LOC in Germany but not in English-speaking MS
- ▶ Conceptual differences outweighed visual /oral similarities there
- ▶ CA refers questions to CJEU

Combit v Commit C-223/15

- ▶ Questions:
 - ▶ What is the significance of finding no LOC in some MS because phonetic similarity is cancelled out by conceptual differences there but that does not apply in other MS
 - ▶ Is the perspective of some MS or of a "fictive EU average consumer" decisive?
 - ▶ If there is LOC in some MS, has there been infringement across the EU or must MS be differentiated individually?
- ▶ But hadn't DHL v Chronopost dealt with this?
 - ▶ Surely burden was on D to prove that there was no infringement in one or more MS and, if so, the pan-EU relief would be limited to exclude it or them.....?

UK court approach to the burden of proof

Interflora Inc v Marks and Spencer Plc (June 2013)

EUTM: INTERFLORA

Use: INTERFLORA (as AdWord)

Services: Identical

"Double identity" claim for infringement of EUTM

Decisions

- ▶ Arnold J granted pan-EU injunction because D had not proved non-infringement elsewhere in EU
- ▶ (Fact that German courts were holding very similar AdWords use to be non-infringing not conclusive)
- ▶ CA overturned decision so did not rule on scope of injunction.

UK court approach to the burden of proof

Enterprise v Europcar (February 2015)

EUTM: E logo

Use: another E logo

Services: Identical

No "double identity"; LOC and extended protection claims

Decision

- ▶ Infringement based on LOC only due to reputation proved in UK and evidence of actual confusion in the UK
- ▶ Acts of infringement had been confined to UK
- ▶ Arnold J refused to grant pan-EU injunction
- ▶ For LOC/dilution claims, Arnold J held burden remained with C to prove infringement elsewhere in EU and not on D
- ▶ Distinguished *Chronopost* as that was a double identity case

Returning to *Combit v Commit* C-223/15

- ▶ CJEU recast the main questions as:
 - ▶ Must the court grant a pan-EU injunction where it holds there has been LOC of an EUTM in one part of the EU but no LOC in another party?
- ▶ Answer:
 - ▶ Repeats *Chronopost* default rule that pan-EU injunction is granted with exception being interpreted strictly
 - ▶ Drew analogy with EUIPO opposition succeeding against whole EUTM application even though later EUTM's function is only adversely affected in one or a few MS
 - ▶ EU court cannot extend injunction to where it has concluded "on basis of information which must, as a rule, be submitted to it by D" that there is no LOC "in a part of the EU" or else goes beyond exclusive EUTM right to protect specific interests of EUTM fulfilling its functions
 - ▶ CJEU also emphasised that the part of EU excluded must be identified "with precision" (English-speaking MS is not precise enough)



What did the CJEU not say in *Combit v Commit* C-223/15

AG Opinion had gone further:

- ▶ Expressly criticised *Interflora v M&S* decision as it "cannot be reconciled" with *Chronopost*
- ▶ "The procedural burden of obtaining any limitation of the prohibition lies entirely with the defendant."
- ▶ Proposed a two-step burden (unlike CJEU wording "on basis of information"):
 - > D has initial burden of raising and presenting an issue (*onus proferendi*)
 - > If meeting that, D then has burden of proof in the strict sense (*onus probandi*)
- ▶ Reversal of the burden "entirely justified" because it is an exception to unitary character of EUTM
- ▶ Important that any geographic limitation does not impede free trade and is effective
 - > Needs to take account of nature of market and methods of marketing, e.g. online distribution of software not knowing MS borders

Merck v Merck & Co. C-231/16 (Oct 2017)

- ▶ Merck/M&Co had common corporate origin (split in 1919) but dispute over use of MERCK name online
- ▶ Merck first sued M&Co in UK relying on UKTM
- ▶ Merck then sued M&Co in Germany under EUTM, initially claiming relief across whole EU
- ▶ German court referred question: must it decline jurisdiction for whole case as court second seized (parallel cause of UK action)
- ▶ CJEU answer:
 - ▶ German court only need decline jurisdiction insofar as it relates to UK
 - ▶ **Claimant had option (which it exercised) to restrict its claim and relief under an EUTM to exclude one or more MS**
- ▶ Recognising *Combit* option of Claimant voluntarily limiting scope

Ornua v Tindale & Stanton C-93/16 (July 2017)

EUTM: KERRYGOLD

Use: KERRYMAID

Services: Identical

LOC but long-standing co-existence/honest concurrent use in UK and Ireland

Spanish court asked if no LOC in Ireland and UK meant no LOC elsewhere

CJEU answer: LOC possible elsewhere just limit injunction per *Combit*.

Some unanswered questions

- ▶ Do we still have an EUTM with a "unitary character"?
- ▶ Is providing a "basis for information submitted by" D the same as imposing a reversed **strict burden of proof on D**
- ▶ As Arnold J proposes, should reversal of burden still apply where primary claim is for dilution?
- ▶ If infringement found on basis of LOC but D proves no LOC in some MS, should court also consider risk of dilution etc there before refusing to grant pan-EU injunction?
- ▶ Are we opening cases up to considerable expert evidence and debate relating to the linguistic and cultural perceptions of the average consumer in each MS?

Questions

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