

# THE BASICS OF COMMUNITY TRADEMARKS IN THE EUROPEAN UNION

By Peter K. Yu

## The Scope and Benefits of a Community Trademark

Trademarks are very important to business. They allow customers to identify your products through the distinctive characteristics. They also help establish the consumers' trust by staking your company's reputation and by guaranteeing consistent quality.

However, if you intend to conduct business in the European Union, trademark registration can be a nightmare given the territorial nature of a national registration. To avoid this nightmare, you may want to consider registering for a community trademark ("CTM").

Under the strength of a single registration, a CTM grants uniform protection to a mark in all member states of the European Union (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom). A CTM is unitary in nature and extends automatically to all 15 Member States, covering a market of more than 370 million people.

Once registered, a CTM will be valid for 10 years immediately after the filing of the application and may be renewed indefinitely for additional periods of 10 years. It can be licensed, assigned, or transferred to a third party. It can also be used as security.

To be eligible for a CTM registration, the mark must consist of graphical signs that are capable of distinguishing goods or services. These signs can be words (including personal names), designs, letters, numerals, shapes of goods or packaging, sounds, smells, three-dimensional objects, logotypes or even advertising slogans. The mark can also be a collective mark—a mark that is capable of distinguishing the goods or services of members of an association.

Unless the mark has acquired distinctive meaning through prior use, it cannot consist exclusively of the characteristics, or designate the nature, quality or geographical origin, of the goods or services applied for. In addition, the mark cannot be "generic," that is, customary in the current language or in the established practice of trade. It cannot deceive the public as to the nature, quality or geographical origin of the goods or services. It also cannot be contrary to public policy or the accepted principles of morality or be prohibited under the Paris Convention, which covers the unauthorized use of state emblems, official hallmarks and emblems of intergovernmental organizations.

## The Registration Process

A CTM is obtained by registration *only*. Any individual, company, firm or organization can register for a CTM if the applicant satisfies one of the four eligibility criteria:

- The applicant is a national of a Member State;
- The applicant is a national of a state that is a party to the Paris Convention or a member of the World Trade Organization;

- The applicant is domiciled or has an establishment in a Member State or Paris Convention State; or
- The applicant is a national of a state that gives reciprocal protection to the Member States and recognizes CTM registration as proof of country of origin.

To register for a CTM, the applicant must file the application at the Office for Harmonization in the Internal Market (“OHIM”) in Alicante, Spain, or at the national industrial property office of a Member State, including the Benelux Trade Mark Office. The application must be filed in one of the 11 languages of the European Union. The applicant must also indicate a second language chosen from the five official languages of OHIM (English, French, German, Italian and Spanish). This second language will be used for correspondence with OHIM and in opposition, revocation and invalidity proceedings. Wherever filed, the application has the filing date as if the application was filed at OHIM.

Upon opposition, an application will be refused if the mark is identical to an earlier trademark for the same goods or services or if the mark is so similar to an earlier trademark for similar goods or services that it is likely to confuse the public as to the origin of the goods or services. Confusion includes the likelihood of association with the earlier mark.

An application will also be refused if the mark is identical or similar to an earlier mark for different goods or services if the earlier mark has a reputation in a Member State and the use of the mark will take unfair advantage of or be detrimental to the distinctiveness or reputation of the earlier mark.

Moreover, an application will be refused if the agent of the trademark holder applies for registration in the agent’s own name without the holder’s consent or without any justification.

## **Cancellations**

After the registration, a CTM can be cancelled through a revocation or invalidation proceeding at OHIM or through a counterclaim in an infringement proceeding. Once cancelled, the mark will cease to have effect in *all* Member States throughout the European Union. Where a holder of an earlier mark is aware of and has acquiesced in the use of a CTM for a period of five consecutive years, that person will not be able to invalidate or oppose to the use of the later mark unless the later mark was applied for in bad faith.

Once revoked, a mark will cease to have effect on the date of application for revocation or of the counterclaim. A CTM will be revoked if the trademark holder has not put the mark to genuine use in any Member State for five consecutive years. It will also be revoked if the holder has caused the mark to become generic or if the mark deceives the public as to the nature, quality or geographical origin of the goods or services. In addition, a mark will be revoked if the CTM holder no longer meets one of the four eligibility requirements mentioned above.

Unlike a revoked CTM, an *invalidated* mark will be treated as if the mark had not been registered. A CTM will be invalidated if it conflicts with prior rights. It will also be invalidated if it conflicts with other rights granted under the laws of a Member State, such as the right to a name, the right of personal portrayal, copyright and industrial property right.

## **Effects on National Rights**

The CTM system leaves the national trademark systems of Members States unaffected. Through a combination of priority, seniority and conversion, the CTM system allows applicants to decide their own trademark strategies.

The right of priority allows any person who has a trademark application in a Paris Convention State or in a WTO state to take the priority date of an earlier application as the date of the filing of a CTM application if the CTM application is filed within six months after the filing of the earlier application. In addition, the holder of an earlier trademark registered in a Member State (including the Benelux countries) or under international arrangements having effect in a Member State can claim seniority of an earlier trademark in the Member State in which it is registered. Seniority may be claimed when filing the application, within two months of the filing, or after the mark has been granted.

Where a CTM holder has surrendered the earlier mark or has allowed it to lapse, the holder will continue to enjoy the same rights as if the earlier mark had continued to be registered. Nevertheless, an applicant cannot claim seniority if the earlier trademark is revoked, invalidated or surrendered prior to the CTM registration.

To attract applicants to initially apply for a CTM, the CTM system allows an applicant or holder to convert its CTM application or CTM to a national registration when the CTM application is refused, withdrawn or deemed to be withdrawn or when the CTM ceases to have effect. However, conversion will not be available if the rights of a CTM holder have been revoked on the grounds of non-use, unless the mark has been put to genuine use under the laws of the Member State for which conversion is requested. Conversion will also be unavailable in a state in which the grounds for refusal for registration or grounds for revocation or invalidity apply.

Once converted, the mark will enjoy the date of filing or the date of priority of the CTM application. Where appropriate, it will also enjoy the seniority of an earlier mark registered within the state.

## **Conclusion**

A community trademark has its advantages and disadvantages.

Because of its unitary nature, a CTM requires only a single application, a single language of filing and dealings with only one trademark office. CTM registration is cheap compared with the overall costs of national registration in the 15 countries of the European Union. Because use in a single Member State can satisfy the use requirement, a CTM is easy to maintain.

However, a refusal of registration or a revocation or invalidation proceeding automatically applies to all Member States. In addition, an earlier registration in one Member State alone may defeat a CTM application in its entirety. If applications are met with several oppositions, the costs of dealing with these oppositions can be very high.

Thus, whether a CTM application will be desirable will depend on the specific needs of your business.

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