

TERRITORIAL OVERLAPS IN TRADEMARK LAW: THE EVOLVING EUROPEAN MODEL

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INTRODUCTION

Trademark law has to address “overlapping” rights in a number of contexts. Thus, both the United States Supreme Court and the Court of Justice of the European Union have in recent years tackled the prospect that trademark rights in product shapes might effectively extend the life of patented inventions,¹ or the concern that limits in copyright law might be evaded through assertion of trademark-like claims as regards copyrightable subject matter.² In Europe, where design law is a more prominent part of intellectual property disputes, the relationship between trademark law and design law is also heavily contested.³

And disputes about the overlap of rights under trademark and unfair competition law are also on the horizon on both sides of the Atlantic: the European debate implicates allocation of authority between EU and national law,⁴ while in the United States, resolution of the constitutionality of the exclusion from registration of disparaging marks might force the courts to confront in a new context the character of residual use-based rights in a system where such rights have been overlaid by a federal registration scheme.⁵

1 See *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); Joined Cases C-337/12P–C-340/12P, *Pi-Design AG v. Yoshida Metal Indus. Co.*, EU:C:2014:129; Case C-48/09, *Lego Juris v. OHIM*, 2010 E.C.R. I-8403; Case C-299/99, *Koninklijke Philips Elecs. NV v. Remington Consumer Prods. Ltd.*, 2002 E.C.R. I-5475. This debate is not new. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945); *Kellogg Co. v. Nat’l Biscuit Co.*, 305 U.S. 111 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896).

2 See *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003); Case C-205/13, *Hauck GmbH v. Stokke*, EU:C:2014:2233. For a pending case in Europe, see Case E-5/16, *Municipality of Oslo*, 2016 EFTA Ct. (a challenge to the trademark registration of iconic sculptural works in which copyright had expired). See generally Martin Senftleben, *Public Domain Preservation in EU Trademark Law—A Model for Other Regions?*, 103 TRADEMARK REP. 775 (2013).

3 See, e.g., *London Taxi Corp. v. Frazer-Nash & Anor* [2016] EWHC (Ch) 52 (Eng.).

4 See Case C-661/11, *Martin Y Paz Diffusion SA v. Depuydt*, 2013 E.C.R. 577, ¶ 61; *Lego Juris*, 2010 E.C.R. I-8403, ¶ 61; Joined Cases C-236/08–C-238/08, *Google France SARL v. Louis Vuitton Malletier SA*, 2010 E.C.R. I-2417, ¶ 57; Phillip Johnson & Johanna Gibson, *The “New” Tort of Passing Off*, 131 L.Q. REV. 476 (2015).

5 See *In re Tam*, 808 F.3d 1321 (Fed. Cir. 2015) (en banc), cert. granted sub nom. *Lee v. Tam*, 137 S. Ct. 30 (2016) (mem.); *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439 (E.D. Va. 2015); see also *Renna v. Cty. of Union*, 88 F. Supp. 3d 310 (D.N.J. 2014). See

The overlap tackled in this Article—the territorial overlap of competing trademark rights—might be viewed in part through the registration/use prism. Certainly, one of the contexts where territorial disputes are most acute is where the reach of a registration is not closely coextensive with the area of trademark use. But this Article seeks to explore the territorial overlap problem more broadly.

Resolving a conflict between two similar rights that overlap (whether territorially or otherwise) is perhaps more central to trademark law than other intellectual property regimes.⁶ The fact that an applicant for a trademark would notionally infringe an earlier right is a so-called relative ground for denial of the later registration, and such assessments are a crucial and significant part of trademark law.⁷ Indeed, they are becoming even more frequent as the register and the marketplace become choked with a greater number of

generally Rebecca Tushnet, *Registering Disagreement: Registration in Modern American Trade-mark Law*, 130 HARV. L. REV. 867 (2017).

6 This is, of course, a matter of degree. The existence of earlier rights (among other earlier items of relevant prior art) is of significance in patent law in particular. But with trademark law, and the ongoing mediation of competing rights of ownership—sometimes in the same “sign” used for the same goods—the notion of overlapping trademark rights is a more ever-present question. Likewise, patent disputes can occasionally give rise to what might be called “territorial overlaps,” especially if we construe “rights” to include rights of third parties to use an invention without authorization. See, e.g., *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005). But disputes between different owners of a patent on the same invention in different territories will be rare in comparison with the analogous contest in trademark law.

7 See Directive 2015/2436, of the European Parliament and of the Council of Dec. 16, 2015, to Approximate the Laws of the Member States Relating to Trade Marks, art. 5, 2015 O.J. (L 336/1) (EU) [hereinafter Recast EU Trade Mark Directive]. The Recast EU Trade Mark Directive replaced Directive 2008/95 of the European Parliament and of the Council of Oct. 22, 2008, to Approximate the Laws of the Member States Relating to Trade Marks, 2008 O.J. (L 299/25) (EC) [hereinafter 2008 Trade Mark Directive], but does not need to be transposed into national laws until January 2019. For the relative rights provision in the 2008 Trade Mark Directive, see *id.* art. 4; see also Council Regulation 207/2009 of Feb. 22, 2009, on the Community Trade Mark, art. 8, 2009 O.J. (L 78/1) (EC) [hereinafter Community Trade Mark Regulation or CTMR], as amended by Regulation 2015/2424 of the European Parliament and of the Council of Dec. 16, 2015, Amending Council Regulation 207/2009 on the Community Trade Mark (EC) and Commission Regulation 2868/95 Implementing Council Regulation 40/94 on the Community Trade Mark (EC), and Repealing Commission Regulation 2869/95 on the Fees Payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) (EC), 2015 O.J. (L 341/21) (EU) [hereinafter Amending Trade Mark Regulation or ATMR]. The ATMR amended the CTMR, but there is no official codified version of the CTMR, and the amendment included the change of the name of the CTMR to the European Union Trade Mark Regulation (by which the amending instrument is also sometimes called). To avoid confusion, in this Article, the Regulation containing the substance of EU law governing EU Trademarks at any time since 1996 will be referred to as the “EUTMR” unless historical context requires specific reference to the predecessor version of the instrument, whether the CTMR or its 1994 antecedent, in which case “CTMR” will be used. For U.S. law, see 15 U.S.C. § 1052(d) (2012). U.S. copyright law does have one parallel provision. See 17 U.S.C. § 103(a) (2012) (denying copyright protection for parts of work that are themselves

marks of increasing scope.⁸ Thus, this Article's treatment of the territorial overlap of rights—one dimension along which there may be dwindling space for new marks—might also be considered as part of the ongoing debate about so-called trademark “clutter.”

One cause of the increasing conflict between overlapping trademark rights is the trend in international trademark law to develop (mostly, but not entirely, administrative) mechanisms designed to extend rights more easily and more quickly beyond the borders of a single nation-state. These efforts reflect pressures caused by global trade and digital commerce.⁹ If brands are known and sold globally, as the Internet has facilitated with many goods and services, then limiting the reach of trademarks to national borders is seen by many as anachronistic.¹⁰ And even when producers are not yet operating globally, some of the trademark mechanisms are consciously touted as part of a normative industrial policy of *encouraging* expansion of trading activities beyond national borders. Extending the territorial reach of rights often occurs in *advance* of actual expansion of trade.

But these mechanisms, purportedly prompted by and designed to further international trade, can cause problems that both hinder trade and arguably undermine competing social and economic norms (especially as the normative effects of unthinking internationalization are increasingly questioned). The difficulties caused are particularly acute when rights have been granted in systems that do not require use in order to secure a trademark registration, and where registrations are of ever greater reach. This is true of the European Union Trade Mark system, which is one such mechanism designed to extend the geographic scope of rights beyond the nation-state. Under that arrangement, a single application can secure a right valid throughout the entire territory of the European Union and that can be enforced in one proceeding via the grant of an EU-wide injunction even without the plaintiff having used its mark.¹¹ The application can be filed without

infringing). See generally Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 TEX. L. REV. 989 (1997).

8 See Barton Beebe & Jeanne Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. (forthcoming 2017).

9 See Danny Friedmann, *The Uniqueness of the Trade Mark: A Critical Analysis of the Specificity and Territoriality Principles*, 38 EUR. INTELL. PROP. REV. 678, 678 (2016) (“Because of globalisation and the internet, proprietors have a need to extend the use of their trade mark to other countries . . .”).

10 See *id.* at 679 (“In an ideal world there would be a global trade mark system where only trade marks are registered that are truly unique Because of path dependency, state sovereignty and institutional interests, the territorialism of trade mark systems is difficult to overcome.”).

11 See *infra* text accompanying notes 46–69. National systems within the European Union can under the Trade Mark Directive require intent to use as a precondition to application. See, e.g., Trade Marks Act 1994, § 32(3) (Eng.). Whether the EUTM system should adopt an “intent to use” requirement was part of the policy debate in the context of the Max Planck Study that prompted the 2015 reforms, but those reforms did not enact such a requirement.

even possessing an intent to use the mark in question and the territorial scope of the resulting European Union Trade Mark (or EUTM, formerly called a Community Trade Mark or CTM) is defined by the external political boundaries of the EU, which now encompasses twenty-eight member states.¹²

Despite this, courts in the European Union have in a number of recent cases resisted some of the innovations of the EU system and have affirmed the enduring pull of a different conception of territoriality. This Article defends many of these acts of resistance, and supports further modifications of the EU model, in part because of the increased problem of overlapping rights. That increased overlap requires a critical reading of these innovative mechanisms and attention to a broader range of values in implementing the model. These propositions are supported both by a more theoretically complex conception of trademark territoriality¹³ and a richer normative account of the European project (itself, these days, a project in flux and one about which, from Britain, it is hard to write without profound melancholy).¹⁴

I. TRADEMARK TERRITORIALITY

Trademark protection is territorial.¹⁵ Indeed, it is a cardinal principle that all intellectual property law is territorial.¹⁶ It has been since at least the Paris Convention in 1883 or the Berne Convention in 1886,¹⁷ both of which are foundational international agreements that perhaps paradoxically

12 Until 2016, the trademark covering the entire EU was referred to as a Community Trade Mark. Since March 23, 2016, the CTM is now known as the European Union Trade Mark. See ATMR, *supra* note 7, arts. 1(1)–(2). In this Article, I use the term EUTM to refer to any such mark unless historical context requires use of CTM.

13 See generally Graeme B. Dinwoodie, *Trademarks and Territory: Detaching Trademark Law From the Nation State*, 41 Hous. L. Rev. 885 (2004).

14 See Michel Vivant, *Building a Common Culture of IP?*, 47 IIC 259 (2016) (“IP must be thought of as a global tool where the principle of territoriality remains dominant. On a European level we try to build a common IP law when we are dealing with Grexit or Brexit and a form of breakup of the European Union.”).

15 This proposition has multiple dimensions to it, and courts and commentators too frequently ignore the complexity of the proposition. See generally Dinwoodie, *supra* note 13 (highlighting the different conceptions of territoriality at play in trademark law, and describing those as “intrinsic” and “political” conceptions of territoriality).

16 As to trademark law, see *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 98 (1918) (“[T]hat a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader . . . will be sustained.”); *Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona*, 330 F.3d 617, 628 (4th Cir. 2003) (“[Our holding] is consistent with the fundamental doctrine of territoriality upon which our trademark law is presently based.”); *Case C-149/11, Leno Merken BV v. Hagelkruis Beheer BV*, EU:C:2012:422 (Sharpston, A.G.) (“Trade mark protection is, quintessentially, territorial. That is because a trade mark [registration] is a property right that protects a sign in a defined territory.”); 3 RUDOLF CALLMANN, *CALLMAN ON UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* § 20:26, at 20-163 (4th ed. 2013) (“The law of trademarks rests upon territoriality.”).

17 Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 828 U.N.T.S. 305 [hereinafter Paris Convention].

installed territoriality as the governing principle of international intellectual property relations.¹⁸

International harmonization, which has become more intense since the signing of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) over twenty years ago,¹⁹ has not interfered with the purity of territoriality as a legal proposition. But global trade, and even more so an online marketplace, has called into question the practical relevance of the principle that trademark law is territorial. There is a growing gap between the global reach of markets and the national scope of marks. (Much) trade is actually international; trademarks are legally national, and historically acquired and protected on a country-by-country basis. Such gaps between law and commerce create costs and uncertainties.

Concern about gaps between local law and international commerce is not new. Indeed, the Paris Convention itself was a response to pressures on national systems created by international trade.²⁰ And every so often in the 130 years since, litigants or scholars, policymakers or judges, have remarked on the fact that we are living in a wholly different world, and that trademark law must dramatically adapt.²¹ What (if anything) is trademark law to do about this apparent gap between commercial reality and legal principle? How, if at all, should we reconfigure legal principle to comport with commercial reality?²²

II. MECHANISMS TO MODERATE THE FORCE OF TERRITORIALITY

International and regional trademark law has developed a number of mechanisms designed to facilitate trademark protection across borders,

18 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 29:25, at 29-67–29-68 (4th ed. 2004) (“[The Paris Convention] recognizes the principle of the territoriality of trademarks . . .”). See generally Graeme B. Dinwoodie, *The Architecture of the International Intellectual Property System*, 77 CHI-KENT L. REV. 993 (2002).

19 Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 33 I.L.M. 1197.

20 See G.H.C. BODENHAUSEN, GUIDE TO THE APPLICATION OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY (1969).

21 *Person's Co. v. Christman*, 900 F.2d 1565, 1569 n.19, 1570 (Fed. Cir. 1990); Friedrich-Karl Beier, *Territoriality of Trademark Law and International Trade*, 1 IIC 48, 48 (1970) (noting “the dissimilarity between the strict territorial nature of present trademark protection and the international character of trade and commerce for which national boundaries are of little consequence”); Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1, 28 (1998) (arguing that “the territorial model of trademark law . . . is an anachronism” in the global market); cf. Robin Jacob, *International Intellectual Property Litigation in the New Millennium*, 32 CASE W. RES. J. INT’L L. 507, 508 (2000) (noting that it was “becoming apparent [by the 1970s] that intellectual property laws, as purely local rights, were becoming inappropriate for single markets that crossed national borders”).

22 Adjusting trademark to reflect commercial reality (and how to do it) might be a more contested normative proposition than assumed by many. See Tushnet, *supra* note 5; Graeme B. Dinwoodie, *Trademarks and Commercial Reality* (Sept. 21, 2015) (unpublished manuscript) (on file with author).

beyond substantive harmonization.²³ Some, such as the protection of well-known marks under the Paris Convention (first introduced in 1925), map protection to actual reputation in the transnational marketplace.²⁴ Others, such as the priority period and *telle quelle* mechanisms under the Paris Convention,²⁵ or the procedural reforms of the Trademark Law Treaty and the Singapore Trademark Law Treaty, are designed to offer transnational protection by facilitating registration of marks on multiple national registers.²⁶ This too explains the conceptual basis of the Madrid Protocol,²⁷ to which the United States and the European Union adhered in 2002 and 2004, respectively.²⁸

The next step conceptually in efforts to facilitate truly transnational protection is the advent of so-called unitary (registered) rights that transcend national borders. The EUTM is the leading exemplar of such rights. In some respects, and at least if applied to a broad geographic space, this may appear to be a quite radical approach to overcoming the territoriality of national trademark rights. But in other respects it is reaffirmation of a territorial approach to trademarks, with the simple adjustment of the relevant “territory.”

A conventional assessment of the conditions in which unitary rights have grown up suggests that such adjustments are far easier, and perhaps more likely to succeed, when certain political institutions exist (or are created) that map in some way to the new territory.²⁹ But one of the questions discussed

23 See generally GRAEME B. DINWOODIE ET AL., INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY 133–34 (2d ed. 2008) (suggesting a typology reflecting the types of mechanisms found in trademark treaties). National laws developed their own mechanisms to enable trade across internal borders within larger national units. Some of these were judicial innovations, revolving around liberal notions of use and zones of natural expansion, but most notably this involved the creation of federal registration that conferred rights on a nationwide basis. Both developments can be seen in the history of twentieth-century U.S. trademark law. See Dinwoodie, *supra* note 13, at 891–908.

24 See Paris Convention, *supra* note 17, art. 6*bis*.

25 See *id.* art. 4 (priority); *id.* 6*quinquies* (*telle quelle*).

26 See Trademark Law Treaty, Oct. 27, 1994, 2037 U.N.T.S. 35; Singapore Treaty on the Law of Trademarks, Mar. 27, 2006, S. TREATY DOC. NO. 110-2 (2007).

27 Protocol Relating to Madrid Agreement Concerning International Registration of Marks, June 27, 1989, S. TREATY DOC. NO. 106-41 (1990).

28 See Madrid Protocol Implementation Act, Pub. L. No. 107-273, 116 Stat. 1758, 1913–21 (2002); Council Decision No. 2003/793, 2003 O.J. (L 296) (EC).

29 See, e.g., Tobias Cohen Jehoram et al., European Trademark Law § 2.6, at 19 (2010) (discussing institutional arrangements in the Benelux). See generally Paul Craig, *Integration, Democracy, and Legitimacy*, in THE EVOLUTION OF EU LAW 13 (Paul Craig & Gráinne de Búrca eds., 2d ed. 2011) (explaining the development of the institutional structure of the European Union). The institutions either existing within the European Union prior to the creation of the EUTM (such as the European Commission and the Court of Justice), or established by the EUTMR (such as the EUIPO and EUTM courts), differs in important ways from the institutions that operate and sustain the system of “European patents” under the European Patent Convention. See generally LIONEL BENTLY & BRAD SHERMAN, INTELLECTUAL PROPERTY LAW 381–86 (4th ed. 2014). And the EUTM and EPO model each differ in important ways from the institutional apparatus recently put in place to create a system of

briefly in Part VI of this Article is whether supranational political institutions are sufficient to ensure the success of a system of unitary rights.³⁰ At the very least, it is clear that the nature and form of those institutions and their relationship to national laws and institutions—and the relationship between the unitary and national rights those institutions respectively administer—will heavily inform the shape and success of the unitary system.³¹ More broadly, political reform that moves too far ahead of underlying social and economic patterns of exchange will appropriately result in a need to adapt the simple unitary model (thus perhaps raising questions about alternative means of pursuing similar objectives). These adaptations are important not only to

unitary patents throughout Europe. See Regulation No. 1257/2012, of the European Parliament and of the Council of Dec. 17, 2013, Implementing Enhanced Cooperation in the Area of the Creation of Unitary Patent Protection, 2012 O.J. (L 361/1) (EU); Council Document No. 16351/12 of Jan. 11, 2013, Agreement on a Unified Patent Court, 2013 O.J. (C 175/1). The impending departure of the United Kingdom from the European Union casts some doubt on whether the Unitary Patent (and Unified Patent Court system) will ever come into being, and the institutional arrangements may at the very least need to be revised. Cf. RICHARD GORDON & TOM PASCOE, OPINION ON THE EFFECT OF 'BREXIT' ON THE UNITARY PATENT REGULATION AND THE UNIFIED PATENT COURT AGREEMENT (Sept. 12, 2016), <http://www.eip.com/assets/downloads/gordon-and-pascoe-advice-upca-34448129-1-.pdf>; Winfried Tilmann, *EPUE-Reg and UPCA After Brexit*, EPLAW PATENT BLOG (June 27, 2016), <http://eplaw.org/eu-winfried-tilmann-epue-reg-and-upca-after-brexite/>.

30 Some of the proposed unitary schemes mentioned below, see *infra* text accompanying notes 71–74, were they to be pursued and successful, might also call into question assumptions in the other direction about the extent to which full, up-front, formal institutional relationships need to be established. Each involves a much looser institutional infrastructure than the European Union. And in that respect these future unitary trademark schemes might be models for the kind of arrangements that might have to be made if the United Kingdom were to remain part of the Unified Patent Court system. Yet, the Court of Justice of the European Union believes that—as a matter of fundamental EU constitutional law, rather than optimal international patent policy—certain institutional dynamics (including the coordinating authority of the Court of Justice in matters of EU law) are essential. See *Re* Draft Agreement on the European and Community Patents Court (*Opinion 1/09*), 3 C.M.L.R. 4 (2011). Although the court's *1/09* decision may make it politically impossible for the United Kingdom to remain within the Unitary Patent scheme (because the continuing jurisdiction of the Court of Justice in even minor patent matters may be a hard sell in the United Kingdom in the current climate), even within Europe at present, other transnational institutional arrangements (such as those established under the European Free Trade Agreement) exist to further similar free trade objectives. Depending upon broader political choices made over the next two years, those models may hint at the conditions under which a possible revision of EU unitary rights to accommodate nonmember states might proceed. But most likely, the constitutional and political realities will dictate that unitary rights will not extend to the United Kingdom after Brexit, regardless of the merits of a unitary system based on looser political bonds. Cf. Aoife Coll, *The EFTA Court's Role in Strengthening the Homogeneity Objective of the EEA Agreement: An Examination in Light of Brexit*, 22 INT'L TRADE L. & REG. 119 (2016).

31 See *infra* text accompanying notes 51–59 (discussing the nature of EUTM courts and provisions mediating relations between national and EU institutions); *infra* text accompanying notes 269–75 (discussing institutional design); *infra* note 272 (noting provisions on treatment of counterpart national and EU marks).

effectuate important objectives that might be thought to be internal or core to any trademark system—such as how to handle overlapping rights—but also to recognize a broader set of normative social commitments (whether relating to industrial or cultural policy) too often submerged in formal trademark doctrine.

Unitary rights were pioneered in the European Union by the Benelux countries, where a loose form of institutional reform was under way beyond the limited sphere of intellectual property law.³² In 1963, the Netherlands, Belgium, and Luxembourg recognized the substantial integration of their national markets and created the Benelux trademark, a unitary right that covered the entire territory of the three countries. Indeed, from the commencement of Benelux registrations in 1971, it was no longer possible for traders to acquire national registered trademark rights in any of the three constituent countries.³³

In this last regard, the Benelux countries adopted a strategy different (at least nominally) from that pursued by the United States, where state-conferred registrations could continue to exist even after Congress superimposed a comprehensive scheme of federal registration (which might be thought of as the creation of unitary rights).³⁴ In the United States, suppos-

32 See, e.g., Cohen Jehoram et al., *supra* note 29, § 3.1, at 21–22.

33 This required transitional provisions to deal with existing national rights, and inevitably the compromise included periods (sometimes indefinite) of coexistence. See, e.g., *id.*, § 3.3.2, at 28. Under the transitional provisions contained in the Uniform Benelux Law on Marks (Articles 29–35), the exclusive right to a trademark acquired under the national law of any of the three member states could be maintained, for the entire area of the Benelux, provided that between entry into force of the Law (January 1, 1971) and December 31, 1971, the trademark owner filed an application before the Benelux Trademark Office claiming (and proving) ownership of a prior national trademark and requesting the maintenance of its trademark for the extended territory covered by the Law. If successful, the maintained trademark was registered as of January 1, 1971 (even if the request was filed later on, so as to ensure priority of maintained trademarks over newly-filed trademarks). In the event of failure to request the maintenance of a prior national trademark, ownership of the national trademark was lost. However, the Benelux registration emanating from the prior national trademark would not extend to any country of the Benelux where either (1) it would clash with a pre-1971 trademark that had also been maintained, or (2) it would be deemed invalid, e.g., for lack of distinctiveness. If two identical trademarks from two different countries were maintained, only one extended to the territory of the third country, namely: (1) that which, prior to January 1, 1971, was first used in the third country; or (2) in the event of non-use in the third country, that which first acquired rights in its country of prior registration. See Benelux Uniform Law on Marks arts. 30–35, Nov. 11, 1983, 704 U.N.T.S. 301, 356; ANTOINE BRAUN & EMMANUEL CORNU, *PRÉCIS DES MARQUES: LA CONVENTION BENELUX, LE DROIT COMMUNAUTAIRE, LES LOIS PÉNALES ET LA COMPÉTENCE CIVILE BELGES, LES CONVENTIONS INTERNATIONALES* 693–712 (5th ed. 2009). Likewise, when the European Union has expanded the reach of the EUTM with the accession of new member states, coexistence has been an important policy tool, and it has largely worked without great impediments to trade or uncertainty costs. See *infra text* accompanying notes 298–99.

34 Federal registration was available before 1946, but the scheme put in place by the Lanham Act changed the dynamic in ways that the 1905 and 1920 Acts had not done. See

edly local rights might also have been said to have been preserved through the continued protection of common-law rights based upon use, although since 1946 these have been effectively recognized and protected in federal courts under federal law (as well as in theory under state law) as a result of section 43(a) of the Lanham Act. The upshot is that U.S. law is nominally a system of state-federal coexistence, but the dominance of federal jurisdiction is such that (outside of a few areas such as protection of well-known marks or local fame) the most crucial coexistence questions arise between national registered rights and local, use-based rights (enforced via federal law).³⁵ Indeed, some scholars have suggested that the United States preempt state trademark (and unfair competition) law, as it has done with copyright and patent.³⁶

The European Union in some respects mimicked these different initiatives in creating the unitary EUTM effective throughout the European Union.³⁷ The creation of the EUTM system was part of a broader agenda of trademark reform in Europe. Indeed, trademark reform had been part of the work plan of the Commission from the earliest days of the European Economic Community (in 1959, only two years after the founding, when there were only six member states).³⁸ The assertion of national trademark rights potentially partitioned the European market and thus undermined one of the essential pillars of the European project, namely, the free movement of goods within a common market.³⁹ Indeed, even before legislative reform was achieved, the Court of Justice had limited the circumstances in which national trademark rights could be used to enjoin goods moving from

Graeme B. Dinwoodie, *The Common Law and Trade Marks in an Age of Statutes*, in *THE COMMON LAW OF INTELLECTUAL PROPERTY: ESSAYS IN HONOUR OF PROFESSOR DAVID VAVER* 331, 335 n.19 (Catherine W. Ng et al. eds., 2010); Graeme B. Dinwoodie, *The Story of Kellogg Co. v. National Biscuit Co.: Breakfast with Brandeis*, in *INTELLECTUAL PROPERTY STORIES* 220 (Jane C. Ginsburg & Rochelle Cooper Dreyfuss eds., 2006).

35 See Mark P. McKenna, *Trademark Law's Faux Federalism*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* 288 (Shyamkrishna Balganesh ed., 2013). The two principal areas where state law has in recent years provided a different scope of relief have been dilution protection and the protection of well-known marks. See *id.* at 303 (discussing state dilution); *id.* at 308 (discussing state law on well-known marks). The former is normatively contested (but conceptually understandable); the latter makes less sense as a means of implementing international obligations aimed at cross-border actors.

36 See, e.g., *id.* at 309; cf. Lee Ann W. Lockridge, *Abolishing State Trademark Registrations*, 29 CARDOZO ARTS & ENT. L.J. 597 (2011).

37 See Council Regulation No. 40/94 of 20 December 1993 on the Community Trade Mark, 1994 O.J. (L 11/1) (EC).

38 See *Commission Memorandum on the Creation of an EEC Trade Mark*, ¶ 3, SEC (1976) 2462 (July 6, 1976). The first preliminary draft was prepared in 1964, although the drafts at that time were not prepared in English. See Alexander von Mühlen Dahl, *Unitary Character and Problems of Coexistence in the Future European Trademark System*, 7 IIC 173, 174 n.2 (1976); see also *Commission of the European Communities Working Paper on the Need for a European Trade Mark System*, III/D/1294/794 (Oct. 1979).

39 See Consolidated Version of the Treaty on the Functioning of the European Union art. 34, Oct. 26, 2012, 2012 O.J. (C 326) 47.

one part of the European Union to another.⁴⁰ The liberalization effected by the Court of Justice concentrated on instances when goods had been placed on the market elsewhere in the EU by or with the consent of the mark owner now seeking to enjoin their free distribution. Despite occasional temptations to develop these limits,⁴¹ the court never used primary European Union law to resolve a contest of national rights held by wholly different traders in different countries—notwithstanding the overlap of rights that occurred if their competing goods entered the same territory, resulting in a derogation from the principle of free movement and undermining competition.

Legislative reform (i.e., harmonization) of national trademark laws eventually came in 1988 with the EU Trade Mark Directive, the adoption of which was motivated by the differences in the national trademark laws that might impede free movement or distort competition within the common market.⁴² The Directive effected significant convergence in the substantive legal norms applicable throughout the countries of the European Union, vastly ameliorating (though not solving entirely) the problems wrought by diverse national trademark laws.⁴³ Over a quarter-century later, much of EU trademark law has become the same throughout the member states.⁴⁴

But harmonization of laws did not change the fact that rights were still acquired and enforced on a territorial basis. Thus, the trademark legislative package also contained a counterpart Trade Mark Regulation, which created the EUTM because of concerns about impediments to trade precipitated by

40 See, e.g., Case 16/74, *Centrafarm BV v. Winthrop BV*, 1974 E.C.R. 1184.

41 See Case 192/73, *Van Zuylen Bros. v. Hag AG (Café Hag I)*, 1974 E.C.R. 731, 745 (creating the doctrine of “common origin”), *overruled by* Case C-10/89, *SA CNL-Sucal NV v. Hag GF AG (Café Hag II)*, 1990 E.C.R. I-3711.

42 See First Council Directive 89/104/EEC of Dec. 21, 1988, to Approximate the Laws of the Member States Relating to Trade Marks, 1990 O.J. (L 40) 1, which was replaced by the 2008 Trade Mark Directive and later the Recast EU Trade Mark Directive, *supra* note 7.

43 Indeed, the process of harmonization has been taken even further by the recent 2015 reforms, which made mandatory on member states certain provisions (e.g., dilution protection) that had been optional in the initial harmonization instrument, tackled procedural harmonization, and sought to align national law even more closely with the substantive provisions of the EU-level regime. See Recast Trade Mark Directive, *supra* note 7, at recital 8 (“[I]t is necessary to go beyond the limited scope of approximation achieved by [the first] Directive . . . and extend approximation to other aspects of substantive trade mark law governing trade marks protected through [registration as a EUTM] . . .”); *id.* at recital 9 (“[E]ssential to approximate not only provisions of substantive law but also procedural rules. . . . [T]he principal procedural rules in the area of trade mark registration in the Member States and in the EU trade mark system should be aligned.”). In all these respects, the legislature was following the lead of an activist Court of Justice. See Graeme Dinwoodie, *The Europeanization of Trade Mark Law*, in *THE EUROPEANIZATION OF INTELLECTUAL PROPERTY LAW: TOWARDS A EUROPEAN LEGAL METHODOLOGY* 75, 81 (Ansgar Ohly & Justine Pila eds., 2013) (discussing interpretation of the optional dilution provision, the *IP Translator* decision, and “vertical” harmonization).

44 See Dinwoodie, *supra* note 43, at 91 (“[T]rade mark law within the EU is very substantially governed by European norms.”).

overlapping *rights*, even in an environment of harmonized laws.⁴⁵ The EUTM system, operated by the European Union Intellectual Property Office, or EUIPO (formerly known as the Office for Harmonization in the Internal Market, or OHIM), commenced operations in 1996.

The unitary character of the EUTM is the conceptual heart of the Regulation. Article 1(2) provides that:

An EU trade mark shall have a unitary character. It shall have equal effect throughout the [EU]: 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 [EU]. This principle shall apply unless otherwise provided in this Regulation.⁴⁶

That is to say, the unitary mark is valid for the entire EU or not at all. Thus, goods bearing an EUTM can freely move throughout the EU without fear of a conflicting national right. The unitary character of the EUTM presents opportunities for substantial cost savings for producers within the EU, because rights can be secured for the whole EU with a single application to an EU-level administrative agency (the EUIPO, based in Alicante). Moreover, EU-wide relief via a single action was held out as a possibility for an EUTM owner in the event of infringement, with these actions to be pursued through so-called EUTM courts (though, in this instance, the Regulation merely commandeered national courts throughout Europe to act as EUTM courts rather than creating separate EU courts).⁴⁷ Finally, as this was a unitary right, it was thought by some that use even in a single country would be sufficient to maintain a valid, EU-wide trademark registration. (Indeed, that was one of the principal selling points of the EUTM that was communicated to potential applicants.⁴⁸)

Unlike the Benelux antecedent, national registered rights were maintained,⁴⁹ as were national rights based on use.⁵⁰ That is, the European

45 EUTMR, *supra* note 7, at recital 4 (“The barrier of territoriality of the rights conferred on proprietors of trade marks by the laws of the Member States cannot be removed by approximation of laws . . .”).

46 *Id.* art. 1(2).

47 *See id.* art. 95.

48 *Cf.* Council and Commission Joint Statements of Dec. 20, 1993, at the Adoption of Council Regulation No. 40/94 on the Community Trade Mark, 1994 O.J. (L 11/1) (EC), no. 10 regarding art. 15, 1996 O.J. OHIM (5/96), 613–15.

49 *See* EUTMR, *supra* note 7, at recital 6 (“The [EU] law relating to trade marks nevertheless does not replace the laws of the Member States on trade marks. It would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as EU trade marks. National trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Union level.”). The recitals to the amending 2015 Regulation formally endorse the same proposition, but flesh out some of the justifications. *See* ATMR, *supra* note 7, at recital 6 (noting the importance of national protection for those marks that “are unable to obtain Union-wide protection while national protection does not face any obstacles” and recognizing that “[i]t should be left to each person seeking trade mark protection to decide whether the protection is sought only

Union consciously embraced the coexistence of national and EU registrations, despite a twenty-year debate about whether and in what ways the structure and substance of the counterpart national and EU systems should encourage applicants to seek EU (rather than national) registrations.⁵¹ And, despite criticism,⁵² it did so far more seriously than did the United States.⁵³ Although the substantive trademark law at the national and EU levels largely tracked one another, traders could continue to apply for national trademark

as a national trade mark in one or more Member States, or only as an EU trade mark, or both”).

50 See 2008 Trade Mark Directive, *supra* note 7, at recital 5 (“This Directive should not deprive the Member States of the right to continue to protect trade marks acquired through use but should take them into account only in regard to the relationship between them and trade marks acquired by registration.”); *id.* art. 4(4)(b) (recognizing an unregistered mark as an earlier right). Treatment of unregistered marks as earlier rights varies throughout the member states. In many countries, registration is mandatory for a mark to be protected under trademark law; oppositions based on unregistered marks are not allowed unless they are well-known in the sense of Article 6*bis* of the Paris Convention (even though oppositions based upon unused registered marks are allowed). Such is the case, for example, in Spain. In those member states where unregistered signs are granted additional protection beyond Article 6*bis* of the Paris Convention, the degree of such protection varies. For example, in Denmark simple prior use suffices for a mark to be protected; in Germany, Sweden, and Finland the threshold is higher and protection is granted on the basis of qualified use (i.e., unregistered marks that enjoy a certain degree of recognition in the market); in the United Kingdom the Trade Marks Act 1994 § 5(4) protects unregistered signs against a later registration through a notional passing-off claim, provided they enjoy a certain degree of recognition in the market (goodwill). See MAX PLANCK INST. FOR INTELLECTUAL PROP. & COMPETITION LAW, STUDY ON THE OVERALL FUNCTIONING OF THE EUROPEAN TRADE MARK SYSTEM ¶ 2.26, at 228 (2011) [hereinafter MAX PLANCK STUDY].

51 See, e.g., Andreas Sattler, *Dilution of Well-Known Trademarks—An Analysis of Its Foundations in Germany and the European Union*, 3 GERMAN INTEL. PROP. J. 304, 320 (2011).

52 See Hugh Laddie, *National I.P. Rights: A Moribund Anachronism in a Federal Europe?*, 23 EUR. INTEL. PROP. REV. 402, 408 (2001) (“I.P. rights were created to encourage the growth of our domestic economy. Now that we are in a single market, our domestic economy is [EU]-wide. So should our I.P. rights be. At the moment they are not. As I have noted already, even now proposals for new I.P. laws fail to take on board the necessity of phasing out these relics of the past. [EU]-wide rights should be a replacement for national rights, not a supplement to them. I can only hope that the [EU] trade mark will prove such a success that users will vote with their feet and will use it to the exclusion of national rights.”).

53 This shows in other ways too. In working out the scope of prior national rights that might limit EUTM rights, EU law defers in large part to national law. See, e.g., Case C-196/11P, *Formula One Licensing BV v. OHIM*, 2012 E.C.R. I. In contrast, in the United States, a state registration cannot be regarded as conferring priority throughout a state, even though that might be a closer proxy for actual markets and even though as a rule the consequences of state registration mirror those found at the federal level, because the geographic scope of rights available under federal law would preempt those conferred by state law. See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19 cmt. e (1995) (noting the preemption argument); see also *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279, 1284 (4th Cir. 1987) (explaining that when conflicts arise between federal and state law involving state registration statutes, the Lanham Act preempts state law).

rights and, in fact, still do so.⁵⁴ And unlike the United States, where federal courts have assumed complete dominance, day-to-day enforcement of rights (both of national and EUTM rights) occurs at the national level. To be sure, EUTMs are enforced by courts designated as “EUTM courts” with jurisdiction that can (depending upon venue rules in the Regulation) extend across the entire federal territory of the EU. But these EUTM courts are national courts designated as such by member states. Typically, member states have designated the same courts who hear national trademark cases. Thus both national and EUTM matters are heard in locally-based courts, sometimes wearing federal hats. The only truly EU institutions involved in determination of EU trademark law are the Court of Justice (which hears appeals on points of law from national and EUTM courts) and the EUIPO (which adjudicates registration disputes from administrative decisions, and from which there are appeals to the General Court and from there to the Court of Justice).⁵⁵

This is not to say that the trademark package lacked features designed to encourage a switch to EUTM applications over national applications. Indeed, this is implicit in the stated justifications for the EUTM scheme, namely, to create “legal conditions . . . which enable undertakings to adapt their activities to the scale of the [EU], whether in manufacturing and distributing goods or in providing services.”⁵⁶ For example, holders of a portfolio of older national registrations could, upon securing an EUTM registration, allow their counterpart national registrations to lapse, and through a new device called “seniority” (claimed on filing the EUTM or thereafter) maintain the earlier national rights as “shadow” rights without the need to register.⁵⁷ Presumably, this preserved the disparate (pre-1996) priority dates of the earlier national registrations, though the success of such seniority claims has never really been tested in the courts, in part because for a lengthy period of time many trademark owners would not allow their national registrations to lapse and renewed both national and EUTM registrations.⁵⁸

54 See MAX PLANCK STUDY, *supra* note 50, at 255 (“[A] majority of [EUTM] proprietors as well as [EUTM] agents, i.e. 41 percent of proprietors and 59 percent of agents, are using the national systems and file national trade marks, either simultaneously with [EUTM]s or only on the national level.”).

55 In 2015, 36% (302 out of 831) of all cases brought before and 39% (388 out of 987) of all cases decided by the General Court of the European Union were trademark cases. Yet, no trademark specialists are appointed to the court. See COURT OF JUSTICE OF THE EUROPEAN UNION, ANNUAL REPORT 2015: THE YEAR IN REVIEW 29–30 (2016), <http://curia.europa.eu/jcms/upload/docs/application/pdf/2016-10/qdaq16001enn.pdf>.

56 EUTMR, *supra* note 7, at recital 2; see also *id.* at recital 4 (“In order to open up unrestricted economic activity in the whole of the internal market for the benefit of undertakings, trade marks should be created which are governed by a uniform Union law directly applicable in all Member States.”).

57 See *id.* arts. 34–35.

58 The filing data offers no definitive answers. The renewal rate for national U.K. trademarks has remained very stable throughout the period 2000–2014, and indeed has

But the more significant long-term switch to the EUTM scheme occurred with respect to new applications.⁵⁹ As the number of EUTM registrations has risen dramatically since the entry into force of the CTMR,⁶⁰ the number of national applications filed before the national trademark offices of the member states has fallen.⁶¹ However, there have been excep-

seen a slight increase over the years, i.e., from 38.5% in 2000 to 46.8% in 2014. Interestingly, the renewal rate for EUTMs has decreased over the last decade, going from approximately 71% in 2006 to approximately 55% in 2015. See EUROPEAN UNION INTELLECTUAL PROP. OFFICE, ANNUAL REPORT 2015, at 22–31 (2015), https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/News/euipo-annual-report-2015_en.pdf; U.K. INTELLECTUAL PROP. OFFICE, FACTS AND FIGURES: PATENT, TRADE MARK, DESIGN & HEARING ADMINISTRATIVE DATA 2013 AND 2014 CALENDAR YEARS 41 (2015), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/456097/Facts_and_Figures_2015.pdf; GEORG VON GRAEVENITZ ET AL., U.K. INTELLECTUAL PROP. OFFICE, CLUTTERING AND NON-USE OF TRADE MARKS IN EUROPE 10 (2015), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/568675/TM_cluttering_report.pdf.

59 See MAX PLANCK STUDY, *supra* note 50, ¶ 1.22, at 9.

60 There were 43,000 EUTM applications in 1996, which increased to almost 128,000 by 2015. Registrations of EUTMs originating in the member states have constantly increased. See EUROPEAN UNION INTELLECTUAL PROP. OFFICE, FACTS & FIGURES 2015, at 6–11 (2015), https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_euipo/annual_report/facts_and_figures_2015_en.pdf; WIPO IP Statistics Data Center, WIPO, <http://ipstats.wipo.int/ipstatv2/keyindex.htm> (last updated Feb. 2017) [hereinafter *WIPO's Data Center*]. For charts and graphs extracted using WIPO's statistical tool, as well as the EUIPO's graph showing the top ten EUTM-filing countries for the period 1996–2015, see *infra* Annex.

61 Although the evidence across the EU is mixed, data shows that the adoption of the EUTM system has had a considerable impact on the number of trademark applications being filed before the national trademark offices. For instance, the Spanish PTO received 77,139 applications in 1995, falling to 63,292 by 2004 and to 53,103 by 2015; the Benelux trademark office received 37,262, 31,124, and 24,608 applications in 1995, 2004, and 2015, respectively; and the Austrian trademark office received 19,793, 16,617, and 8117 applications in 1995, 2004, and 2015, respectively. See *infra* Annex. This trend is true not only of those countries that were member states to the EU at the time of entry into force of the CTMR (1996), but also of those countries that have joined the EU since then (with the decrease in the number of applications taking place from the date of accession). See *infra* Annex. For instance, among countries that entered the Union in 2004, the Czech trademark office received 18,227 applications in 2003, falling to 12,667 by 2008, and to 9971 by 2015; the Polish office received 24,133, 20,127, and 15,452 applications in 2003, 2008, and 2015, respectively; and the Hungarian office received 13,564, 7491, and 4852 applications in 2003, 2008, and 2015, respectively. See *infra* Annex. This trend was also noted in the Max Planck Study. See MAX PLANCK STUDY, *supra* note 50, ¶ 1.20, at 8 (“The absolute majority of national offices’ replies indicate that the number of trade mark applications received by the national offices has decreased during [2006–2011].”); *id.* ¶ 1.22, at 9 (reporting the comment of the Benelux trademark office that “[t]he [EU] trade mark has undeniably had an (negative) impact on the number of Benelux applications (as it has doubtlessly had for all national applications)”; *id.* ¶ 1.22, at 10 (“[T]he figures tend to suggest that an imbalance is emerging and becoming increasingly marked with each passing year. If the changing numbers of applications to the BOIP and to the [EUIPO] over the last few years are observed side by side, it is impossible not to note that the Benelux

tions to this trend, most notably, in the United Kingdom, Germany, and France.⁶²

This practice was encouraged by a variety of devices, including the fee structure at the EUIPO, the liberal attitude of the EUIPO towards specification of goods and services, and the lack of any “intent to use” requirement as a precondition to filing for an EUTM.⁶³ To be sure, securing an EUTM would require an applicant to navigate around earlier rights anywhere in Europe and to avoid a rejection on an absolute ground (e.g., lack of distinctiveness) that applied even in just a part of the European Union.⁶⁴ But any concerns that this might repress applications for the EUTM because it might be harder to obtain were addressed by including in the Regulation a conversion procedure; this would allow an EUTM applicant who encountered an insurmountable problem at the EU level to refile for national registrations in countries where the impediment did not exist, and (if successful) to maintain the priority date of the original EUTM filing.⁶⁵ And, perhaps most notably, an EUTM conferred EU-wide rights, maintainable (it was thought) by genuine use in any one EU country after the expiration of the five-year grace period, and enforceable in a single proceeding in a court with jurisdiction to grant EU-wide relief.⁶⁶

applications have been falling almost constantly . . . while the [EU] applications have been rising almost without interruption.”).

62 The three largest economies of the EU (Germany, the United Kingdom, and France) have seen an increase in the number of applications filed before their respective national trademark offices. For example, the French trademark office received 81,694 applications in 1995, decreasing slightly to 74,696 by 2003 and increasing once again to reach 94,898 in 2015. In the case of the United Kingdom, the Intellectual Property Office (IPO or UKIPO) received 36,743 applications in 1995, remaining stable through 2003 at 36,192 applications, and increasing thereafter to 57,869 in 2015. See *infra* Annex. This could be explained by changes in trademark filing strategies by applicants. See MAX PLANCK STUDY, *supra* note 50, ¶ 1.22, at 9 (reporting the comment of the U.K. Intellectual Property Office that “the ‘gap’ caused by fewer registrations from bigger companies is filled by an increased number of applications from SMEs, which only apply for domestic registration. That big enterprises register less domestically is indicated by the fact that nowadays 50–60 percent of the applicants are personal owners, whereas five years ago the majority of the applications came from attorneys. The reason might be that the enterprises in the time of online trading prefer acting across the [EU]”). The decision of the United Kingdom to leave the European Union has caused a sudden surge of national applications by foreign traders. Twitter, for example, has just refiled all its EUTMs as U.K. national trademarks. In August 2016, there was a 33% increase in the number of national filings with the U.K. office over the same month in 2015. See FOI RELEASE: INFORMATION RELEASED UNDER THE FREEDOM OF INFORMATION ACT: FILING TRENDS POST-EU REFERENDUM VOTE (2016), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/565467/ipo-foi-2016-492-filing-trends-post-eu-referendum.pdf.

63 See MAX PLANCK STUDY, *supra* note 50.

64 See EUTMR, *supra* note 7, art. 7(2) (providing for assessment of absolute grounds); *id.* art. 8(2) (recognizing earlier rights for purposes of EUTM applications).

65 See *id.* arts. 112–14.

66 See *infra* text accompanying notes 138–52.

The EUTM initiative has been a huge success, and the EUIPO now registers in excess of 100,000 marks per year.⁶⁷ And it is increasingly seen as the model for initiatives elsewhere. In 1978, then-U.S. Commissioner of Patents and Trademarks Sidney Diamond, when asked to speculate as to the state of trademark law a hundred years hence, predicted that there would by then be a “supranational world trademark . . . system . . . [with a single] registration with worldwide effect.”⁶⁸ And, in light of the success of the EUTM, Professor Ruth Annand and Leone Kemp have suggested that the EUTM “provides a model for a world trade mark system.”⁶⁹

Global replication of the EUTM is surely some time off.⁷⁰ But it has already been imitated regionally. Unitary systems similar to the EUTM have been adopted or are being considered by three members of the Russian Commonwealth of Independent States (Russia, Belarus, and Kazakhstan);⁷¹ by Australia and New Zealand, who would create a trans-Tasman mark;⁷² by two groupings of African countries (one English-speaking, one French-speaking); and perhaps most intriguingly across a group of Portuguese-speaking countries who are presently considering a so-called Lusophone mark.⁷³

67 In 1997 (the first full year of operation), the office received approximately 30,000 applications for EUTMs; in 2015, the number of applications was in excess of 125,000, with over 100,000 registrations issued. This data was obtained from WIPO’s Data Center, *see supra* note 60; *see also infra* Annex.

68 Sidney A. Diamond, *The Next 100 Years—What Will It Be Like in 2078 AD?*, 68 TRADE-MARK REP. 622, 630 (1978).

69 See Ruth Annand & Leone Kemp, *Global Registration—Where Are We Now?*, 101 TRADE-MARK REP. 94, 97 (2011).

70 Annand & Kemp were skeptical that the underlying political and social drivers for such a development would be in place for some time. *Id.* I am too.

71 See Draft Agreement on Unitary Trademark Within Customs Union of Belarus, Kazakhstan, and Russia art. 12, Dec. 20, 2012, <http://tsouz.ru/db/ip/Pages/pd.aspx> (follow first hyperlink). See generally Ignacio Lazaro, *Draft Agreement on Unitary Trademark Within Customs Union of Belarus, Kazakhstan and Russia*, PETOŠEVIĆ (Jan. 31, 2013), <http://www.petosevic.com/resources/news/2013/01/001071> (“The goal of the draft agreement is to create a ‘SES trademark’, which would coexist with national rights in a similar way [EUTM]s coexist with national rights in the EU.”). See also ASEAN Framework Agreement on Intellectual Property Cooperation art. 1(5), Dec. 15, 1995, http://www.wipo.int/edocs/lexdocs/treaties/en/asean-ip/trt_asean_ip.pdf (“Member States shall explore the possibility of setting up of an ASEAN trademark system, including an ASEAN Trademark Office, if feasible, to promote the region-wide protection of trademark bearing in mind developments on regional and international protection of trademarks.”).

72 See Paul Sumpter, *Some Observations on Trans-Tasman Trade Mark Law*, 27 AUSTRAL. INTELL. PROP. J. 88 (2016) (noting limited steps towards this goal).

73 See Pedro Malaquias, *Lusophone Trade Mark: First the CTM, Then the SES and Now the LTM?*, MARQUES (Feb. 26, 2013), <http://www.marques.org/class46/Default.asp?XID=BHA3126>. This development is especially intriguing because it raises the question about the primary driver of unitary rights: political alliances, geographic proximity, or cultural and linguistic commonality. Indeed, African countries participating in groupings for trademark law purposes have long been organized between French- or English-speaking nations. And indeed, more broadly, the connection between language and territory is an under-appreciated aspect of this discussion.

These reform initiatives, breaking down the national borders that in part defined the metes and bounds of (especially registered) trademark rights, reflect some of the broader pressures that have been heaped on the principle of territoriality by global trade and digital communication technologies. No doubt they have also been spurred by the apparent success of the EUTM, and of the EUIPO as a leader in international trademark policy debates (and an increasingly autonomous voice before the Court of Justice).⁷⁴

But the success of the EU initiative, while surely facilitating the free movement of goods around the European market, has arguably generated other costs. In particular, despite one motivation for the EUTM being to reduce the incidence of overlapping marks, an unadulterated version of the unitary rights system may in fact increase overlaps. This is because liberally-conferred EU-wide rights can contribute to the problem of trademark clutter, and their default EU-wide enforcement ignores the historical (and theoretical) proposition that trademarks have an intrinsic spatiality (defined by the territory in which they are used and known) that needs to be balanced against the territorial scope emanating from the authority of the political institutions that registered the mark in question.⁷⁵

III. INCREASED OVERLAP IN MARKS: CLUTTER

In recent years, commentators and policymakers (and some traders) have expressed concern that registers around the world are increasingly cluttered, making it harder and more expensive to clear trademark rights. Such concerns were a central part of the *Study on the Overall Functioning of the European Trade Mark System* (“Max Planck Study” or “Study”), conducted by the Max Planck Institute in 2011, which formed the basis for the 2015 reform of EU trademark law.⁷⁶ Although the Max Planck Study revealed divergent views on the scale of the problem, and the clutter-related reforms implemented some (but not all) of the policy options canvassed or recommended in the Study, the concerns have remained. This has been particularly so in the United Kingdom, and the U.K. Intellectual Property Office has commissioned further academic work since the Max Planck Study to explore the problem.⁷⁷ Scholars in the United States, moreover, have begun to question empirically whether the assumption of a finite supply of word marks is well-founded.⁷⁸ Although this scholarship has not yet provoked dramatic changes, recent administrative reforms in the United States designed to

74 See *About TM5*, TM5: FIVE TRADEMARK OFFICES, <http://tmfive.org/about/> (last visited Mar. 12, 2017); see also Dinwoodie, *supra* note 43, at 90 (discussing the political economy of the office’s role in the development of European trademark law).

75 See Dinwoodie, *supra* note 13, at 888 (defining “intrinsic” and “political” territoriality).

76 MAX PLANCK STUDY, *supra* note 50.

77 See, e.g., VON GRAEVENITZ ET AL., *supra* note 58; GEORG VON GRAEVENITZ ET AL., U.K. INTELLECTUAL PROP. OFFICE, TRADE MARK CLUTTERING: AN EXPLORATORY REPORT (2012), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2710618.

78 See Beebe & Fromer, *supra* note 8.

ensure that marks are being used on all the goods recited in a registration are arguably motivated in part by similar concerns.⁷⁹ In any event, while the extent of the problem and desired solutions may be a matter of debate, avoiding so-called deadwood (marks that are never used) is clearly a normative concern in any registration scheme.⁸⁰

The extent of overlaps among competing mark owners, and the clutter that arises, is affected by a number of variables, including both the number of marks and the scope of protection conferred by trademark law on each mark. The number of marks on registers has increased substantially in many countries in recent years;⁸¹ indeed, even with over one million active EUTM registrations,⁸² there has been a recent resurgence of national registrations in some EU countries.⁸³ Some of the rise in registration volume has been the result of increased use of registration, as a result of procedural liberalization. For example, in the United States, the adoption of an “intent to use” registration in 1988 encouraged early filing of trademark applications, and the policing of the requirement has for the most part been light.⁸⁴ And the EUTM system introduced in 1996 lacked any “intent to use” requirement prior to full registration.⁸⁵ Growth in registerable subject matter has possibly also contributed, though nontraditional marks remain a small percentage of

79 A United States Patent & Trademark Office (USPTO) study released in June 2014 suggested that in nearly half of five hundred randomly-selected registrations, the registrant failed to meet the USPTO’s request to verify the previously claimed use on particular goods and/or services. U.S. PATENT & TRADEMARK OFFICE, POST REGISTRATION PROOF OF USE PILOT STATUS REPORT (2014), www.uspto.gov/trademarks/notices/Post_Registration_Proof_of_Use.doc. Thus, the USPTO has recently revised its regulations to authorize the office to request information verifying the accuracy of claims that a mark is in use in connection with specified goods or services. See *Changes in Requirements for Affidavits or Declarations of Use, Continued Use, or Excusable Nonuse in Trademark Cases*, 82 Fed. Reg. 6259 (Jan. 19, 2017).

80 See 2008 Trade Mark Directive, *supra* note 7, at recital 9 (“In order to reduce the total number of trade marks registered and protected in the [Union] and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation.”); see also Recast EU Trade Mark Directive, *supra* note 7, at recital 31.

81 For instance, the UKIPO has gone from 390,747 registrations in force in 2004 to 589,559 in 2015; the German Trademark Office has gone from 716,123 to 936,356, and the Benelux office from 573,352 to 624,735, both during the same period. This data was obtained from WIPO’s Data Center, see *supra* note 60; *infra* Annex.

82 In 2014, the number of EUTMs in force at the EUIPO amounted to 1,029,837. This data was obtained from WIPO’s Data Center, see *supra* note 60; *infra* Annex.

83 See *supra* text accompanying notes 61–62 (discussing the German, U.K., and French experiences).

84 15 U.S.C. § 1051(b) (2012); Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935.

85 See MAX PLANCK STUDY, *supra* note 50, ¶ 2.94, at 86; cf. Case C-529/07, *Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH*, 2009 E.C.R. I-4893, I-4932 (suggesting a possible bad faith objection “when it becomes apparent, subsequently, that the applicant applied for registration of a sign as [an EU] trade mark without intending to use it, his sole objective being to prevent a third party from entering the market”).

registrations in any jurisdiction (despite the intense attention paid to them in the scholarly literature and in litigation).⁸⁶ And in any event, more substantial hurdles to registration of product shape (and some other nontraditional marks) have arisen in both the United States and the European Union in the last couple of years, whether by requiring stricter proof of acquired distinctiveness, offering robust applications of the functionality exclusion⁸⁷ or (in the EU) strictly enforcing the “graphic representation” and “sign” requirements.⁸⁸ The integrity of the register has also not been helped by the outsourcing of relative grounds analysis to opposition proceedings,⁸⁹ as a result, in many countries (most notably in Europe) potentially conflicting marks remain on the register until challenged by those with competing private interests.

The number of marks on the register has also been affected by developments in international trademark law. In particular, the expansion of the

86 From 1996 through November 2016, the EUIPO received only 11,933 applications to register nontraditional marks (i.e., nonword or nonfigurative marks, such as shape, color, sound, hologram, and olfactory marks) out of 1,616,558 applications, amounting to 0.74% of the total number of applications. This is even lower in the case of registrations, with 6557 nontraditional marks registered out of 1,305,634, amounting to 0.5% of the total number of registrations. See EUROPEAN UNION INTELLECTUAL PROP. OFFICE, STATISTICS OF EUROPEAN UNION TRADE MARKS (2017) (reporting figures as of Jan. 5, 2017).

87 See, e.g., *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001); Case C-205/13, *Hauck GmbH v. Stokke*, EU:C:2014:2233. This exclusion has also just undergone a legislative broadening in the EU. See ATMR, *supra* note 7, art. 1(9) (amending EUTMR Article 7 by extending exclusion beyond “product shape” to “other characteristics”).

88 See Case C-321/03, *Dyson Ltd v. Registrar of Trade Marks*, 2007 E.C.R. I-687 (vacuum cleaner bin); Case 273/00, *Sieckmann*, 2002 E.C.R. I-11737; *J.W. Spear & Son Ltd. v. Zynga Inc.* [2013] EWCA (Civ) 1175 (Eng.). The 2015 reforms deleted the “graphic representation” requirement from the definition of trademark and reduced it to an administrative requirement to be addressed by offices. See ATMR, *supra* note 7, art. 1(8); MAX PLANCK STUDY, *supra* note 50, ¶ 2.12, at 67 (“[I]t should be made clear that, as important as graphical representation may be, it is only of relevance in the framework of the registration system and does not determine the protectability of marks as such.”). But this will barely affect the number of marks capable of being registered; it may simply make the mechanics of registration easier in a few cases.

89 See The Trade Marks (Relative Grounds) Order 2007, SI 2007/1976 (Eng.) (amending U.K. law); OFFICE FOR HARMONIZATION IN THE INTERNAL MKT., DRAFT GUIDELINES FOR EXAMINATION IN THE OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET (TRADE MARKS AND DESIGNS) ON COMMUNITY TRADE MARKS, pt. C, § 0.1 (2016), https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/trade_marks/Draft_Guidelines_WP_1_2016/06_part%20_c_opposition_section_0_editors_note_and_general_introduction_clean_2016_en.pdf (limiting *ex officio* examination to absolute grounds). The International Trademark Association (INTA) argued in the recent reform debates in Europe that member states should be *precluded* from examining for relative grounds; fortunately, this proposal was not adopted in the final legislation. In the United States, the office will examine for conflicting earlier federal registrations. See U.S. PATENT & TRADEMARK OFFICE, TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1207.03 (2015) [hereinafter TMEP], <http://www.uspto.gov/web/offices/tac/tmep> (indicating that the PTO will not at the *ex parte* stage of examination refuse registration on the basis of an unregistered mark or trade name, jointly referred to as “known marks”).

reach of the Madrid Protocol to significant jurisdictions such as the United States, Japan, and the European Union over the last fifteen years (and the addition of Spanish as a working language of the Madrid system) has led to the same marks being registered in a greater number of countries.⁹⁰ The Madrid Union now covers 114 countries representing more than eighty percent of world trade.⁹¹ Indeed, even without the greater use of the Madrid mechanism, one would have expected liberalization of trade (and online commerce) to cause producers to register their marks in a greater number of countries reflecting the broader distribution of goods and services.

The international dimension to this question has, however, affected more than numbers of registered marks. Clutter is also a function of the size of the footprint that a mark occupies on any given register; that is to say, clutter is also affected by the scope of marks, meaning the range of uses by competing traders that can be restrained by assertion of the senior mark. Trademark scope in turn is determined by a number of intersecting variables: at a very general level, the metes and bounds of a mark are defined by the “sign” or “symbol” embodying the mark, the goods or services in connection with which the mark is used or registered, and the breadth of rights accorded by trademark law. At a more granular level, the scope of a mark will be affected by matters such as the method that courts use to define rights (such as whether to allow a mark to evolve beyond its registered exemplar), and how faithfully those definitions are adhered to in assessing infringement.⁹² But the basic variables are clear.

In recent years, treatment of some of these variables by offices and courts has contributed to an expansion in scope. Arguably, some trademark offices have adopted more liberal attitudes towards the identification of

90 The number of international applications filed through the Madrid system reached the historic figure of 47,885 in 2014. There has been an almost constant increase in the number of applications filed using the Madrid system during the last eighteen years (exceptions coinciding with economic recessions), going from 19,071 applications in 1997, to 29,472 in 2004 and 39,687 in 2010. The number of international registrations in 2014 amounted to 42,430, with 292,598 designations in total. See WORLD INTELLECTUAL PROP. ORG., MADRID YEARLY REVIEW: INTERNATIONAL REGISTRATION OF MARKS (2015), http://www.wipo.int/edocs/pubdocs/en/wipo_pub_940_2015.pdf; WORLD INTELLECTUAL PROP. ORG., MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS: REPORT FOR 2011 (2011), http://www.wipo.int/edocs/pubdocs/en/marks/940/wipo_pub_940_2011.pdf. This is likely to be particularly significant in registration-based countries. But one can see similar trends in the United States. Applications via the Madrid system designating the USPTO have almost doubled since it joined in 2004, going from 9070 in that year to 19,248 in 2015. (This data was obtained from WIPO’s Data Center, *see supra* note 60). A foreign applicant filing in the United States under these provisions can secure a registration without having used its mark in the United States. See 15 U.S.C. § 1141h(a)(3) (2012).

91 See *Members of the Madrid Union*, WIPO, <http://www.wipo.int/madrid/en/members/> (last visited Mar. 12, 2017).

92 See Graeme B. Dinwoodie & Dev S. Gangjee, *The Image of the Consumer in European Trade Mark Law*, in THE IMAGES OF THE CONSUMER IN EU LAW 339, 357–60 (Dorota Leczykiewicz & Stephen Weatherill eds., 2016); Mark A. Lemley & Mark P. McKenna, *Scope*, 57 WM. & MARY L. REV. 2197 (2016).

goods and services on a registration, a requirement that classically was used by U.S. agencies to limit problems of clutter, and an issue on which the Court of Justice of the European Union recently found the overly-generous approach of the EUIPO wanting.⁹³ Certainly, there has been some stiffening of standards in both the United States and the European Union over the last year.⁹⁴ But the significance of any retrenchment on that front might be trivial given changes in substantive law. In particular, judicial acceptance of actionable confusion has expanded to contexts where goods are less closely related than was formerly required and to diverse forms of confusion.⁹⁵ And legislative endorsement of dilution protection against uses on dissimilar goods may render finely-grained articulations of the goods and services in a specification rather beside the point.⁹⁶

But scope also has a territorial dimension.⁹⁷ The metes and bounds of a mark are defined by the territory for which protection exists as well as by reference to the sign and the goods or services in connection with which the mark is used. In use-based systems (such as the common-law form of protection in the United States), that territorial dimension historically depended on the area in which a mark was used, although the concept of “use” expanded over time to encompass areas where a trader’s reputation has extended or to which a trader would typically expand its activities.⁹⁸ In regis-

93 See Case C-307/10, *Chartered Inst. of Patent Attorneys v. Registrar of Trade Marks (IP Translator)*, EU:C:2011:784; see also VON GRAEVENITZ ET AL., *supra* note 58, at 2 (“[M]arks registered at [EUIPO] contain claims to 50% more goods and/or services than the identical marks registered at USPTO.”).

94 See ATMR, *supra* note 7, art. 1(28) (implementing the *IP Translator* decision); *supra* text accompanying note 79 (discussing the USPTO pilot project); see also Dinwoodie, *supra* note 22, at 31 (discussing the tightening of judicial scrutiny of “definition of trade dress” claims).

95 See Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 STAN. L. REV. 413 (2010); William McGeeveran & Mark P. McKenna, *Confusion Isn’t Everything*, 89 NOTRE DAME L. REV. 253 (2013). Courts in Europe are perhaps stricter in their insistence on confusion (arguably because of the existence of double-identity actions and dilution claims that are easier to advance than in the United States), but even in Europe there are indications that courts might be open to broader notions of actionable confusion. See, e.g., *DataCard Corp. v. Eagle Techs. Ltd.* [2011] EWHC (Pat) 244 [276]–[289] (Eng.); *Och-Ziff Mgmt. Eur. Ltd. v. OCH Capital LLP* [2010] EWHC (Ch) 2599 (Eng.); cf. *Interflora Inc. v. Marks & Spencer PLC* [2014] EWCA (Civ) 1403 (Eng.).

96 Cf. *DataCard*, [2011] EWHC (Pat) 244 at [291] (“[R]eputation . . . is not a particularly onerous requirement.”).

97 Courts can—and have—limited some problems by adopting a more restrained definition of when—and where—a third party has “used” a mark. This restraint has been particularly important in the Internet context where any other approach would have magnified the number of territorial overlaps and allowed competing national mark owners in different countries effectively to block expansion of each other onto an online platform. See Graeme B. Dinwoodie, *Private International Aspects of the Protection of Trademarks* 27 (World Intellectual Prop. Org. Document, No. WIPO/PIL/01/4 2001) (WIPO Forum on Private International Law and Intellectual Property, January 30–31, 2001) (discussing “mutual blocking” capacity).

98 See Dinwoodie, *supra* note 13, at 899.

tration systems, the relevant territory is that of the political unit granting the registration; in the case of a U.K. registration, that would be the national territory, but in the case of the unitary EUTM that would be the territory of the entire EU.⁹⁹ At present, that territory encompasses twenty-eight nations and five hundred million people. Thus, it is clear that an EUTM registration occupies a sizeable space on trademark registers. An EUTM will operate not only to block competing EUTM registrations, but also any application for a national registration in any member state of the European Union.¹⁰⁰ To be sure, under the principle of national-EU coexistence, a U.K. national registration will likewise preclude the registration of a later conflicting mark on the EUTM register.¹⁰¹ But a U.K. mark will *not* preclude a national registration in any of the other twenty-seven member states of the European Union. Indeed, if an applicant for an EUTM is stymied by an earlier conflicting U.K. registration, it can convert its application to national applications without losing the original EUTM filing date.¹⁰²

Thus, a switch by trademark applicants in Europe from national registrations to an EUTM is likely to exacerbate clutter (even if the mark owner would have filed for more than one national registration). And the linking of the EUTM with the increasingly-popular Madrid Protocol in 2004 made it even easier for applicants beyond the European Union to combine a numerical and geographic accelerator in a single application.¹⁰³ If clutter is a concern, the move to unitary rights in Europe, across such a vast territory, needs to be carefully assessed.

IV. COMMITMENTS TO THE UNITARY CHARACTER OF THE EUTM: THE COURT OF JUSTICE

However, one should not lose sight of why unitary marks were introduced in the EU in the first place. The very point of the concept was to accord a mark owner rights over a more extensive territory, both to facilitate existing cross-border trade and to encourage further expansion of trade. And the unitary right would allow traders to do that without fear of conflict-

99 Strictly, one could extend the territorial reach of a registration to encompass conduct that occurs beyond the borders but against which a court might apply its trademark law extraterritorially. See, e.g., *ATMR*, *supra* note 7, art. 1(11)(4) (adding EUTMR art. 9(4) and allowing for in-transit seizures of goods passing through a free trade area bearing identical marks to those registered as an EUTM); *Sterling Drug, Inc. v. Bayer AG*, 14 F.3d 733 (2d Cir. 1994).

100 See 2008 Trade Mark Directive, *supra* note 7, art. 4(2)(a)(i) (defining “earlier mark” for purposes of assessing applications for registrations under national law to include earlier EUTMs).

101 See EUTMR, *supra* note 7, art. 8(2)(a)(ii) (defining “earlier mark” for purposes of assessing applications for registrations of EUTMs to include earlier national registrations).

102 See *id.* art. 112.

103 Council Decision 2003/793 of Oct. 27, 2003, Approving the Accession of the European Community to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, Adopted at Madrid on June 27, 1989, 2003 O.J. (L 296/20) (EC).

ing rights in particular locales, and would allow them to acquire those rights at a lower cost. In sum, this development would foster regional competition, enhance consumer choice, and reduce transaction costs.¹⁰⁴ So it is important to pinpoint precisely the circumstances in which the benefits of the unitary right might be outweighed by the costs.

Registration allows a mark owner to occupy space on the register in excess of the reach of its trading, whether because a registration defines the trademark right (as in the European Union) or because registration is treated as constructive nationwide use (as in the United States). And that gap between the trading reality and the reach of the right can be substantial in “pure” registration-based systems that permit registration without use (and in the case of the EUTM, permit applications without even an intent to use). Such a register inevitably contains a larger proportion of so-called “deadwood.” These unused marks are, as was memorably described by Mr. Justice Jacob (as he then was) in *Laboratoires Goemar SA’s Trade Mark (No.1)*, “abandoned vessels in the shipping lanes of trade.”¹⁰⁵ They create transaction costs for traders and reduce market efficiency.¹⁰⁶

This is true both in single country registers and in unitary systems transcending borders. But the denominator—as it were—in the “extent-of-trade to reach-of-right” ratio gets greater the larger the territorial scope of registrations, and shifts to unitary systems effect an expansion of that nature. (They do so in varying degrees; the unitary Benelux territory is still smaller than the national U.S. territory). The cost of clutter is most severe when the gap between actual (and desirable) use and the scope of exclusive rights conferred by the register is greatest. This assessment turns on: (1) the size of the political unit of registration; (2) the scope of the actual market use; and (3) the level of actual or possible (or desired) market integration within the political unit, which rests on any number of social or market features that would retard or expedite that integration.

For example, conferring exclusive rights throughout the densely populated and relatively homogenous islands of Malta (population 423,000) for a use on nonfungible goods that presently extends across the northern ninety

104 Cf. MAX PLANCK STUDY, *supra* note 50, ¶ 1.35, at 53–54 (arguing that the features of the EU system that produce greater deadwood than would be found in the United States register “should . . . not be regarded in isolation, but must be appraised as an element forming part of a system which is more strongly geared towards fast and cost-efficient procedures than its American counterpart[,] [and thus changes to these features of registration] are only called for if the obstacles to access resulting from unused or unnecessary registrations are substantial in their dimensions, and if the solutions envisaged are feasible and appropriate under a cost-benefits perspective”).

105 *Laboratoires Goemar SA’s Trade Mark (No. 1)*, [2002] F.S.R. 51, [19] (Ch) (Eng.) (Jacob, J.).

106 See Dinwoodie, *supra* note 13, at 898 n.44 (2004) (noting that the clutter problem may undermine the purpose of the registration scheme, which is to enable and encourage economic expansion into broader geographic markets without competing trademark rights becoming a barrier to such commerce).

percent of the country risks very little deadwood cost.¹⁰⁷ In contrast, conferring exclusive rights throughout Germany (population eighty million)¹⁰⁸ for a use of a mark on a local service offered in a rural village on the southern border seems potentially in excess of the potential benefits of registration. As explained below, many iterations of these variables look complex when transferred to the context of a European Union consisting of twenty-eight member states, speaking twenty-three languages,¹⁰⁹ and encompassing communities with widely different commercial and social norms. Despite calls for an ever-closer union, EU law—including trademark law—recognizes the value of the cultural, linguistic, and social diversity that exists throughout Europe, and that those variations are informed by (and should in turn inform) the structure of the market.

Different mechanisms might balance the territorial expansion of trade that the unitary EUTM seeks to further with the costs of clutter and the concerns of diversity. These questions are assessed briefly in Part VI of this Article. However, it is worth establishing first the extent to which the courts have thus far embraced the unitary principle. Too warm an embrace might prompt concern for whether a desirable balance has been found, and suggest the need for more aggressive interventions; a more measured approach might reassure us that the courts are capable of taking account of these competing values and avoiding unnecessary overlaps.

The concept of a “unitary” right has been tested before the Court of Justice in four principal doctrinal settings: (1) when a mark owner seeks to demonstrate acquired distinctiveness throughout Europe; (2) in assessing whether a trademark owner has made genuine use sufficient to maintain EU-wide rights; (3) in determining whether to grant relief on an EU-wide basis; and relatedly, (4) when the owner of a mark with “a reputation in the [EU]” wishes to avail itself of dilution protection in a locale where it has no reputation.¹¹⁰

In this Article, I focus on the approach of courts to the questions of genuine use and scope of relief. Judicial assessment of issues relating to acquired distinctiveness and reputation will be addressed within my discussion of these two dominant questions.¹¹¹

107 WIL JAMES, CIVITAS INST. FOR THE STUDY OF CIVIL SOC’Y, CYPRUS (KÝPROS) AND MALTA (2015), <http://www.civitas.org.uk/content/files/MS.12.Cyprus-and-Malta.pdf>.

108 Press Release, Destatis Staistisches Bundesamt, Population at 82.2 Million at the End of 2015—Population Increase Due to High Immigration (Aug. 26, 2016), https://www.destatis.de/EN/PressServices/Press/pr/2016/08/PE16_295_12411.html.

109 *EU Member Countries in Brief*, EUROPEAN UNION, https://europa.eu/european-union/about-eu/countries/member-countries_en (last visited Mar. 12, 2017); *Working Languages of the European Parliament*, EUROPEAN PARLIAMENT IN PLAIN LANGUAGE, <http://europarlamenti.info/en/European-parliament/working-languages/> (last visited Mar. 12, 2017).

110 EUTMR, *supra* note 7, arts. 8(5), 9(1)(c).

111 The treatment of those two issues in EU law also bears on the questions of how methodologically one implements a particular vision of the European project, such as how

A. *Genuine Use*

In a registration system, the requirement that a mark (at some point in time) be used is a crucial component in any attack on clutter. This is true even in pure registration systems such as the EUTM; indeed, because no use (or intent to use) is required to secure a registration, policing of use necessary to maintain rights is especially important. Thus, Article 15 of the EUTMR provides that “[i]f, within a period of five years following registration, the proprietor has not put the EU trade mark to genuine use in the Union . . . the EU Trade Mark shall be subject to [an action for revocation].”¹¹² A parallel five-year grace period exists under the Directive; thus national marks must be put to genuine use in the member state in question within five years of their registration.¹¹³

In a number of cases interpreting the provision, the Court of Justice has set a relatively undemanding—and vague—standard for what constitutes “genuine use.”¹¹⁴ Of course, genuine use does not include token use for the sole purpose of preserving rights. But to maintain rights, the court has said simply that the mark has to be “used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services.”¹¹⁵ The guidance offered by the court as to how to assess that standard in practice is hardly prescriptive:

to operationalize the existence of a European consumer. See *infra* text accompanying notes 210–20.

112 EUTMR, *supra* note 7, art. 15; see also EUTMR, *supra* note 7, at recital 10 (“There is no justification for protecting EU trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used.”). Such a revocation proceeding—though it obviously should be far more important than its U.S. counterpart because the European Union lacks a use precondition to registration—is triggered only after five years, a period that exceeds the three years of non-use that typically supports a cancellation petition in the United States. See 15 U.S.C. § 1127 (2012) (defining “abandoned”). And the pruning of the register depends largely upon private actions (after five years) or mark-owner failure to renew the registration (after ten years). Indeed, if an owner resumes use after the five-year period but before any revocation action is filed, the registration will be preserved. See 2008 Trade Mark Directive, *supra* note 7, art. 12(1); EUTMR, *supra* note 7, art. 51(1)(a). That is to say, the European system offers lesser administrative oversight through maintenance obligations, such as filing affidavits of use, see 15 U.S.C. § 1058 (2012), even though a recent report of the United Kingdom Intellectual Property Office attributed the vastly greater range of goods and services found in European specifications to the fact that the USPTO requires firms to prove use of marks after six and ten years of registration. See VON GRAEVENITZ ET AL., *supra* note 58, at 2 (“[M]arks registered at [EUIPO] contain claims to 50% more goods and/or services than the identical marks registered at USPTO . . . because USPTO require firms to prove use of marks after 6 and 10 years of registration.”).

113 See 2008 Trade Mark Directive, *supra* note 7, arts. 10–11.

114 See, e.g., Case C-251/95, *Anslu BV v. Ajax Brandbeveiliging BV*, 2003 E.C.R. I-2439.

115 Case C-259/02, *La Mer Tech. Inc. v. Labs. Goëmar SA*, 2004 E.C.R. I-1159, ¶ 27; see also Case C-416/04 P, *Sunrider Corp. v. OHIM*, 2006 E.C.R. I-4237, ¶ 70.

[R]egard must be had to . . . whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark. . . , the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark.¹¹⁶

This has been read by national courts as not requiring much to maintain a national registration.¹¹⁷

The test of genuine use is common to both national and EU law, with the only difference being that the use of the EUTM has to be “in the Union” whereas use of a national mark has to occur “in the Member State” in question.¹¹⁸ However, one of the advantages of the EUTM touted by the EUIPO at the time of its adoption was that in comparison to a bundle of counterpart national rights (the pre-EUTM reality), an EUTM could be maintained, so it was argued, by use in a single member state; such use would also be use “in the EU.”¹¹⁹ To maintain the bundle of counterpart national rights, and thus rights across Europe, the trader would have had to use its mark in all member states of the European Union within five years of registration. Indeed, the trader would have to maintain such use in all countries, subject to revocation for non-use in particular member states.¹²⁰ In contrast, because the EUTM could (under the EUIPO’s reading) be maintained with use in a single country, the mark owner would have the European market space reserved for beyond five years even if it had not expanded its business to the pan-European level. It could choose to do so over a longer period of time, depending upon what made most business sense at any one time.

The EUIPO’s original reading of the provision has, however, been rejected by the Court of Justice. In *Leno Marken*, the applicant had sought to register OMEL as a Benelux mark in connection with a number of services, prompting an opposition by the proprietor of an EUTM in the mark ONEL for similar services registered more than five years earlier.¹²¹ As permitted by national and EU law in such circumstances, the applicant asked the opponent to demonstrate genuine use of the EUTM. Because the opponent could

116 *Labs. Goëmar v. La Mer Tech.* [2005] EWCA (Civ) 978 [19] (Eng.).

117 *See id.* at [21], [33] (holding that limited sales to an agent worth £800 were sufficient to defeat a claim that a mark should be revoked on the basis of non-use).

118 EUTMR, *supra* note 7, art. 15; 2008 Trade Mark Directive, art. 10.

119 EUTMR, *supra* note 7, art. 15.

120 For EUTMs that are registered based upon acquired distinctiveness, the approach taken by the Court of Justice and General Court to Article 7(2) of the Regulation may effectively require use in a substantial number of member states. For shapes and colors that are likely to be noninherently distinctive throughout the European Union, this may get close to requiring use everywhere. *See infra* notes 164, 195, 238 & 284; *see also* *Ukulele Orchestra of Gr. Brit. v. Clausen* [2015] EWHC (IPEC) 1772 [24] (Eng.).

121 *See Leno Marken BV v. Hagelkruis Beheer BV* [2010] E.T.M.R. 21, ¶¶ 1–2 (Benelux Office for Intellectual Prop. 2010). The applicant had little intention of using the mark in the Benelux; instead he had aimed to offer his services in the Scandinavian countries and had applied first in the Benelux (he claimed) to serve as the home application for a Madrid Protocol application encompassing Norway and Sweden. *See id.* ¶ 23.

prove use only in the Netherlands, the Benelux office denied the opposition, finding that the EUTM on which the opponent relied had not been put to genuine use in the EU and was consequently subject to revocation.¹²² The Dutch courts asked the Court of Justice whether use in a single member state was sufficient to maintain an EUTM.¹²³

As a purely textual matter, use in a member state *was* use “in the Union”; but how did the territory for which the registration was issued affect the extent of such use required to constitute “genuine use”? In Joint Minutes arguably forming part of the legislative history to the Regulation,¹²⁴ the Council and the Commission had indicated that “use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the [EU].”¹²⁵ That had informed EUIPO Guidelines that suggested likewise, and had been an important part of the basis on which the EUTM was sold to traders as an attractive alternative to national rights.¹²⁶ And the holding by the Benelux Intellectual Property Office provoked (somewhat irrational) outcries and prophecies of doom from the Commission.¹²⁷ But the Court of Justice attached little weight to these concerns (or either the Joint Minutes or Guidelines) and refused to endorse the EUIPO position because the court had decided in prior cases that the territorial scope of use was only one factor in assessing whether the use was sufficient to maintain rights.¹²⁸

Moreover, Article 112(2)(a) of the Regulation provided that:

Conversion [from an EUTM to a national mark] shall not take place[] where the rights of the proprietor of the [EUTM] have been revoked on the grounds of non-use, *unless in the Member State for which conversion is requested the [EU] trade mark has been put to use which would be considered to be genuine use under the laws of that Member State.*¹²⁹

122 See *id.* ¶ 39.

123 See Case C-149/11, *Leno Merken BV v. Hageldruis Beheer BV*, EU:C:2012:422, ¶ 24.

124 In a number of cases, the court has been reluctant to give much weight to the Minutes. See Case C-104/01, *Libertel Grp. BV v. Benelux-Merkenbureau*, EU:C:2003:244, ¶ 25; Case C-49/02, *Heidelberger Bauchemie GmbH*, EU:C:2004:384, ¶¶ 16–17.

125 Council and Commission Joint Statements of Dec. 20, 1993, at the Adoption of Council Regulation No. 40/94 on the Community Trade Mark, 1994 O.J. (L 11/1) (EC), No. 10 regarding art. 15, 1996 O.J. OHIM (5/96), 613–15.

126 OFFICE FOR HARMONIZATION IN THE INTERNAL MKT. (TRADE MARKS AND DESIGNS), GUIDELINES CONCERNING PROCEEDINGS BEFORE THE OFFICE FOR HARMONIZATION IN THE INTERNAL MARKET: THE MANUAL CONCERNING OPPOSITION, pt. 6, at 14 (2007), http://euipo.europa.eu/en/mark/marque/pdf/manual/PartC_proof_of_use.pdf.

127 See Annette Kur, *What Kind of Use Is This? Open Questions After ONEL/OMEL 3* (Max Planck Inst. for Intellectual Prop. & Competition L. Research Paper Series, Paper No. 13-15 2013) (reporting that “[f]ollowing a question posed by interested members of the European Parliament, Commissioner Barnier appeared in session and conjured up the danger that any tightening of the requirements for genuine use might seriously compromise the capacity of SMEs to defend themselves against counterfeiting, arguing that only by obtaining and safely maintaining rights in [an EUTM] would they be able to effectively prevent fake merchandise from entering the EU market”).

128 See *Leno Merken*, EU:C:2012:422, ¶¶ 30, 38–39 (Sharpston, A.G.).

129 See EUTMR, *supra* note 7, art. 112(2)(a) (emphasis added).

This last caveat would make no sense if use sufficient to maintain a national registration was ipso facto sufficient to maintain an EUTM. But the court did not rule out the possibility that use in a single member state might be sufficient to amount to genuine use in the Union.¹³⁰ Thus, use in a single state might be sufficient to maintain an EUTM, but it was not necessarily so.¹³¹

In reaching its somewhat open-ended decision, the *Leno Merken* court did mention the concern of unused marks, and the fear that an overly liberal approach might impede rather than facilitate free movement.¹³² And the court commented cryptically that “[a]ccount must . . . be taken . . . of the difference between the territorial extent of the protection conferred on national trade marks and that of the protection afforded [EU] marks.”¹³³ The court’s approach, however, was very much driven by the proposition that in order to respect the unitary nature of EUTMs and further the objectives of the Regulation, “the territorial borders of the Member States should be disregarded in the assessment of ‘genuine use in the [Union].’”¹³⁴ This vision of a borderless Europe, consisting of a single market, is painted vividly both by the court and the Advocate General, and appears to have swayed the court against attaching dispositive weight to the number of member states in which the mark was used.

The court thus made clear how territorial considerations were *not* relevant in applying Article 15. But it did little else to clarify the standard. It offered no elaboration, for example, of the significance of its statement that

130 See *Leno Merken*, EU:C:2012:422, ¶¶ 49–51 (Sharpston, A.G.).

131 The *Leno Merken* court also rejected another rule that had been suggested in the literature. In particular, it declined to adopt a requirement that a mark be used in a “substantial part of the [Union],” notwithstanding that the court in *PAGO Int’l GmbH v. Tiro Milch registrierte Genossenschaft mbH* interpreted the requirement of “reputation in the [Union]”—which is a precondition for an EUTM to receive extended protection against dilution—as imposing that threshold. See *id.* ¶ 53; see also Case C-301/07, *PAGO Int’l GmbH v. Tiro Milch GmbH*, 2009 E.C.R. I-9429, ¶ 30. The consequence of being found to lack a reputation—upon mere scope of protection—was quite different from a rule that would invalidate the mark entirely. See also *Commission Memorandum on the Creation of an EEC Trade Mark*, ¶ 126, SEC (1976) 2462 (July 6, 1976).

132 See *Leno Merken*, EU:C:2012:816, ¶ 32 (Second Chamber judgment).

133 *Id.* ¶ 33. The Benelux office was far clearer in how the extent of protection conferred by an EUTM should affect the approach to what constituted genuine use. See *Leno Merken BV v. Hagelkruis Beheer BV* [2010] E.T.M.R. 21, ¶ 34 (Benelux Office of Intellectual Prop. 2010) (“[A]ligning the territory of the [EU] with that of one single member state can lead to undesirable and unreasonable results. Since the establishment of the [EU] Trade Mark Regulation the European Union has grown steadily to 27 member states and further expansion is imminent. The actual and economic context has changed dramatically as a result. In a territory (currently) covering more than four million square kilometres and a (current) population of almost 500 million people, use in one member state only may essentially boil down to local use only. In the Office’s opinion, such use is not acceptable in order to justify such an extensive exclusive right.” (citing 2008 Trade Mark Directive, *supra* note 7, at recital 9)).

134 *Leno Merken*, EU:C:2012:816, ¶ 44; see also *id.* ¶ 42.

the EU as a whole was the market against which the sufficiency of the use necessary to maintain EUTM rights had to be assessed.¹³⁵ The court instead fell back on the standard test, with only a small acknowledgment of the relevant territory:

[An EUTM] is put to 'genuine use' . . . when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the [Union] for the goods or services covered by it, [in which assessment] the territorial extent and the scale of the use [is relevant].¹³⁶

As Annette Kur commented at the time, "so much has been left open for anyone's guessing that it's impossible to say what the decision actually means."¹³⁷ But there was a prevailing view, perhaps reflected in the minimal alteration that occurred in the Examination Guidelines at the EUIPO, that extensive use in a medium-sized country would likely constitute genuine use in the Union sufficient to maintain an EUTM and EU-wide rights. As explained below in Part V, this conventional wisdom is being challenged as national courts begin to appreciate the costs of the gap between the legal fiction of a single European market and a quite different reality on the ground. And that will substantially inform how we see territorial overlaps.

B. *Scope of Relief*

Another purported benefit of the EUTM was that the owner of an EUTM would be able to secure relief throughout the whole of Europe in a single proceeding. Historically, one of the manifestations of territoriality has been that the enforcement of intellectual property rights could only be secured from the courts of the country that granted the right.¹³⁸ The Court of Justice has substantially frustrated efforts of some national courts to use the EU Brussels Regulation on Jurisdiction and Judgments to grant cross-border relief in the case of registered intellectual property rights.¹³⁹

135 See *id.* ¶ 36 ("[T]he phrase 'in the Community' is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.").

136 *Id.* ¶ 58.

137 Kur, *supra* note 127, at 1. Even if it was a disappointing judgment, it had been largely expected. See *id.* at 4 n.14 (citing Annette Kur, *Unitary Rights in Fragmented Markets? Some Thoughts on the CTM System and Its Interaction With National Law*, in HARMONISATION OF EUROPEAN IP LAW: FROM EUROPEAN RULES TO BELGIAN LAW AND PRACTICE: CONTRIBUTIONS IN HONOUR OF FRANK GOTZEN 117, 119 (2012)).

138 See Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 WM. & MARY L. REV. 711, 716 & 772 (2009).

139 See Annette Kur, *A Farewell to Cross-Border Injunctions? The ECJ Decisions GAT v. LuK and Roche Nederland v. Primus and Goldenberg*, 37 INT'L REV. INTELL. PROP. & COMPETITION L. 844, 849 (2006).

The EUTM appeared to avoid these problems.¹⁴⁰ The Regulation created so-called EU Trade Mark courts sitting throughout the EU, although in practice these are merely designated national trademark courts donning EUTM hats.¹⁴¹ And the Regulation also created what is termed “international jurisdiction,” which gave those EUTM courts that were exercising jurisdiction by virtue of the domicile or appearance or consent of the parties (rather than the alleged place of infringement) the power to adjudicate alleged infringements throughout the EU.¹⁴² Genuine EU-wide relief seemed a possibility.¹⁴³

In *DHL Express France SAS v. Chronopost SA*, the Court of Justice endorsed EU-wide relief as the default position, but appeared to carve out a small exception.¹⁴⁴ In *DHL*, Chronopost owned the French and EU trademarks for **WEBSHIPPING** for services for the collection and delivery of mail.¹⁴⁵ DHL used the same word to designate its Internet-based express mail management service. The French court found infringement of both the French and EUTM registration. But the Cour de cassation asked the Court of Justice whether it should automatically award EU-wide injunctive relief, as would be suggested by the unitary principle embodied in Article 1(2) of the EUTMR.

The court built its answer on the centrality of the unitary principle: in cases where a court was exercising international jurisdiction, “[i]n order to ensure . . . uniform protection, a prohibition against further infringement or threatened infringement issued by a competent [EUTM] court must . . . as a rule, extend to the entire area of the European Union.”¹⁴⁶ However, the court also acknowledged that the injunction may “in certain circumstances, be restricted” because the trademark right is only:

140 Roland Mallinson, *Trade Marks in the EU: One Right, One Law, One Decision—Or Not?*, 29 EUR. INTEL. PROP. REV. 432 (2007); Alexander von Mülhendahl, *Community Trade Mark Riddles: Territoriality and Unitary Character*, 30 EUROPEAN INTEL. PROP. REV. 66, 66–70 (2008).

141 EUTMR, *supra* note 7, art. 95. The United Kingdom designated the High Court and the Patents County Court (in England and Wales). See The Community Trade Mark Regulations 2006, reg. 12, SI 2007/1027 (Eng.).

142 See EUTMR, *supra* note 7, art. 98(1) (conferring jurisdiction on courts seized on the basis of Articles 97(1)–(4) in respect of “acts of infringement committed or threatened within the territory of any of the Member States”); *id.* art. 98(2) (conferring jurisdiction on courts seized on the basis of Article 97(5) “only in respect of acts [of infringement] committed or threatened within the territory of the Member State in which that court is situated”).

143 Article 102(1) of the EUTMR provides:

Where an EU trade mark court finds . . . infringe[ment] . . . 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. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.

EUTMR, *supra* note 7, art. 102(1).

144 Case C-235/09, *DHL Express Fr. SAS v. Chronopost SA*, 2011 E.C.R. I-2801.

145 *Id.* ¶ 20.

146 *Id.* ¶ 44.

conferred in order to enable that proprietor to protect his specific interests as such, that is, to ensure that the trade mark is able to fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark.¹⁴⁷

In practical terms, this means that an injunction for infringement of an EUTM adjudicated in a court with international jurisdiction has effect throughout the entire area of the EU, unless (1) the plaintiff does not assert infringement of its trade mark outside a particular territory; or (2) "the defendant proves that the use of the sign at issue does not affect or is not liable to affect the functions of the trade mark" in a particular group of member states.¹⁴⁸ As to the latter, the court specifically mentioned only the effect of different linguistic usage in those territories.¹⁴⁹

Again, this was conventionally seen as a small carve out from the default rule; in most cases, EU-wide relief would be the norm. But again national courts have pushed back. As explained below in Part V, this resistance arguably stems from the court effectively endorsing both of what I have elsewhere called the "political" and "intrinsic" conceptions of territoriality. Trademark rights might be "territorial because the intrinsic purpose of trademark law suggests extending (and limiting) rights to the geographic reach of goodwill."¹⁵⁰ In contrast, regulations about the "enforcement of trademark rights assume their territorial quality because of their connection to political institutions with territorially defined sovereignty. Thus, some aspects of territoriality are rooted in social and commercial practices that dictate the reach of a brand, while other aspects are a function of political or policymaking authority."¹⁵¹

The approach adopted by the court is an attempt to reconcile the political territoriality of the EUTM (which allows unitary rights to be adjudicated by courts having EU-wide jurisdiction and granting relief for the EU) with

147 *Id.* ¶ 46 (citation omitted); *see also id.* ¶ 47 ("[T]he territorial scope of that right, may not extend beyond what that right allows its proprietor to do in order to protect his trade mark, that is, to prohibit only uses which are liable to affect the functions of the trade mark. The acts or future acts of a defendant (namely the person whose use of the [EU] trade mark is complained of) which do not affect the functions of the [EU] trade mark, cannot therefore be prohibited.").

148 *Id.* ¶ 48; *cf. Re Home Depot Inc.* [2005] E.T.M.R. 100, ¶ 61 (Ger. Hanseatic Higher Regional Ct. 2005) (affirming automatic grant of EU-wide injunction, though noting that this might not be so clear if there is "no risk of confusion . . . in another country"), *aff'd*, *The Home Depot Trade Mark* [2009] E.T.M.R. 63, ¶¶ 36–38 (Ger. Fed. Ct. of Justice 2007).

149 *See DHL Express France SAS*, 2011 E.C.R. I-2825, ¶ 48. Limiting relief to those places where the defendant's use would have an adverse effect on the functions of the plaintiff's mark can be used to validate the doctrine of honest concurrent use. *See Budejovicky Budvar NP v. Anheuser-Busch Inc.* [2012] EWCA (Civ) 880 (Eng.) (discussing honest concurrent use); *Case C-482/09, Budejovicky Budvar NP v. Anheuser-Busch Inc.*, 2011 E.C.R. I-8701.

150 Dinwoodie, *supra* note 13.

151 *Id.* at 888.

the intrinsic territoriality of trademarks in Europe (which frequently will cause third-party uses to operate differently in different markets, causing confusion in some but not others).¹⁵² As discussed below, the way in which national courts balance these conceptions is affected by the institutional design choices made by the drafters of the Regulation, and the vision of Europe that one seeks to project. And the balance struck will have important consequences for how we handle territorial overlaps.

V. APPLICATIONS OF *LENO MERKEN* AND *DHL*: RESISTANCE?

A. *Genuine Use*

The supposition that use in a single large country in the European Union would constitute genuine use in the EU has been cast into doubt by a recent decision of the Enterprise Court in the United Kingdom, *The Sofa Workshop v. Sofaworks*.¹⁵³ Trademark officials have criticized the *Sofaworks* decision. And it is arguably at odds with decisions elsewhere in Europe (and at the EUIPO).¹⁵⁴ But it is a careful exposition of *Leno Merken*, and another judge in the English High Court has suggested in dicta that he finds it convincing. The case represents clear resistance by the U.K. courts to an enthusiastic embrace of unitary marks without regard to their real costs and benefits.

In *Sofaworks*, the plaintiff owned EUTM registrations for SOFA WORKSHOP for use in connection with a variety of goods and services. The mark was used extensively in the United Kingdom (and online), but not elsewhere in the EU (except for one sale and some advertising in EU-wide magazines

152 See *DHL Express France SAS*, 2011 E.C.R. I-2825, ¶ 33 (“[T]he territorial scope of a prohibition against further infringement . . . is to be determined both by the territorial jurisdiction of the [EU] trade mark court issuing that prohibition and by the territorial extent of the [EU] trade mark proprietor’s exclusive right which is adversely affected by the infringement”); see also *id.* ¶ 46.

153 *Sofa Workshop Ltd. v. Sofaworks Ltd.* [2015] EWHC (IPEC) 1773 (Eng.).

154 See, e.g., Case R 2312/2015-4, *Carinopharm GmbH v. Therabel Pharm. Ltd.*, 2016 E.C.R. I-____; Case R 638/2015-4, *Weghaupt v. Trade Union Vision*, 2016 E.C.R. I-____, ¶ 32 (holding that use only in Austria was sufficient, noting that “Article 15 [EUTMR] does not require a trans-border or European-wide dimension of the use The Board also does not agree with the proposition that use of [an EUTM] must necessarily be of a larger intensity or dimension than the use of a national mark”); Case T-398/13, *TVR Auto. Ltd. v. OHIM*, EU:T:2015:503 (finding genuine use based upon use only in the United Kingdom); Case T-278/13, *Now Wireless Ltd. v. OHIM*, EU:T:2015:57, ¶ 49 (“[T]he use of the mark in the geographical area comprising London and the Thames Valley was sufficient to constitute genuine use in the European Union”); No. I ZR 106/11, GRUR 925, ¶¶ 31–33 (Ger. Fed. Ct. of Justice 2013) (revoking the EUTM for insufficient evidence of use, but interpreting *Leno Merken* to mean that use in Germany was sufficient in terms of geographic scope to constitute genuine use in the EU); see also *Annual Review of EU Trademark Law: Non-Use, and Proof of Use*, 104 TRADEMARK REP. 582, 595 (2014); cf. Cour de cassation [Cass.] [supreme court for judicial matters], Jan. 21, 2014, Bull. civ. IV, No. 13-12501 (Fr.) (“[I]n certain circumstances, [genuine use] may result from the use of the mark in the territory of only one Member State.”).

that the court found largely aimed at U.K. consumers). When the defendant began using the mark SOFAWORKS for similar goods and services, the plaintiff sued for infringement of the EUTM. The defendant argued that the SOFA WORKSHOP mark, which had been registered for over five years, had not been put to genuine use in the EU, and thus should be revoked for non-use.

The court applied the Court of Justice's judgment in *Leno Merken*, recognizing that "[a]lthough the difference between the territorial protection provided by [an EU] mark and that provided by a national mark must be taken into account, the Court [in that case] was not specific about how this affects the question of genuine use."¹⁵⁵ However, Judge Hacon noted two passages in *Leno Merken* where the Court of Justice appeared to hint at what the effect might be. In particular, the Court of Justice had mused both that "it is reasonable to expect that [an EU] trade mark should be used in a larger area than a national mark" and that:

there is admittedly some justification for thinking that [an EU] trade mark should—because it enjoys more extensive territorial protection than a national trade mark—be used in a larger area than the territory of a single Member State in order for the use to be regarded as "genuine use."¹⁵⁶

Some scholars such as Annette Kur had spotted that language at the time of the *Leno Merken* decision, and had relied on it to conclude that the court was positioning itself closer to the Hungarian and Danish offices, which had suggested stricter approaches to genuine use in the debate leading to *Leno Merken*.¹⁵⁷ However, Professor Kur thought that "the lines quoted . . . [were] substantially qualified by the Court's unequivocal confirmation of the principle that territorial borders of the Member States must be disregarded in the assessment of genuine use in the [Union]."¹⁵⁸ Judge Hacon gave those lines far greater force. Thus, he argued that "[t]he Court's 'some justification for thinking' could be taken to imply that in the general run of things—in the absence of one or more countervailing considerations—genuine use in just one Member State will not be sufficient to qualify as genuine use in the [EU] as a whole."¹⁵⁹ Likewise, he placed weight on the comment that "it is reasonable to expect that [an EU] trade mark should be used in a larger area than a national mark" to imply that use in more than one member state is a default requirement for genuine use in the EU.¹⁶⁰

155 *Sofa Workshop*, [2015] EWHC (IPEC) 1773, at [17].

156 *Id.* at [21], [23] (quoting Case C-149/11, *Leno Merken BV v. Hagelkruis Beheer BV*, EU:C:2012:816, ¶¶ 50, 54).

157 See Kur, *supra* note 127, at 6; see also MAX PLANCK STUDY, *supra* note 50, ¶ 1.40, at 16; Summary of Case No. M0900377 "C City Hotel", HUNGARIAN INTELL. PROP. OFF., http://www.hipo.gov.hu/sites/default/files/English/hirek/kapcsolodo/C_City_case_summary_ENfinal.pdf.

158 Kur, *supra* note 127, at 6.

159 *Sofa Workshop*, [2015] EWHC (IPEC) 1773 at [22].

160 *Id.* at [23] (quoting *Leno Merken*, EU:C:2012:816, ¶ 54).

Thus, Judge Hacon held that “in relation to the territorial extent of use, genuine use in the [EU] will in general require use in more than one Member State.”¹⁶¹ This appears to switch the default assumption that many scholars made after *Leno Marken*. As a result, he concluded:

For national marks the geographical extent of use is a factor to be taken into account, but it is apparently of no great weight. In respect of [EU] marks the geographical extent of use is, in the general run, crucial: it must extend at least beyond the boundaries of one Member State. By way of a non-exhaustive exception to the general rule, this does not apply where the market for the goods or services is confined to one Member State.¹⁶²

This conclusion was based not only on a parsing of the ambiguous language of the *Leno Marken* opinion, but upon the logic of the difference between the purpose of the national and EU rights (and the reality of the national and EU markets):

A rough and ready assumption can be made that a trade mark proprietor who sells his products to one customer in one town in Spain may in due course wish to trade all across that country. This justifies maintenance of the mark for the whole of Spain. It cannot in the same way be assumed that a trader in one Member State will wish to expand his trade across the EU. Accordingly[,] in order to maintain [an EU] mark, some evidence should be required that the mark has been used to create or maintain a share in the market for the relevant goods or services across a section of the EU extending beyond one Member State. Looked at another way, an applicant for [an EU] mark must be taken to intend to use it outside one Member State and has five years in which to justify his presumed intention. Otherwise he risks having to make do with a national mark by conversion and leaving the sign in question free for use elsewhere in the [EU].¹⁶³

In light of this recognition of the different levels of market integration in the national and EU markets, the court revoked the EUTM registration for non-use.¹⁶⁴ Yet, Judge Hacon also held that—had the EUTM been valid—*infringement* would have been made out based upon a likelihood of confusion (involving, presumably, an average EU consumer).¹⁶⁵ Indeed, he tested this conclusion against what he called “secondary evidence” of actual confu-

161 *Id.* at [25].

162 *Id.* at [26].

163 *Id.* at [28].

164 The court also found that the mark lacked acquired distinctiveness in other English-speaking member states and would thus be invalid on that basis. *Id.* at [72]; *see infra* notes 195 & 284; *see also* *Ukulele Orchestra of Gr. Brit. v. Clausen* [2015] EWHC (IPEC) 1772 [40] (Eng.) (holding that the plaintiff prevailed under passing off, but that the EUTM was invalidated for lacking acquired distinctiveness in English-speaking member states other than the United Kingdom, because “[a] more relaxed policy would lead to the paradox that an application for a national trade mark could be refused registration because the sign in question is descriptive in that Member State, whereas an application for [an EUTM] in respect of exactly the same sign could be granted because it has acquired distinctiveness somewhere else in the [Union]”).

165 *See Sofa Workshop*, [2015] EWHC (IPEC) 1773 at [89].

sion, and concluded that “among a proportion of relevant actual consumers, which is well above de minimis although markedly less than half the total, there is a belief because of the similarity between mark and sign that the respective goods of Sofa Workshop and Sofaworks come from the same or economically-linked undertakings.”¹⁶⁶ In light of this analysis—which inevitably is heavily informed by confusion occurring in the United Kingdom because the goods were sold in the United Kingdom—some relief was surely desirable.¹⁶⁷ It was thus reassuring that the plaintiff still prevailed under its passing-off claim under English law, based upon the goodwill that had developed through its use in the United Kingdom.¹⁶⁸

Passing off is not the “national backup” that the EUTMR contemplates when an EUTM fails. Under Article 112(1)(b) of the Regulation, the owner of an EUTM may request the conversion of its EUTM (or application therefor) into a national trademark application “to the extent that the [EUTM] ceases to have effect.”¹⁶⁹ And Article 112(6) contemplates that this may occur as a result of an adverse decision of an EUTM court regarding validity.¹⁷⁰ But the three-month window in which a request for conversion has to be filed with the national office only begins when the judicial decision in question becomes final.¹⁷¹ Thus, not surprisingly, the plaintiff in *Sofaworks* had not filed any such application prior to the court’s decision.¹⁷² In either instance, however, the relief would be limited to the United Kingdom; indeed it is not unusual in passing-off cases for injunctions to be crafted with an eye to the territory in which a mark has been used and in which therefore there is goodwill to protect.¹⁷³

Judge Hacon did recognize an exception to the stricter requirement for cross-border use based upon dicta in *Leno Marken* found in both the court’s judgment and in the opinion of the Advocate General. Thus, he suggested that “[a]n exception to that general requirement [of cross-border use] arises where the market for the relevant goods or services is restricted to the terri-

166 *Id.* at [115] (emphasis omitted).

167 This set of facts—confusion only in the United Kingdom resulting in notional infringement of a mark largely used only in the United Kingdom, and resulting in passing off and hence relief only in the United Kingdom—is worth comparing with what transpired in *Enterprise*, discussed below.

168 *Sofa Workshop*, [2015] EWHC (IPEC) 1773 at [118]–[21].

169 EUTMR, *supra* note 7, art. 112(1)(b).

170 *See id.* art. 112(6).

171 *Id.*

172 Counsel for the plaintiff suggested that “in the event . . . Sofa Workshop’s [EUTM]s were . . . liable to be revoked for non-use . . . [the court] should make findings expressly directed to whether the [EUTM]s can be converted into one or more national trade mark applications and if so, which ones.” *Sofa Workshop*, [2015] EWHC (IPEC) 1773 at [116]. The court decided not to consider conversion because no application to convert had been made.

173 *Cf. Assoc. Newspapers Ltd. v. Express Newspapers* [2003] EWHC (Ch) 1322 [29] (Eng.).

tory of a single Member State.”¹⁷⁴ Although the judge was following the lead he detected in the dicta in *Leno Merken*, this “exception” is less persuasive than his earlier analysis. Consider the example used by Advocate General Sharpston in footnote 31 of her *Leno Merken* opinion (which I may or may not describe as “light-hearted,” as did the Advocate General):

[A] successful vendor of deep-fried chocolate bars in Scotland might formulate a marketing plan to expand his business into France, Italy, Estonia and Hungary. To that end, he registers an appropriate [EU] trade mark. Despite his best commercial endeavours, the plan proves ill-conceived: unaccountably, consumers in those Member States appear wedded to their own national culinary delicacies and unwilling to be tempted by the new offering. The lack of commercial success would not affect the analysis of whether there had been genuine use of the mark. By contrast, the fact that demand for a particular product in question was concentrated, at a particular point, in a specific geographical area would be relevant to the assessment.¹⁷⁵

On the facts presented in the hypothetical, a more relaxed approach to use, thus validating EU-wide rights, seems precisely the wrong way round. As Advocate General Sharpston noted in her *Leno Merken* opinion, “[An EU] trade mark enables undertakings to adapt their activities to the scale of the internal market. Indeed, it was established for undertakings which want to deploy or continue activities on [a Union] level and wish to do so immediately or soon.”¹⁷⁶ If there is no real market outside the one country, and none likely to develop for cultural reasons or because of the nature of the goods, should that not lean in favor of limiting the rights to the single national market? Treating this as a factor favoring a conclusion of genuine use in the EU seems unhelpful and unnecessary.

The stricter reading given to *Leno Merken* by Judge Hacon has been largely endorsed (with slightly different framing) by another U.K. judge, Mr. Justice Arnold, in *London Taxi Corp. v. Frazer-Nash Research*, and is consistent with decisions of the U.K. Appointed Person.¹⁷⁷ But *Sofaworks* has been heav-

174 *Sofa Workshop*, [2015] EWHC (IPEC) 1773 at [25].

175 Case C-149/11, *Leno Merken B.V. v. Hagelkruis Beheer BV*, EU:C:2012:422, ¶ 50 n.31 (Sharpston, A.G.).

176 *Id.* ¶ 45.

177 *London Taxi Corp. v. Frazer-Nash Research* [2016] EWHC (Ch) 52 [230] (Eng.) (“[W]hile I find the thrust of Judge Hacon’s analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use.”); *Intermar Simanto v. Nike Innovate*, No. O-222-16, [13] (U.K. Intellectual Prop. Org. 2016) (holding that the sale of 55,000 pairs of footwear to a Bulgarian company does not amount to genuine use in the EU). The Appointed Person noted:

I do not think that a hearing officer can be criticised for concluding that in the context of the specification in question there is no sufficient use ‘in the [Union]’ as required by the [EUTMR], if (as here) there has been both a low volume of sales (by reasonable standards) which has been confined in effect to a single shop in a single town in a single member state of the [Union] over a relatively short part of the relevant period (with some exiguous trade sales elsewhere of uncer-

ily criticized by practitioners (especially outside the United Kingdom) and trademark offices.¹⁷⁸ Judge Hacon may or may not be exactly right about his reading of *Leno Merken* in *Sofaworks*, and the exception he recognized for single market goods seems dubious. But he is thinking about the right questions, and trying to incorporate regard for the costs and benefits of unitary rights in his analysis. The open language of *Leno Merken* surely gives room for this type of approach.

Moreover, this analysis should also include a normative component: are there some traders who we wish to encourage to pursue registration nationally or regionally, as the case may be, or some contexts in which we might want to steer traders towards expanded markets? As we ask courts to consider how strongly to weigh those considerations, it would be helpful for scholars to study data to determine the extent of support for the premises driving Judge Hacon. As Annette Kur commented in the wake of *Leno Merken*, “[I]f a large proportion of registered [EUTMs] are only used on a minimal level, this might indicate a certain malfunctioning of the system, which was after all explicitly designed for undertakings to adapt their activities to the scale of the [EU].”¹⁷⁹

B. Scope of Relief

National courts initially adopted a pragmatic approach to the application of *DHL*, which seemed congruent with the idea of the default relief being EU-wide.¹⁸⁰ In *Interflora, Inc. v. Marks & Spencer*, a trial court in the United Kingdom had upheld Interflora’s claim that a competitor’s purchase

tain ultimate destination). That is, of course, not to say that, in appropriate cases, in certain markets, in other contexts, such may be considered sufficient. All depends on the particular facts of a case.

Id. at [61].

178 See, e.g., Volker Schoene, *Use of a Community Trade Mark in Only One Member State Does Not Maintain the Right*, 11 J. INTEL. PROP. L. & PRAC. 147, 147–48 (2016).

179 See Kur, *supra* note 127, at 8.

180 For the French court on remand, see Cour de cassation [Cass.] [supreme court], Nov. 29, 2012 [2013] E.T.M.R. 8, ¶¶ 7–8 (Fr.) (finding that the Court of Appeal “implied that the [EU] Trade Mark Court was informed of the national laws providing a comparable measure and that the risk of confusion between the signs involved had only been appreciated as regards the perception which French or French speaking consumers could have of it. In basing its decision on this consideration, with reasons from which it did not follow that the existence of a risk of confusion was limited to France alone, the Court of Appeal had failed to give a legal basis to its decision”). The litigation does not appear to have concluded; at least, the French Court of Appeal has yet to issue a final decision. In a judgment of November 25, 2014, the court decided to stay the infringement proceedings at the request of DHL until the EUIPO reached a final decision in the cancellation proceedings being pursued on grounds of non-use. In January 2015, the Board of Appeal of the OHIM overturned the decision of the Cancellation Division and held the EUTM to be valid. See *Chronopost (Société par actions simplifiée) v. DHL Express (Fr.) SAS*, Case R 2425/2013-4 (Office for Harmonization of the Internal Mkt. 2015). This decision was appealed by DHL before the General Court, and later withdrawn. See Case T-142/15, *DHL Express (Fr.) SAS v. EUIPO*, EU:T:2016:28.

of keyword advertising tied to the INTERFLORA mark amounted to infringement of its EUTM. But the court had conducted its analysis by reference to “reasonably well-informed and reasonably observant internet users in UK” and had made no finding with regard to Internet users in other member states.¹⁸¹ Mr. Justice Arnold rejected the defendant’s efforts to restrict injunction to the United Kingdom—or, “at worst from [the defendant’s] perspective . . . to those other Member States whose superior courts had made findings of infringement [in keyword advertising cases].”¹⁸² The defendant had “relied upon the fact that courts in other Member States, and in particular the [supreme court] in Germany,” had (at that time) largely concluded that keyword advertising tied to a competitor’s mark did not constitute trademark infringement.¹⁸³ But those conclusions were based on the specific facts of the cases before the foreign courts and on the evidence adduced in those cases. The defendant had “adduced no evidence to show that internet users in other Member States had different characteristics to, or interpreted [the defendant’s] advertisements in a different manner than, UK users.”¹⁸⁴ And Mr. Justice Arnold imposed the burden on the defendants to prove such local variation. Thus, it appeared that the U.K. courts would assume as a default that European consumers are no different from those in the United Kingdom, and require defendants to make the case for a carve out if they wished relief restricted to less than the entire EU.¹⁸⁵

However, that decision may have turned in large part upon the nature of the infringement claim in that case, which was a so-called “double identity” claim; the defendant was using a mark identical to the mark of the plaintiff on identical goods or services. In a series of cases at that time, Mr. Justice Arnold had sought to reconcile Court of Justice caselaw that rendered unclear the relationship between double-identity claims and other claims (such as those dependent upon proving likely confusion).¹⁸⁶ He had reached the conclusion that in a double-identity case, which (under the pertinent legislation) was not dependent upon proving likely confusion, a defendant could however potentially escape liability by showing *an absence of* likely

181 *Interflora, Inc. v. Marks & Spencer plc* [2013] EWHC (Ch) 1484 [34].

182 *Id.* at [36].

183 *Id.* at [36].

184 *Id.* at [35].

185 *See also* *Hearst Holdings Inc. v. A.V.E.L.A. Inc.* [2014] EWHC (Ch) 439 [192] (“The [plaintiffs’] evidence addressed activity outside the UK, included examples of Betty Boop merchandise in France and Spain and included sales figures for a number of EU countries. Having found trade mark infringement in the UK, I can see no reason why the same conclusion should not follow elsewhere in Europe. The defendants did not suggest that if infringement was found when considering the United Kingdom, there was any reason not to extend that conclusion Europe wide.”); *cf.* *Fage UK Ltd. v. Chobani UK Ltd.* [2014] EWCA (Civ) 5 [79] & [175] (addressing relationship between the average consumer and the public to be considered under national law).

186 *See, e.g.,* *DataCard Corp. v. Eagle Techs. Ltd.* [2011] EWHC (Pat) 244 [254], [281]. *See generally* Dinwoodie & Gangjee, *supra* note 92, at 360–75.

confusion.¹⁸⁷ By doing so, the defendant would be demonstrating that its use would not have an adverse effect on the origin function of the plaintiff's mark, which is an extra-statutory element that the Court of Justice has incorporated into infringement analysis generally, and which is of greatest impact in double-identity cases.¹⁸⁸ When the trial judgment in *Interflora* was reversed by the Court of Appeal, one of the bases for reversal was the appellate court's rejection of the use of this so-called "reverse confusion" test.¹⁸⁹ However, Mr. Justice Arnold has since reaffirmed that, despite the reversal in *Interflora*, he believes that the "reverse confusion" test remains good law outside the context of keyword advertising.¹⁹⁰

Although placing the burden on the defendant seeking to limit relief to show a lack of likely confusion might turn on this substantive element of

187 See *DataCard*, [2011] EWHC (Civ) 244 at [263], [268] ("[T]he test which must be applied in order to determine whether the use of the sign complained of is liable to affect the origin function of the trade mark is a reverse likelihood of confusion test . . . i.e. the onus lies upon the third party to show that the use of the sign in context is sufficiently clear that there is no possibility of confusion on the part of the average consumer as to the origin of the advertised goods or services."). I say "potentially" because in a double-identity claim, the plaintiff may also prevail by showing an adverse effect on the other functions of a mark (such as the quality, advertising, or investment functions). See Case C-487/07, *L'Oréal SA v. Bellure NV*, 2009 E.C.R. I-5185, ¶ 58. In theory, this (unlike adverse effect on the origin function) might involve something short of confusion. But there are no cases assessing in any detail the adverse effect on these functions when there is explicitly no adverse effect on the origin function. Strictly, this *was* the posture in *Bellure*, but on remand to the U.K. courts, the U.K. court opted simply to take what it saw as a strong hint from the Court of Justice that there should be infringement without identifying which functions were adversely affected in that case, as Lord Justice Jacob complained at the time. See *L'Oréal SA v. Bellure NV* [2010] EWCA (Civ) 535 [30]–[31] ("I have real difficulty with these functions when divorced from the origin function. There is nothing in the legislation about them. Conceptually they are vague and ill-defined. . . . So far as this case is concerned, however, it seems that the Court has indicated the answer as to whether the use is within Art. 5(1)(a). . . . I confess I do not know where [the] line is, but this case falls the wrong side of it. Why? Because the Court has said so. It regards the use as affecting the communication, advertising and investment functions of the mark."). In fact, although I am sympathetic to the interpretative compromise that Mr. Justice Arnold has found, this *is* another consideration that does make the double-identity cases more favorable to the plaintiff than an Article 5(1)(b) case without having to play with the burden of proof.

188 See Joined Cases C-236/08–C-238/08, *Google France SARL v. Louis Vuitton Malletier SA*, 2010 E.C.R. I-2417, ¶¶ 82–90; Case C-206/01, *Arsenal Football Club plc v. Reed*, 2002 E.C.R. I-10273, ¶ 50.

189 See *Interflora* (*Interflora III*), [2014] EWCA (Civ) 1403 [151] (Kitchin, L.J.) ("The judge wrongly held . . . that the onus [in a case under Article 5(1)(a)] lies on the third party advertiser to show that the use of the sign in context is sufficiently clear that there is no real risk of confusion on the part of the average consumer as to the origin of the advertised goods or services.").

190 See *Supreme Petfoods Ltd. v. Henry Bell & Co. (Grantham) Ltd.* [2015] EWHC (Ch) 256 [158], [163]–[64] ("To the extent that the Court of Appeal's dicta went beyond keyword advertising, they were obiter. . . . [I]t is unclear which party bears the burden of proof [T]his is an important issue of European trade mark law which will have to be referred to the CJEU for determination, preferably sooner rather than later.").

trademark infringement law, it could also perhaps be deduced directly from the language in *DHL* justifying less than EU-wide rights. The *DHL* court had allowed for derogation from full relief where:

[T]he applicant for a prohibition order has restricted the territorial scope of its action in exercising its freedom to determine the extent of that action *or because the defendant proves* that the use of the sign at issue does not affect or is not liable to affect the functions of the trade mark, for example on linguistic grounds.¹⁹¹

In a later case, *Enterprise Holding Inc. v. Europcar Group UK Ltd.*, Mr. Justice Arnold seemed to emphasize the different burden of proving confusion between double-identity and classic infringement claims as relevant to which party bore the burden on the availability of EU-wide relief.¹⁹² That case involved a dispute between two car rental companies involving a logo built around the letter “e” on a green background. The court found infringement of the plaintiff’s EUTM under the classic (confusion-based) infringement cause of action.¹⁹³ The court found that the mark was inherently distinctive, and that it has acquired substantial distinctiveness through use, at least in the United Kingdom. Under the multi-factor global appreciation test of the Court of Justice, the acquired distinctiveness of the plaintiff’s mark cut in favor of a finding of likely confusion.¹⁹⁴ And Mr. Justice Arnold relied on the enhanced distinctiveness in sustaining the confusion-based claim.¹⁹⁵

In assessing the appropriate scope of injunctive relief in *Enterprise*, Mr. Justice Arnold noted that the reasoning of the Court of Justice in *DHL*:

makes perfect sense in a case where the claim is for infringement pursuant to [the double-identity provision], and if one interprets [that provision] as throwing on to the defendant the burden of proving that the use of the sign does not affect and is not liable to affect the functions of the trade mark.¹⁹⁶

191 Case C-235/09, *DHL Express Fr. SAS v. Chronopost SA*, 2011 E.C.R. I-2801, ¶ 48 (emphasis added).

192 See *Enter. Holding Inc. v. Europcar Grp. UK Ltd.* [2015] EWHC (Ch) 300 [9]–[13] (Eng.).

193 See *Enter. Holdings, Inc. v. Europcar Grp. UK Ltd.* [2015] EWHC (Ch) 17 [216] (Eng.).

194 See Case C-251/95, *SABEL BV v. Puma AG*, 1997 E.C.R. I-6191, ¶ 6.

195 If the validity (as opposed to strength) of the EUTM had depended upon acquired distinctiveness, then the plaintiff would likely have seen its mark invalidated. Courts have taken a very strict line on where a plaintiff must prove acquired distinctiveness of its EUTM in order to overcome an absolute-grounds objection. See Case T-91/99, *Ford Motor Co. v. OHIM*, 2000 E.C.R. II-1925, ¶¶ 16, 23 (in all parts of the EU where a problem exists, there has to be resolution of such problem); see also Case C-108/05, *Bovemij Verzekeringen NV v. Benelux-Merkenbureau*, 2006 E.C.R. I-7605; cf. Case T-112/13, *Mondelez UK Holdings v. EUIPO*, EU:T:2016:735, ¶¶ 122–25; Case C-98/11 P, *Chocoladefabriken Lindt & Sprüngli AG v. OHIM*, EU:C:2012:307, ¶¶ 62–63. And where the plaintiff had plausibly only shown this in Germany (other than the United Kingdom), this would be unlikely to save the EUTM. See *Ukulele Orchestra of Gr. Brit. v. Clausen* [2015] EWHC (IPEC) 1772 (Eng.); *Sofa Workshop Ltd. v. Sofaworks Ltd.* [2015] EWHC (IPEC) 1773 (Eng.).

196 See *Enterprise*, [2015] EWHC (Ch) 300 at [9].

However, he thought that the logic of the *DHL* judgment did not obviously translate to the context of a claim based upon confusion or dilution, where the burden of proving harm (or in one instance, unfair advantage) rested with the plaintiff.¹⁹⁷

Mr. Justice Arnold thought that the question was not clear.¹⁹⁸ But he suggested that in an infringement claim other than double identity, the burden of proving the adverse effects sufficient to warrant relief lay with the plaintiff. And, because almost no evidence had been led regarding any other countries (as is often the norm in EUTM cases), Mr. Justice Arnold was willing to conclude that the defendant's use of the logo did not affect,¹⁹⁹ and was not liable to affect, the functions of the EUTM in any member state other than the United Kingdom.²⁰⁰

Ultimately, Mr. Justice Arnold characterized his conclusion on the "lack of adverse effects" exception to *DHL* (and the related question on burden) as dicta, because he also thought that the exception to *DHL* based upon the plaintiff's restriction of the territorial scope of its action applied.²⁰¹ The

197 See *id.* at [10]. In *Interflora*, Mr. Justice Arnold had recognized that *DHL* had placed the burden on the defendant in articulating its rule on scope of relief. *Interflora, Inc. v. Marks & Spencer plc* [2013] EWHC (Ch) 1484 [33] (Eng.). But in *Enterprise* he understood the *DHL* holding to reflect the double-identity posture of that case.

198 See *Enterprise*, [2015] EWHC (Ch) 300 at [11].

199 Thus, the exception for varied territorial effects is not restricted to linguistic differences, the only example that had been offered by the *DHL* court. One might have thought that the assessment of infringement of an inherently distinctive logo might have given rise to the same result throughout Europe. But Mr. Justice Arnold resisted the logic of that position, recognizing that actual use and distinctiveness created thereby might alter the confusion conclusion. Thus, even if we treat confusion as a legal assessment to be made through the fictional eyes of a European consumer, courts are likely to allow commercial realities to intrude—and as national judges sitting as EUTM courts, these are likely to be viewed through national prisms, even when language is not involved. In this case, the variation was possibly caused by the different markets that existed and in which the parties operated.

200 See *Enterprise*, [2015] EWHC (Ch) 300 at [27]. Mr. Justice Arnold commented that if he were to make any finding in favor of *Enterprise*, it could only be with regard to Germany, where there was some evidence upon which an inference of acquired distinctiveness could be based. *Id.* at [28].

201 Cf. *Enter. Holdings Inc. v. Europcar Grp. UK Ltd.* [2014] EWHC (Ch) 3169 [22]–[23] (Morgan, J.). Mr. Justice Arnold concluded that his judgment would not create any res judicata bar to allegations of infringement in any other member states. This is arguably consistent with earlier caselaw in other member states. See Case I-20 U 110/04, *Rodeo Drive* (Ger. Düsseldorf Higher Regional Ct. 2005); see also Mallinson, *supra* note 140. However, a narrow view of res judicata seems at odds with the positive goal of the unitary right and with one of the other justifications offered by the *DHL* court for a default of EU-wide injunctions, namely, the desire to avoid the risk that, by limiting relief to the particular member states where infringement was found:

the defendant would begin to exploit the sign afresh in a Member State for which the prohibition had not been issued. In addition, the new judicial proceedings which the [EU] trade mark proprietor would be compelled to bring would increase, in a manner proportional to those proceedings, the risk of incon-

plaintiff had in its Particulars of Claim sought a pan-European injunction. But its pleaded case originally relied only on acts of infringement in the United Kingdom, and a motion to amend the pleadings to allege acts of infringement throughout the European Union was denied.²⁰² (The court did allow the plaintiff to amend to allege acts in the United Kingdom and France, but by the end of trial the plaintiff had abandoned reliance on acts in France.)²⁰³ With regard to the “lack of adverse effects” exception, Mr. Justice Arnold commented that although he had:

found that Enterprise’s claim was made out . . . with regard to Europcar’s acts within the United Kingdom, I made no findings with regard to the position outside the United Kingdom. Not only that, but in addition two important elements of my reasoning were expressly confined to the position within the United Kingdom. Those were, first, the acquired distinctive character of the [EUTM] in the form in which it had been used by Enterprise and, secondly, the evidence of actual confusion. I made no finding that there was acquired distinctive character in Member States other than the United Kingdom, nor did I make a finding that there was actual confusion in other Member States. I made no such findings because there was no evidence to support any such suggestion if it had been made. For example, there was no survey evidence relating to other Member States, nor was there evidence of actual confusion.²⁰⁴

This set of facts does not seem all that different from the position in *Interflora* where the same judge was willing to assume that the evidence regarding U.K. consumers should dictate the outcome throughout

sistent decisions relating to the [EU] trade mark concerned, in particular because of the factual assessment of the likelihood of confusion. Such a consequence runs counter to the objective of the uniform protection of the [EUTM] . . . as well as to the unitary character of that mark . . .

Case C-235/09, DHL Express Fr. SAS v. Chronopost SA, 2011 E.C.R. I-2801, ¶ 45. It is not clear whether Mr. Justice Arnold intended his comment about *res judicata* to be limited to an order that was geographically limited because the plaintiff restricted the scope of the action. See *Enterprise*, [2015] EWHC (Ch) 300 at [30]. The operation of *res judicata*, at least where—as per the alternative holding in *Enterprise*—relief is limited because of lack of adverse effects elsewhere in Europe, might ameliorate the problem of inconsistent judgments. Of course, it might also force (or encourage) defendants to adduce evidence on possible geographic variations, which may both increase costs and make the venue chosen important as a matter of fairness. Ordinarily, international jurisdiction will vest in the EUTM court sitting in the defendant’s domicile, but this will not likely be the case when a non-EU defendant is sued by an EU plaintiff. The *res judicata* debate is of course also heavily informed by the question of whether the EUTM compels the courts to begin to consider the European consumer as a single construct rather than as a bundle of national consumers. That is to say, to what extent will EUTM courts indulge a normative legal fiction so divorced from reality? See *infra* notes 211–19 and accompanying text.

202 See *Enterprise*, [2015] EWHC (Ch) 300 at [16]–[17]. Empirical work suggests that, surprisingly, but according to very preliminary research, EU-wide injunctions are granted (and perhaps even claimed) in a very small percentage of cases. But it is hard at present to determine the significance of this data.

203 *Id.* at [17].

204 *Id.* at [25].

Europe.²⁰⁵ The difference in approach thus appears to rest heavily on the variation in burden of proof that Mr. Justice Arnold has developed in double-identity cases.²⁰⁶

Whether that variation is ultimately sustained by the appellate courts in setting the burden on the infringement claim—and arguably it should be—it is surely better to approach the question of territorial scope of relief more purposively, taking into account (1) the nature of the goods and services and whether EU-wide relief is likely necessary to allow expansion into an EU-wide market, and (2) whether the sign in question is one that is likely over time to elicit different consumer responses throughout the EU such that the rights of competitors to use the mark require protection in discrete, severable markets.²⁰⁷ At first blush, the transborder nature of car rental markets and the culturally homogenous sign suggested that this might have been an instance where EU-wide relief could have been appropriate, perhaps subject to proof of uncomplicated coexistence. And the notion that past infringement had taken place in one country, but was threatened in others, likewise appeared to be a model of expanding commercial interaction for which the unitary right was designed.²⁰⁸

Moreover, requiring a plaintiff as a matter of course to plead and prove distinctiveness and confusion in all twenty-eight countries of the European Union does seem to undermine the advantages of the unitary right.²⁰⁹ And asking for country-by-country surveys—which the English Court of Appeal in

205 Cf. *Hearst Holdings Inc. v. A.V.E.L.A. Inc.* [2014] EWHC (Ch) 439 [192].

206 In its recent decision in *Combit Software GmbH v. Commit Business Solutions, Ltd.*, discussed below, the court described *DHL* (like *Combit*) not as a double-identity case but a case involving “similar sign[s],” and thus governed by the classic infringement standard. See Case C-223/15, *Combit Software GmbH v. Commit Bus. Sols., Ltd.*, EU:C:2016:719, ¶ 31. While *Combit* did involve similar (rather than identical) signs, it is not clear that that was the fact pattern in *DHL*. This would be relevant to whether the burden is different for the reasons suggested by Mr. Justice Arnold.

207 Of course, most plaintiffs will assert that they hope to expand into distant EU markets. But courts (particularly in countries operating under use-based systems) have in the past been able to sift through such claims and make determinations of whether such geographic expansion is likely. See, e.g., *Dinwoodie*, *supra* note 13, at 896 (discussing the zone of natural expansion); see also *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d. 358 (2d Cir. 1959). And the parallel question of likely product expansion has long been part of standard judicial analysis in infringement and relative-ground-opposition cases involving related goods, as has, more recently, consideration of where consumer understanding of languages is converging within the European market. And any initial uncertainties that might ensue from such a purposive approach would no doubt be ameliorated over time with the accretion of judicial decisions.

208 See *Enterprise*, [2015] EWHC (Ch) 300 at [21].

209 Cf. *A.S. Watson (Health & Beauty Continental Eur.) B.V. v. The Boots Co. PLC* [2011] EWPC 026, [29]–[30] (Eng.) (granting the defendant’s request to transfer an EUTM infringement action from the Patents County Court to the High Court because of the inadequacy of the Patents County Court to hear evidence from all fourteen member states where infringement was allegedly occurring). The court noted the defendant’s argument that:

Interflora has made hard to admit on questions of confusion, over Mr. Justice Arnold's objections—seems likewise counterproductive in cost terms, notwithstanding that surveys of foreign consumers might be particularly helpful to national judges adjudicating EUTM cases.²¹⁰

The Court of Justice has recently hinted at its favored approach, though again this is not without doubt and may leave the door open for national judges to develop different approaches until the court itself steps in to clarify. In *Combit Software GmbH v. Commit Business Solutions, Ltd.*, a German owner of the EUTM and German registrations for COMBIT on goods and services in the computer industry brought an action in a German EUTM court against an Israeli company that sold software online (at www.commitcrm.com) under the mark COMMIT.²¹¹ The website was available in German and goods purchased there could be delivered to a German address. The Dusseldorf court concluded that the average German consumer would be confused by the defendant's use, but that for the average English-speaking consumer the phonetic similarity would be cancelled out by the difference in meaning that they would comprehend between COMBIT and COMMIT.²¹²

Fearing that a finding of infringement of the EUTM in such a case raised the possibility of an injunction being issued over territories where there is no likelihood of confusion, the court asked the Court of Justice whether, in assessing the likelihood of confusion, the perspective should be that of the average consumer in "some Member States, of the other Member States, or that of a fictive EU average consumer?"²¹³ As the court noted in its reference, "[i]f an EU trade mark court were required to examine the likelihood of confusion for each Member State individually, that examination would slow the proceedings and would lead to considerable expense for the parties."²¹⁴

[T]he Court in [*DHL*] was deciding in effect that if [an EU] Trade Mark court finds that the acts of infringement are limited to a single member state or group of states but also finds no infringement in other member states (perhaps on linguistic grounds) then the court must limit the territorial scope of the injunction granted. . . . [T]hat the position in each member state will need to be investigated at trial, was accepted by [the plaintiff].

[The defendant] submitted that at least the following factors will need to be considered for each member state: i) The reputation . . . , ii) The inherent distinctiveness . . . , iii) The de facto distinctiveness . . . , iv) The visual, aural and conceptual similarity between [the conflicting signs], and v) The characteristics of the average consumer.

Id.

210 See Dinwoodie & Gangjee, *supra* note 92, at 360–75.

211 See *Combit Software*, EU:C:2016:719.

212 The court felt that the English consumer would perceive the COMBIT mark as a combination of the terms "com" and "bit"—which the German court thought, perhaps oddly in the latter case, were not particularly distinctive in the computer industry—and would immediately understand the meaning of the word "commit." See Case C-223/15, *Combit Software GmbH v. Commit Bus. Sols., Ltd.*, EU:C:2016:351, ¶ 12.

213 *Id.* ¶ 14.

214 *Id.* ¶ 13.

This practical concern for the speed of adjudication is a fair critique of the approach adopted by Mr. Justice Arnold in *Enterprise*.²¹⁵ But the fundamental question about the conceptual nature of the European consumer at the heart of EU trademark law had not previously been considered by the Court of Justice.²¹⁶ And it is a tension at the heart of much trademark doctrine.²¹⁷ The Dusseldorf court also asked a question that more explicitly implicated *DHL*, namely, whether where there is varied consumer reaction, “the [EU] trade mark [has] been infringed across the European Union, or must the Member States be differentiated individually?”²¹⁸ This question brought the same prudential and conceptual points to the surface.

The Court of Justice took the view that use that creates likely confusion with the EUTM in one part of the European Union but not in others does give rise to an infringement claim, because the function of the mark as an indication of origin would be adversely affected.²¹⁹ This might not be surprising given that courts in most jurisdictions may still find infringement based upon a minority of consumers being confused. But the court did not suggest in its reply that the outcome would be affected by the relative size of the areas where the use would be confusing and nonconfusing, respectively, as one might in assessing nonterritorial aspects of what is an actionable level of confusion. The court ducked entirely the conceptual question posed by the Dusseldorf court regarding the character of the “consumer” in such cases. But the court’s continual reference to the different groupings of consumers suggests that the court envisages an approach not unlike that taken by Mr. Justice Arnold in *Interflora* and *Enterprise*, where the “European consumer” group is understood as a collection of national (or linguistic) consumers, rather than a single, multilingual, “European” fiction.

Having determined that there would be infringement, the court also made clear that, as in *DHL*, “legitimate trade arising from the use of the sign in question in that part of the European Union [where confusion is not

215 See *supra* text accompanying notes 209–10.

216 It had been considered in the context of geographic indications, where the concept of a European consumer had been endorsed. See Case C-75/15, *Viiniverla v. Sosiaali*, EU:C:2016:35. The doctrinal approaches to questions of distinctiveness, reputation, and scope of relief in earlier cases, as well as EUIPO examination practices, hinted at possibly different answers in trademark law, without the Court of Justice ever having explicitly considered it.

217 See *Dinwoodie & Gangjee*, *supra* note 92, at 364–74.

218 *Combit Software*, EU:C:2016:351, ¶ 14 (first alteration in original).

219 Case C-223/15, *Combit Software GmbH v. Commit Bus. Sols., Ltd.*, EU:C:2016:719, ¶ 25. In the context of opposition proceedings, the court has consistently held that the owner of an EUTM can successfully oppose registration of a later EUTM application where there exists a likelihood of confusion only in part of the EU—even in cases where it is limited to one member state. See, e.g., Order C-459/09P, *Dominio de la Vega, SL v. OHIM*, 2010 E.C.R. I-00111, ¶¶ 30–31; Case C-514/06 P, *Armaceil Enter. GmbH v. OHIM*, 2008 E.C.R. I-128, ¶¶ 56–57. This is unsurprising in the context of opposition to the grant of an EUTM, where the applicant can alternatively pursue national registrations.

likely] cannot be prohibited.”²²⁰ It thus sought to address how courts and parties should approach proof of the varied territorial understanding. On this point, recall that Mr. Justice Arnold had adopted a different method in *Enterprise* than he had in *Interflora*. The Court of Justice’s answer in *Combit* is far from clear. It appears to favor imposing the burden on the defendant, but was somewhat vague about the nature of that burden.²²¹ Thus, the court noted that the “information” regarding the lack of likely confusion “must, as a rule, be submitted to [the court] by the defendant.”²²² This appears to rule out the *Enterprise* approach, which places at least the initial information burden on the plaintiff. Indeed, the Advocate General explicitly placed the burden on the defendant,²²³ and expressly rejected *Enterprise* by name.²²⁴

But the court sent mixed signals about the nature of the burden that was imposed on a defendant. What does “submitting information” entail, and why does this apply only “as a rule”? Barely more clarity can be found in the opinion of the Advocate General. The Advocate General talks explicitly in terms of “burdens,” rather than the provision of information.²²⁵ He first suggested, with great clarity, that the “burden includes the burden of raising and presenting an issue (*onus proferendi*) and the burden of proof in the strict sense (*onus probandi*).”²²⁶ It was thus for the defendant to raise and demonstrate the need for a territorial limitation, because this would create what the Advocate General saw as an exception to the unitary principle.²²⁷ However, standards and methods of proof are matters of national procedural law (provided that those national laws do not compromise the EU goal of providing uniform protection). And the Advocate General noted that “demonstrating that the likelihood of confusion is geographically restricted may demand considerable effort, particularly where that demonstration concerns a country other than that where the action is brought.”²²⁸ (Thus, it is clear that both the approach in *Enterprise* and that in *Interflora* give rise to practical questions of efficient adjudication. And it might be that the allocation of the burden to plaintiff or defendant should vary depending upon the factual issue that might cause a different result to ensue with respect to different

220 *Combit Software*, EU:C:2016:719, ¶ 32.

221 See *Conclusions From Previous Meetings*, CIRCLE OF EUROPEAN TRADEMARK JUDGES, http://cet-j.org/?page_id=30 (last visited Mar. 12, 2017).

222 See *Combit Software*, EU:C:2016:719, ¶ 32.

223 See *Combit Software*, EU:C:2016:351, ¶¶ 33–34 (AG Szpunar). Indeed, Mr. Justice Arnold himself accepted in *Enterprise* that this was not clear and predicted the need for guidance.

224 See *id.* ¶¶ 37, 39–40.

225 See *id.* ¶¶ 33–34. In one paragraph, the burden is formulated as being “that the limitation of the prohibition must be raised by the defendant and justified in relation to a specific part of the territory of the European Union.” See *id.* ¶ 36. But that passage appears simply intended to rebut the suggestion (found in a decision of the German court in *Volkswagen*) that a court should *sua sponte* consider such questions. See *id.* ¶ 38.

226 *Id.* ¶ 42.

227 See *id.* ¶ 43.

228 *Id.* ¶ 49.

groups of consumers, because evidence on those factual issues might in some cases be more available to one party or the other). These conflicting considerations appeared to push the Advocate General towards an alternative formulation: the defendant must raise and “pu[t] forward specific arguments” about a lack of confusion and a court *may* (if national laws permit) require the defendant to provide specific proof of that.²²⁹ The Court of Justice’s ambiguity may reflect these hedges by the Advocate General.

More helpfully, the Advocate General also begins a discussion, not picked up by the court, about the strength of the presumption of EU-wide relief and the variables that might cause derogation. In light of the discussion in Part III above, this is a discussion with which the court could usefully have engaged. It is unhelpful for the court simply to rely on the formalistic notion of reading exceptions from general principles narrowly, especially when the court has failed to tackle the conceptual questions (e.g., the nature of the “average EU consumer”) or the normative policy questions (of whether different forms of proof would undermine either the European project or the usefulness of a cleaner register).²³⁰ In contrast, the Advocate General did recognize that the nature of the market that an injunction would regulate may vary depending, for example, on the nature of the goods, or the methods by which they were marketed.²³¹ (To this, one might add the nature of the sign.) Thus, he suggested that in a case like the one before the court, involving the “market in software sold on the internet . . . it is necessary to start from the premis[e] that the infringement concerns the entire territory of the European Union” because a territorial limitation might render it ineffective in violation of the principles found in the Enforcement Directive.²³²

Finally, the court gave only general guidance on one of the satellite issues raised by *DHL*, namely, how a court should go about crafting a territorially limited injunction. It said only that the court must identify:

with precision the part of the European Union in respect of which it finds there to be no actual or potential adverse effect on the functions of the trade mark, so that it is absolutely clear from the order . . . which part of the Union is not covered by the prohibition on using the sign in question. Where, as in the present case, that court intends to exclude from the prohibition on use certain linguistic areas of the European Union such as those designated by the term ‘English speaking’, it must state comprehensively which areas it intends that term to cover.²³³

229 *Id.* ¶ 49 (emphasis added).

230 *Id.* ¶ 29.

231 *See id.* ¶¶ 53–55.

232 *Id.* ¶ 54; *see also* Directive 2004/48 of the European Parliament and of the Council of Apr. 20, 2004, on the Enforcement of Intellectual Property Rights, 2004 O.J. (L 157) 45, 61 (EC).

233 Case C-223/15, *Combit Software GmbH v. Commit Business Solutions Ltd*, EU:C:2016:719, ¶ 34.

Caselaw within Europe has indirectly tackled some of the underlying questions, with courts opining in several cases on the countries in which English might be understood, which might also vary depending on the nature of the goods and the nature of the sign.²³⁴

C. *Relief in Dilution Cases*

The *DHL* decision also brought back into play a question that was addressed by the Advocate General in *Pago v. Tirol Milch* but that was left unanswered by the court in that case. In the EU, marks “with a reputation” obtain protection against dilution. The EUTMR explicitly states that this additional protection will be available to EUTMs with a reputation “in the [EU].”²³⁵ In *Pago*, the applicant’s EU mark had a reputation in Austria, and nowhere else.²³⁶ But the owner wanted relief throughout the EU and thus claimed that it had a reputation in the Union. Austria, after all, was part of the EU. The Court of Justice held that to be protected against dilution an EUTM must be known by a “significant part of the public . . . [in] a ‘substantial part’ of the territory . . . of the [Union].”²³⁷ Consistent with her opinion in *Leno Marken*, Advocate General Sharpston explained that “an approach which focuses on Member State boundaries when seeking to establish the extent of [an EU] trade mark’s reputation is fundamentally misconceived. Rather, the starting point must be to consider the territory of the [Union] *regardless of frontiers*, as a single and indivisible whole.”²³⁸ The court accepted that under this test, the territory of Austria alone might be considered to constitute a substantial part of the territory of the Union, but left that question to the Austrian courts.²³⁹

A further question was posed to the Court of Justice in *Pago*, namely, that even if reputation in Austria was sufficient to amount to reputation in the EU, warranting dilution protection for the EUTM, could relief extend beyond Austria to countries where no such reputation existed? The Advocate General thought that it would not because there was no need for any wider order to be granted to further the intrinsic objectives of trademark law.²⁴⁰ The Max Planck Study appeared to support this approach.²⁴¹

234 See *Ukulele Orchestra of Gr. Brit. v. Clausen* [2015] EWHC (IPEC) 1772 (Eng.).

235 EUTMR, art. 9(1)(c) (granting rights against unauthorized use of “any sign which is identical with, or similar to, the [EU] trade mark . . . where the latter has a reputation in the [EU] and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the [EU] trade mark”).

236 Case C-301/07, *Pago Int’l GmbH v. Tirol Milch GmbH*, 2009 E.C.R. I-9429.

237 *Id.* ¶¶ 17, 19, 20.

238 *Id.* ¶ 29. There is clearly an initial inconsistency between the approaches taken by the EU courts to the territorial aspects of their distinctiveness analysis and their reputation analysis, respectively. Cf. Case T-91/99, *Ford Motor Co. v. OHIM* [2000] E.T.M.R. 554 (CFI 2000). In *Pago*, the court appears to have accepted that it should view the EU as a separate market, regardless of actual commercial variation.

239 See *Pago Int’l*, 2009 E.C.R. I-9429, ¶¶ 29–30.

240 See *id.* ¶¶ 53–57 (“It is seldom if ever appropriate for a court to make an order in wider terms than are necessary. Where the infringement of the trade mark is confined to a

Decisions from both the German and Dutch courts appear to follow that approach.²⁴² In *Hormel v. Dukka*, Hormel owned the EUTM SPAM for canned meat products.²⁴³ It sued Dukka in The Hague for marketing an energy drink under the name SPAM.²⁴⁴ The court rejected the confusion-based claims in large part because of the dissimilarity of the products. But that does not prevent a dilution claim.²⁴⁵ Yet, that too failed. Under *Pago*, Hormel's EUTM was entitled to dilution protection if it had a reputation in a substantial part of the Union, and one single member state can constitute such a substantial part. Hormel established that its SPAM mark had a reputation in the United Kingdom.²⁴⁶ However, the Dutch court refused to grant any relief because the defendant was not planning on using the mark in the United Kingdom, and the SPAM mark had (according to the court) no reputation elsewhere in the EU.²⁴⁷ As a result, the plaintiff could not show that

single Member State (here, Austria), it will normally be sufficient for the order prohibiting such an infringement likewise to be confined to that single Member State. I see nothing in the Regulation that would preclude a competent court from making an order limited in that way.”). But note that the “likelihood” of confusion is the relevant standard for liability. See Annette Kur, *Harmonization of Intellectual Property Law in Europe: The ECJ Trade Mark Case Law 2008–2012*, 50 COMMON MKT. L. REV. 773, 785 (2013).

241 See MAX PLANCK STUDY, *supra* note 50, ¶ 3.90, at 150 (recommending that, in cases of territorially limited reputation, dilution protection conferred by an EUTM be available only in those parts of the Union where the mark had a reputation).

242 See Case I ZR 214/11, Trade Marks with Volks-prefix [2014] E.T.M.R. 47 (Ger. Fed. Sup. Ct. 2013); Case C109/370493, *Hormel Foods Corp. v. Dukka BV* (The Hague D. Ct. 2013). Some commentators agree. See Daniel R. Bereskin, *Territorial Effect of Trade Mark Registrations: A North American Perspective*, in IN VARIETATE CONCORDIA? NATIONAL AND EUROPEAN TRADEMARKS LIVING APART TOGETHER 97, 109 (2011) [hereinafter IN VARIETATE CONCORDIA] (“[I]n light of the EU’s substantial geographical extent, and its profound political, linguistic, economic and cultural diversity, the scope of protection of [an EUTM] should be restricted to the area of the EU in which the [EUTM] has been used or acquired a reputation.”). Insofar as this is a restrictive view of the scope of rights, Bereskin notes the social and technological forces that make it a less dramatic derogation from unitary rights:

[A]s a result of the Internet and other modern forms of communication, the reputation of [an EUTM] may well extend well beyond the borders of the countries in which the trade mark initially is used, so the rights of the owner of the [EUTM] may well be quite extensive geographically if the rights are both use and reputation-based.

Id.

243 Case C109/370493, *Hormel Foods*.

244 *Id.*

245 *Id.*

246 *Id.*

247 *Id.* If the plaintiff acquired a reputation in the place where the defendant did use after the defendant started using, it is not clear that there would then be relief provided under European law. The U.S. statute is explicit on this point. Section 43(c), codified at 15 U.S.C. § 1125(c) (2012), provides that a mark owner can enjoin another diluting use if the diluting use begins after the mark owner’s mark has become famous. *Cf.* Enter. Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 330 F.3d 1333 (Fed. Cir. 2003). Thus, mark fame for purposes of section 43(c) must be measured as of the time when the defendant’s alleged diluting use began. See *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 171–73

the defendant's use of the SPAM sign took unfair advantage of or was detrimental to the distinctive character or reputation of Hormel's trademark.²⁴⁸ It could not do so because the defendant was not using the mark where the mark had a reputation.²⁴⁹ In many respects, this is simply the intrinsic territoriality of marks reasserting itself; and it can be seen as the extended application of *DHL* in the dilution context. EUTMs with a reputation only in the United Kingdom will under this approach only receive relief against uses in the United Kingdom.

Moreover, this outcome approximates post-2006 U.S. law to some extent. Under the 1995 U.S. dilution legislation, geographic extent of use was one factor in the fame calculus, suggesting that locally famous marks might qualify under section 43(c) if other factors weighed in favor of fame. The 2006 Act however requires the mark to be recognized by the "general consuming public of the United States."²⁵⁰ The 2006 version of section 43(c) thus leaves regionally or locally famous marks with a remedy only under state law in states where the marks are famous.

In a recent case, the Court of Justice appears to be sympathetic to some of the resistance seen in *Dukka*, but again its decision lacks clarity. In *Iron & Smith v. Unilever*, Iron & Smith sought a Hungarian registration for the figurative sign "Be Impulsive."²⁵¹ Unilever opposed based upon its earlier EUTM for the word IMPULSE for body spray, arguing that the Iron & Smith mark would dilute its word mark.²⁵² IMPULSE had no reputation in Hungary, but

(4th Cir. 2012); *Nissan Motor Co. v. Nissan Comput. Corp.*, 378 F.3d 1002, 1013 (9th Cir. 2004). The analysis in Europe might now be affected by the imperfectly drafted "intervening rights" defense. See ATMR art. 1(15) (adding EUTMR art. 13a); see also Case C-65/12, *Leidseplein Beheer BV v. Red Bull GmbH*, EU:C:2014:49.

248 Case C109/370493, *Hormel Foods*.

249 *Id.*

250 15 U.S.C. § 1125(c)(2)(A). The provision (section 43(c)(2)(A)) was primarily designed to overrule the proposition that fame in a niche market could suffice for section 43(c) purposes. See *Top Tobacco, L.P. v. N. Atl. Operating Co.*, 509 F.3d 380, 384 (7th Cir. 2007) (concluding that the statutory reference to "the general public" eliminates niche market fame); see also *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999) (recognizing the niche fame concept under 1995 legislation). However, the reference to "the United States" also appeared to have introduced a geographic dimension to the concept. The 1995 legislation already included factors for determining fame that contained a geographic component, and the 2006 version retained them: "[t]he duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties"; and "[t]he amount, volume, and geographic extent of sales of goods or services offered under the mark" 15 U.S.C. § 1125(c)(2)(A)(i)–(ii); see *Cosi, Inc. v. WK Holdings, LLC*, No. 05-2770, 2007 WL 1288028 at *2 (D. Minn. May 1, 2007) (concluding that a franchisor that operated 110 sandwich shops in sixteen states did not show that its mark falls into the "select class of 'famous' marks" such as "Victoria's Secret" and "Louis Vuitton"); see also Xuan-Thao Nguyen, *Fame Law: Requiring Proof of National Fame in Trademark Law*, 33 CARDOZO L. REV. 89 (2011).

251 Case C-125/14, *Iron & Smith v. Unilever*, EU:C:2015:539.

252 *Id.* ¶ 10.

based upon sales in the United Kingdom and Italy, it had a reputation in a substantial part of the European Union (satisfying *Pago*).²⁵³

The Court of Justice adopted a rule that is similar—but not identical—to the Dutch court in *Dukka*. It recognized that in order to bar the Hungarian registration, there would need to be some adverse effect on the opponent's interests in Hungary.²⁵⁴ Under *Dukka*, the lack of a reputation in Hungary would arguably preclude there being anything to blur or tarnish, and no possibility of unfair advantage. But the court expressed its position in language that is less clear:

[E]ven if the earlier [EUTM] is not known to a significant part of the relevant public in the Member State in which registration of the later national mark has been applied for, it is conceivable that a commercially significant part of the latter may be familiar with it and make a connection between that mark and the later national mark.²⁵⁵

It is not clear how far this derogates from a commitment to unitary relief, and it may reflect a different compromise than found in *DHL* of the different forms of territoriality.²⁵⁶

VI. THE UNITARY PRINCIPLE AND OVERLAPPING RIGHTS: A DEFENSE OF RESISTANCE

The relationship between expansion of trade and the territoriality of trademarks is complex. As a purely descriptive matter, creating policy on the assumption of a direct relationship—trade is larger, so trademarks should be too—creates significant challenges for trademark law. Unitary rights, which in their pure form are the fullest manifestation of this assumption, pose particular problems if the politically-drawn borders prompt rights far greater than commercial patterns warrant. Indeed, rather than facilitating easier clearance processes that allow for more integrated and larger markets, they can exacerbate overlaps, create clutter and transaction costs, and thus impede trade.

Of course, one of the justifications for the EUTM was that it might help create a single market; unlike the U.S. statute in 1946, the legislative history spoke to the future and not the present.²⁵⁷ But *if* trademark law actually can

253 *Id.* ¶ 11.

254 *Id.* ¶¶ 26–34.

255 *Id.* ¶ 30.

256 See Robert Burrell & Michael Handler, *Reputation in European Trade Mark Law: A Re-Examination*, 17 ERA F. 85, 94 (2016) (“[A]lthough the Court did not seek to limit the effect of *DHL* by suggesting there was no need to demonstrate harm to one of the functions in order to secure injunctive relief, it nevertheless made it easier to secure such relief by lowering the reputational bar. The consequence of this aspect of *Iron & Smith*, which appears to have gone unnoticed, is that the Court has now acknowledged that antidilution harms are capable of arising in circumstances where the mark owner enjoys less than the level of reputation needed to satisfy the *Yplon* threshold.”).

257 See S. REP. NO. 79-1333, at 4 (1946), reprinted in 1946 U.S.C.C.A.N. 1274, 1277 (“Trade is no longer local, but is national . . . It would seem as if national legislation along

dictate changes in the level at which commercial exchange occurs, we then have to grapple with normative questions about the benefits—and costs—of more liberal trade, which should cause trademark law to engage with broader political debates about the relative merits of the global and the local. To some extent, the *raison d'être* of the European Union shortcuts any such debate, although recent political winds suggest that such questions are not off the table.²⁵⁸ If, in contrast, trademark law has little effect on the reach of markets—as opposed, for example, to language, culture, or technology—then one might wonder why we should create the additional costs of exacerbated clutter.

At the very least, trademark law needs to engage with these questions. In this concluding Part of the Article, I briefly raise some questions that suggest we need to more consciously (and perhaps more normatively) seek to “right-size” trademark protection with an eye to varied concerns.

A. *Two Paradoxes*

In striking a balance between the intrinsic territoriality of marks and a political vision of the European territory, it is worth prefacing any analysis by recognizing two paradoxes that have been thrown up by the contemporary political, technological, and commercial climate.

1. Local Rights in a Regional or Global Polity

The reluctance of European courts to follow the unitary principle without question is in part a function of the growing size and diversity of the EU market. In 1957, the European Economic Community was a smaller grouping of relatively similar countries. A unitary mark then would have imposed a political notion of territoriality not that far removed from social and commercial understandings. In a union of twenty-eight countries and twenty-three languages, reconciling the intrinsically territorial dimension to consumer understanding with the vast politically-created borders will require greater flexibilities. This is reflected in some of the developing caselaw and in some of the policy debates about scope of relief. There are good reasons why courts have resisted.

To state the matter more conceptually, just as there are problems with trademark law lagging too far behind the marketplace, so too the challenges for trademark law become acute if it moves too far ahead of the commercial market. Despite the rhetoric of a global marketplace, linguistic, cultural, and other forces ensure the maintenance of local and regional markets. And that

national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted.”).

258 See, e.g., Barry Eichengreen, *Does Trump's Election Spell Globalisation's End?*, GUARDIAN (Nov. 17, 2016), <https://www.theguardian.com/business/2016/nov/17/does-trumps-election-spell-end-for-globalisation>; Larry Elliott, *Brexit Is a Rejection of Globalisation*, GUARDIAN (June 26, 2016), <https://www.theguardian.com/business/2016/jun/26/brexit-is-the-rejection-of-globalisation>.

might not be a bad thing, if we value the joy of difference in an integrated community. Indeed, that is to some extent what prompted the endorsement of territoriality as a principle of international intellectual property law in the first place. Courts and policymakers in the European Union are now being confronted with this reality.

In the short term, European courts and legislators will continue to face difficulties in reconciling the different demands of the political and intrinsic territoriality of marks. Perhaps, for countries who have not yet mimicked the EU experiment, this suggests harder thinking might be warranted about more incremental approaches to the problems of territoriality. For example, in the United States, over the years, judicial interpretation of core concepts in trademark law (such as “use” or “distinctiveness,” or more fundamentally “the ordinarily prudent American consumer”) has managed without vast disruption to incorporate changing social and commercial practices that affect the actual territorial reach of consumer understanding.²⁵⁹ This might be a more conservative approach, but it needs still to be kept on the table as an alternative approach to unitary rights in contexts where the patterns of social and commercial exchange have not yet approached the political territory for which the unitary scheme is sought to be imposed.

Indeed, some aspects of the debates in this Article will be familiar to U.S. trademark lawyers. Bona fide use anywhere in the United States (nominally, in interstate commerce, but this is a minimal threshold) will maintain the federal registration;²⁶⁰ and that registration secures nationwide priority and potential U.S.-wide relief.²⁶¹ Thus, a U.S. lawyer might wonder why one might resist the full force of unitary rights. But the commercial significance of this geographic extension of legal rights in advance of commercial reality is far greater (and perhaps more troubling) in the European Union where, because of linguistic and cultural diversity, there remain far more numerous distinct markets where these formal legal rights impede competitors for no realistic commercial purpose. And even U.S. courts have long recognized remedial limits on the enforcement of federally-registered rights against local traders where commercial activity is less than national. The *Dawn Donut* rule is probably the best-known example.²⁶² There, the Second Circuit denied injunctive relief to a senior user with a federal registration, which conferred nationwide rights.²⁶³ Confusion would have arisen if goods of both parties had been sold in the same region, but relief was denied because the senior user had no plans to enter the market where the injunction was sought.²⁶⁴ Although the court recognized the superior rights of the senior user, which

259 See, e.g., Dinwoodie, *supra* note 13, at 896 (discussing the zone of natural expansion and definition of “use”).

260 For a recent example, see *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986 (Fed. Cir. 2016).

261 See 15 U.S.C. § 1072 (2012).

262 *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959).

263 *Id.* at 366.

264 *Id.* at 365.

were sufficient therefore to offer the senior user the certainty in the national market that registration is intended to confer, it also sought to recognize the goodwill that had developed in a particular locale and would not preempt that goodwill without good reason.²⁶⁵

Might we simply argue that the *DHL* rule is an echo of *Dawn Donut*? There are some differences. In *DHL*, the argument for confining the injunction to France was not that the plaintiff and defendant were using their marks in different markets (though that might have been the case on the facts). Rather the use of the mark in different countries within the EU might for linguistic reasons lead to different conclusions on confusion (or perhaps the applicability of the descriptive fair use defense) and hence infringement. This does seem somewhat at odds with a unitary EU-wide priority. Similarly, in *Dawn Donuts*, as soon as the federal right holder expanded trade, it would have secured relief. In contrast, if the plaintiff in *Enterprise* expanded its trade into areas of the European Union not covered by the injunction (or, to map to *Dawn Donut*, had plans to do so) it is not clear that the defendant would immediately have had to cease trading under the contested logo. This would have depended upon whether the inability of the plaintiff to prove acquired distinctiveness turned on mere lack of use in the territory in question or whether this was inherent in the prevailing cultural, political, or linguistic climate. Indeed, if the defendant had continued to trade and acquired its own distinctiveness, the picture becomes even more complicated and trademark policy might demand the recognition of coexisting trademarks. This possibility is contemplated by the decision of the Court of Justice in *Budejovický Budvar*.²⁶⁶ And the recent introduction of intervening rights defenses in the 2015 European Trade Mark Regulation is also fully consistent with that philosophy.²⁶⁷

The *DHL* decision in one sense simply reflects the enduring power of the *intrinsic* territoriality of marks. The political process may have decreed that there is a unitary mark operating in a single market. But the courts fully appreciate that that is not the commercial reality. And as the European Union expands in size and diversity—Brexit notwithstanding—this impulse on the part of courts will become even stronger. Such an approach might be

265 *Id.* at 362.

266 *See* C-482/09, *Budějovický Budvar, národní podnik v. Anheuser-Busch Inc.*, 2011 E.C.R. I-8701; *see also* *Budejovický Budvar NP v. Anheuser-Busch Inc.* [2009] EWCA (Civ) 1022, ¶ 12 (Jacob, L.J.) (“I make no apology for this lengthy quotation [from an earlier English case discussing the principle of honest concurrent use under English common law]. I believe it has important lessons for us today. Just as the expansion of trade within an individual nation state of the 19th century required trade mark law to accommodate cases where two owners had independently and honestly commenced use of their respective but identical or confusingly similar marks, so in today’s globalising market there may be a need for a similar accommodation. And that is particularly true of the law of the European Union, one of whose main purposes is to have a single market.”).

267 *See* ATMR, art. 1(15) (adding EUTMR art. 13a); *cf.* Case C-65/12, *Leidseplein Beheer BV v. Red Bull GmbH*, EU:C:2014:49.

warranted not only to effectuate the intrinsic territoriality of marks, but also to address the problem of cluttering of the register.

2. The Interdependence-and-Scope Paradox

We should also bear in mind what might be called the interdependence-and-scope paradox: Does interdependence of trade mean that mark owners need the capacity to secure and enforce exclusive rights in a greater number of places (or across a larger geographic area) or, paradoxically, that the grant of such relief in a single place might be sufficient effectively to exercise the rights throughout a larger territory? In an integrated global market, a plaintiff might not need relief everywhere to secure the desired practical result.²⁶⁸ Of course, this demonstrates the potentially excessive power of even national relief and the extent to which a nominal commitment to territoriality hardly guarantees sovereignty in the face of the realities of a truly integrated market. And it may explain preliminary data suggesting that plaintiffs frequently seek relief for a territory less than the entire EU notwithstanding the availability of international jurisdiction under the EUTMR. Relief in the principal markets may, in some cases, be sufficient to decide the battle throughout Europe. Whether the defendant retaliates by pursuing the plaintiff in other markets within the territory that are also of commercial significance will turn on many factors, including the nature of the businesses, the respective market penetration, and the nature of the European market (whether fully integrated or not, which may be affected by the goods and services at issue). This is the private law version of what I have previously characterized in sovereignty terms, namely, that globalization has created an excess of nonexclusive prescriptive jurisdiction.²⁶⁹

B. Institutional and Conceptual Design

In Part II of this Article, I raised the question whether supranational political institutions are sufficient to ensure the success of a system of unitary rights. The institutional design choices made by the drafters of the EUTMR, as well as the (perhaps politically and practically understandable) cautious vision of the European consumer adopted by the courts, have to some extent slowed the full embrace of unitary trademark rights in Europe. The rule adopted in *DHL*, and its later development by the U.K. courts in particular,

268 See *Microsoft Corp. v. Lindows.com, Inc.*, 319 F. Supp. 2d 1219, 1220–21 (W.D. Wash. 2004); *Lindows and Microsoft Settle Suit*, N.Y. TIMES, July 20, 2004, at C11. For a more recent example, on September 2, 2016, after contentious U.K. litigation, see *Maier v. ASOS PLC & ASOS.com Ltd.* [2015] EWCA (Civ) 220, U.K. retailer ASOS announced it had reached a global settlement regarding trademark infringement disputes with Assos of Switzerland GmbH (“Assos”) and Anson’s Herrenhaus KG (“Anson”) by agreeing to pay £20.2 million. See Press Release, ASOS PLC, ASOS Settles Trade Mark Disputes (Sept. 2, 2016), http://www.asosplc.com/~/_media/Files/A/ASOS/results-archive/statement/asos-announcement-02092016.pdf.

269 See Dinwoodie, *supra* note 138.

arguably highlights the limits of imposing a rule of political territoriality without fully instantiating conceptual approaches or political institutions most appropriate to that commitment.

Because EU trademark courts are actually national judges sitting in their home courts wearing EU hats, they will tend to analyze questions of consumer association and confusion as national actors (in part also because the evidence put before such national judges will also likely have a “national” focus). French EUTM courts will, as they decide questions of French confusion day-in, day-out, tend to view questions through a French lens. German EUTM courts will tend to view the same questions through a German lens. But if the supraterritorial commitment of the EUTM is the dominant and overriding political goal, designed to create an integrated commercial and political union of twenty-eight countries, the relevant question should be viewed through the lens of a European consumer. The Court of Justice consciously ducked that question when it was presented in *Combit*. How methodologically one implements a particular vision of the European project, such as via the elaboration of a European consumer, is thus crucial to the imposition of a full unitary model.²⁷⁰

Moreover, might judicial reaction to the possible derogations from the unitary principle have been different had the EU made the decision to create autonomous EU trademark courts with composition and jurisdiction closer to that put in place for the Unitary Patent?²⁷¹ (We might have had a good comparative experiment if the Unified Patent Court system becomes a reality, but that eventuality is far from clear. And patents may in any event not be a true comparator in that they may lack the intrinsic territoriality of trademarks, turning more on the universality of technology than the locality of language and culture.) But because national courts have been simply commandeered in aid of the European project, the EU legislature has arguably not provided the institutional infrastructure to facilitate the politically-desired shift (even if other reasons related to the nature of marks and the vision of Europe suggest this is not necessarily a bad result).²⁷²

270 The extent to which courts will indulge a normative legal fiction divorced from reality implicates many questions in addition to the nature of the European project. See Dinwoodie, *supra* note 18.

271 See Council Document No. 16351/12 of Jan. 11, 2013, Agreement on a Unified Patent Court, 2013 O.J. (C 175/1). The Unified Patent Court (UPC) structure is ambitious and largely autonomous. It will have exclusive competence in respect of European patents and European patents with unitary effect. Although legally qualified judges will require the qualifications necessary for appointment to judicial offices in a Contracting Member State, many (especially as the court grows) might have no parallel national duties. And any panel of the UPC shall have a multinational composition.

272 In some respects, the legislation did introduce provisions mediating relations between national and EU institutions and national and EU marks that on their face seemed to advance the need for single EU-wide determinations. See, e.g., EUTMR, *supra* note 7, art. 109 (governing successive and simultaneous actions on national and EU marks and institutions). But these have been narrowly interpreted. See *Hearst Holdings Inc. v.*

Of course, in the United States, federal judges do think of themselves essentially as American consumers. But in the United States, the political territory and the commercial and social territories are relatively congruent. In the European Union, this is not the case. We have created the legal fiction of a unitary market, where in reality the market is quite different. Asking the question from the perspective of a “European consumer” would involve the creation of a sizeable fiction (though the average consumer is in European law to some extent already a fiction).²⁷³

Recognizing the complex and normative character of these territoriality-related issues might help identify the further reforms that are necessary in the EU. If the EU wishes to recognize the importance of the intrinsic territoriality of marks while pushing the political imperatives of a united Europe, this will involve the development of doctrinal devices that take greater account of actual use and patterns of commerce. If instead the political purpose of the EUTM is that marks are to move in advance of markets, then lawmakers must provide the guidance and the political machinery to consolidate this initiative—such as creating real EU-level courts, or requiring courts to ask questions in terms of the EU as the relevant territory and with respect to a notional European consumer.²⁷⁴ It may also require attention to methodological or evidentiary matters, on which the Union is presently deferential to national tradition. For example, the U.K. courts are currently retrenching on the relevance of survey evidence or witness collection exercises.²⁷⁵ But it may require greater reliance on external empirical evidence to allow national judges moonlighting as EUTM courts to don the mantle of the European consumer than it does for them to approximate a British consumer. In Europe, the gap between intrinsic, commercial territoriality and political, nonterritorial aspirations is too wide to be bridged without much more aggressive political changes. And the appetite for such changes does not appear to exist.

A.V.E.L.A. Inc. [2014] EWHC (Ch) 1553; *Prudential Assurance Co. Ltd. v. Prudential Ins. Co. of Am.* [2003] EWCA (Civ) 327.

273 See *Interflora, Inc. v. Marks & Spencer PLC* [2013] EWHC (Ch) 1291, ¶¶ 208–11. The use of this fiction masks normative policy judgments (about levels of paternalism) and is also inevitable in a registration system both because use by a right owner sometimes has not occurred and because taking a finely-grained empirical measure of consumer reaction may be too expensive for courts to pursue given the limited gains in terms of more tailored relief. See Graeme B. Dinwoodie, *What Linguistics Can Do for Trademark Law*, in *TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE* 140 (Lionel Bently et al., eds. 2008).

274 See Dinwoodie, *supra* note 43, at 89 (discussing the use of national judges as part of harmonization efforts).

275 See generally *Marks & Spencer PLC v. Interflora Inc.* [2012] EWCA (Civ) 1501 (Eng.). One can arguably see similar moves afoot in Canada and Australia. See, e.g., *Masterpiece Inc. v. Alavida Lifestyles Inc.* [2011] 2 S.C.R. 387 (Can.); Kimberlee Weatherall, *The Consumer as the Empirical Measure of Trade Mark Law*, 80 *MOD. L. REV.* 57 (2017).

C. Concrete Reform Proposals

1. Judicial Resistance: Developing Interpretations of *Leno Marken* and *DHL*

Despite the criticism of decisions by the U.K. courts in *Sofaworks* and *Enterprise*, the approaches that are haltingly being considered by those courts reflect some of the concerns above. The uncertainties of Court of Justice caselaw also suggest that there is some caution at that court about a full embrace of the unitary principle. Finally, preliminary empirical work suggests that in practice, EU-wide relief is being sought far less frequently than one might assume. This might flow from the interdependence-and-scope paradox noted above, and lack of requests for EU-wide relief might be due to a lack of certainty post-*DHL* regarding the conditions under which it might be available. But it might also reflect that private coexistence agreements have long structured the practice of trademark law, and that as clutter becomes more problematic the need for less aggressive assertions of scope is apparent to market actors. In any event, the questions raised in *Sofaworks* and *Enterprise*, and bubbling beneath the surface in Court of Justice caselaw, need to be taken further by policymakers and courts (including in tackling the questions of genuine use or scope of relief).

2. Elevating Use-Based Devices

Courts even in unitary registration systems feel compelled to take into account the realities of more local and market-specific use.²⁷⁶ And this may be desirable for the reasons discussed above. The Max Planck Study proposed to reform EU law to better reflect the concept of well-known marks. The Directive and the Regulation include well-known marks within the earlier marks that can be asserted as the basis for a relative ground of objection.²⁷⁷ But there is no express requirement to provide protection for such marks outside the registration context.²⁷⁸ The Study contemplated (but did not definitively endorse) the concept of a mark “well-known in the [Union],” which would effectively grant unregistered well-known mark protection throughout the European Union. This (along with national well-known mark provisions for smaller cross-border effects) might be a better avenue for transborder protection in the EU (subject to *Iron & Smith*) than broadening registered rights without regard to use.

276 See Bereskin, *supra* note 242, at 107 (“[A] system that is at least partially use-based rather than registration-based seems better suited to serve the needs of the EU given its substantial geographic size, and the economic, linguistic, cultural and political diversity of the nations comprising the EU.”).

277 See 2008 Trade Mark Directive, *supra* note 7, art. 4(1); EUTMR, *supra* note 7, art. 8(2)(c).

278 Member states typically include such protection in their national laws. See, e.g., Trade Marks Act 1994, § 56 (Eng.).

3. Embracing Coexistence of Registered Rights

In its Study, the Max Planck Institute also proposed that:

The registration and use of subsequent national trade marks in a Member State remote from the part of the [Union] where a conflicting earlier [EUTM], which has been registered for a period of at least 15 years, was used should be allowed provided that the later mark was applied for in good faith. Such registrations should coexist with the earlier [EUTM] which continues to be valid and enforceable and may also be used in that Member State. It should be explicitly set out in the rule that it only applies to [EUTM]s if only minimal use of the [EUTM] has been made in a part of the [Union] which is distant from the relevant Member State.²⁷⁹

The proposal was grounded both in the changed circumstances of the European Union as a more diverse territory than in 1957 (or 1994) and more generally in the nature of market realities. It was moreover consistent with commercial practice, where coexistence is an accepted and frequently-negotiated norm. The authors of the Study (correctly) did not believe that such a rule would interfere with the unitary character of the EUTM.²⁸⁰ But the proposal met with substantial resistance and ultimately was not included in the proposals submitted by the European Commission that led to the 2015 reform of EU trademark law.

To be sure, the Max Planck proposal went beyond the temporary limit on remedies that *Dawn Donut* endorsed in the United States, and perhaps approximated the concept of concurrent users embodied in section 2(d) of the Lanham Act.²⁸¹ But the underlying concept is surely implicit in the Court of Justice's *Budweiser* decision.²⁸² And the need for such a limitation is greater in the context of the European Union where the unitary market is so frequently inconsistent with commercial reality. In light of this legislative inertia, it will be no surprise, perhaps, if national courts take matters into their own hands and interfere with the premise of EU-wide relief in order to elevate commercial reality over the legal form of an EU-wide registration.²⁸³

279 See MAX PLANCK STUDY, *supra* note 50, ¶ 3.31, at 139.

280 See Roland Knaak & Philipp Venohr, *Coexistence in Future European Trade Mark Law*, in IN VARIETATE CONCORDIA, *supra* note 242, at 169, 178; see also Roland Knaak et al., *The Study on the Functioning of the European Trade Mark System 4* (Max Planck Inst. for Intellectual Prop. & Competition Law Research Paper No. 12-13, 2012) (suggesting that the proposal does not “constitute an abandonment of the unitary principle, but instead merely takes account of the existence of different conditions on individual submarkets within the EU”).

281 15 U.S.C. § 1052(d) (2012).

282 See Case C-482 C-482/09, *Budejovický Budvar, národní podnik v. Anheuser-Busch Inc.* [2012] EWCA (Civ) 880.

283 Dan Bereskin has offered a variant on the Max Planck proposal. See Bereskin, *supra* note 242, at 108 (“[A]n applicant should be entitled to apply for a concurrent [EUTM] . . . in a defined geographic area of the EU provided that the use of the concurrent [EUTM] is unlikely to cause confusion with a [senior national or CTM registration] that was issued more than five years before.”). Bereskin supports this proposal in part by the need to reduce the very high rate of oppositions in the EUTM system to date. *Id.*

4. Right to (Nonexclusive) Use Defenses

A single prior right under national law should of course be an impediment to a later conflicting right that extended throughout the entire European Union. But if statutory provision is made to recognize the continuing validity of the earlier right, the grant of a unitary registration (subject to the earlier right) may seem less problematic. As regards absolute grounds, on the other hand, granting rights in a term that is descriptive in a single country (language) would provide the EUTM owner with an anticompetitive advantage in that country or other countries where that language is understood. Should that be an impediment to a unitary right? Clearly, under current law it will be.²⁸⁴ But could the problem of the (nonproprietary) rights of competitors be protected without denying an EUTM, but instead affording a descriptive fair use defense to the users of that descriptive term in the country or area in question? This is in fact what the German Supreme Court effectively did in a national case involving marks where there was a different understanding within the Turkish and non-Turkish speaking communities.²⁸⁵

To be sure, a descriptive fair use defense may provide insufficient certainty for defendants in receipt of cease and desist letters invoking facially valid EUTMs covering the entire Union. The descriptive fair use defense is notoriously fact-specific. And relying on this defense as the principal vehicle by which to validate local uses might cause complications if goods from the country flowed into other parts of the EU where the term was not descriptive, effectively competing with the EUTM branded goods. But this is precisely the same result that would pertain if we force the applicant to resort to national registrations, secured in the countries where the term is not descriptive but denied where it is. We actually do conceive of, and regulate, separate

284 But only until acquired distinctiveness is shown. To some extent, the approach of the Court of Justice, in requiring applicants to overcome a descriptiveness objection in every part of the EU where it might arise, forestalls the questions. See *supra* note 195. But if the court were to embrace fully the concept of a “European” consumer, it might become a live concern.

285 See Case I ZR 23/02, *Gazoz*, GRUR 947 (Ger. Fed. Ct. of Justice 2004). The case is not reported in English but is discussed by Annette Kur in her 2005 ATRIP paper. See Annette Kur, *Language and Intellectual Property: Trademarks in European Law* 1, 8 (ATRIP Paper, 2005), <http://atrip.org/wp-content/uploads/2016/06/Kur-Language-and-Intellectual-Property.doc> (“One of these concerned the trade mark ‘Gazoz’, which is registered as [an EUTM] for mineral water and other non-alcoholic beverages. In the Turkish language, this is a clearly descriptive term, as ‘Gazoz’ means ‘sparkling water’. On products offered by a competitor mainly in shops regularly frequented by customers of Turkish origin, the term ‘Gazoz’ was displayed in a trade mark-like fashion, in connection with his registered mark ‘marmara’. The Düsseldorf Court of Appeal had considered this to constitute an infringement of the [EUTM]. The decision was however reversed by the German Federal Supreme Court, who argued that in the situation at hand, the use of the term was covered by Art. 12 lit. b) [EUTMR], the provision allowing for ‘fair use’ of a sign for descriptive purposes.” (footnote omitted)); see also MAX PLANCK STUDY, *supra* note 50, ¶ 3.41, at 14.

sub-markets in other areas of trademark law—for example, consider the relief in the U.S. *Aspirin* case, where the retail and pharmacist markets warranted separate treatment—but the supposition appears to be that those are less likely to confuse than geographically distinct markets in adjacent countries.²⁸⁶ The empirical basis of such a supposition might be worth testing.

5. Temporary Nonenforceability

Globalization and the manifestations of it have prompted courts to consider whether rules such as *Dawn Donut*—which temporarily limit enforcement by the senior user—need to be jettisoned in a further push to move from local, territorial rights to rights of a more national and thence global dimension.²⁸⁷ But decisions discussed above, resisting the full logic of unitary EU-wide rights, illustrate that they may perhaps be even more valuable in today's climate.²⁸⁸ Even a small period of latitude might allow a local junior producer to effect a transfer of goodwill to a new mark and thus ensure competitive differentiation in the marketplace.

D. Hardly a Radical Resistance

Lest it be thought that any of these suggestions were a radical intrusion on the current philosophy of unitary rights prevailing in Europe, it is worth highlighting that several aspects of the current system—some in place since 1996, and others introduced as part of the expansion of the European Union or the 2015 reforms—are fully consistent with some of the derogations advocated in this Article.

1. The “Emmenthal Cheese” Provisions

The EUTMR in its original incarnation recognized that national and even local rights might continue to exist even though they were not asserted to deny the grant of a EUTM for a later potentially conflicting mark. Thus, Article 110 preserved “right[s] existing under the laws of the Member States to invoke claims for infringement of earlier rights . . . in relation to the use of a later [Union] trade mark.”²⁸⁹ Likewise, Article 111(1) provides that the owner of a right that “only applies to a particular locality” may enjoin the use

286 *Bayer Co. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921).

287 See *Circuit City Stores, Inc. v. Carmax, Inc.*, 165 F.3d 1047, 1057 (6th Cir. 1999) (Jones, J., concurring) (“Entering the new millennium, our society is far more mobile than it was four decades ago. For this reason, and given that recent technological innovations such as the Internet are increasingly deconstructing geographical barriers for marketing purposes, it appears . . . that a re-examination of precedents would be timely to determine whether the *Dawn Donut* Rule [as to likelihood of entry] has outlived its usefulness.”).

288 See Dinwoodie, *supra* note 13, at 964 (“If this trend continues, the remedial lesson of *Dawn Donut* will be even more valuable in the future. As rights expand into a variety of countries, a greater number of conflicts will arise and nuanced remedies may indeed be the only means of reconciling competing interests.”).

289 EUTMR, *supra* note 7, art. 110.

of the EUTM in the locality where its right exists if permitted by the law of the member state concerned.²⁹⁰ Both provisions contemplate the possible exclusion of the EUTM owner from the national or local market, thus creating holes in the unitary nature of the EUTM.

These provisions are subject to an acquiescence caveat that might prevent the local right owner from enjoining use.²⁹¹ But even when such acquiescence has occurred, the EUTM owner is not entitled to oppose the local use of the right even if that right can no longer be invoked against the Union trademark.²⁹² The effect of caveats such as Article 111(3) is to endorse coexistence of conflicting rights, likewise derogating from the unitary nature of the EUTM.

This is entirely consistent with the decision of the Court of Justice in the *Budweiser* dispute, where the court effectively recognized the viability of honest concurrent use as a defense to an attempt to challenge a later mark (even where the earlier mark owner had not formally acquiesced in the later use).²⁹³ And it is at one with the intervening rights defense introduced, albeit imperfectly, by the 2015 reforms.²⁹⁴ This “defense” seeks to prevent a later mark being invalidated or its use prohibited where the earlier mark owner could not have done so at the time of the later mark owner’s application; this provision extends existing immunity from cancellation to immunity from being sued for infringement.²⁹⁵ Thus, Article 13a of the EUTMR provides that in infringement proceedings, the EUTM owner shall not be entitled to prohibit the use of a later registered EU (or national) trademark where that later trademark would not be declared invalid pursuant to various stated grounds for invalidity. But despite that, Article 13a(3) provides that “the proprietor of that later registered trade mark shall not be entitled to prohibit the use of that earlier EU trademark in infringement proceedings.”²⁹⁶ A narrower version of this was already in CTMR Article

290 See *id.* art. 111(1).

291 See *id.* art. 111(2) (“Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the [EU] trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the [EU] trade mark was applied for in bad faith.”); *id.* art. 110 (providing that such claims may no longer be invoked if the proprietor of the earlier right is unable to obtain a declaration of invalidity in accordance with EUTMR art. 54(2)).

292 See *id.*, art. 111(3).

293 See C-482/09 *Budejovický Budvar, národní podnik v. Anheuser-Busch Inc.* [2012] EWCA (Civ) 880; see also *Budějovický Budvar NP v. Anheuser-Busch Inc.* [2009] EWCA (Civ) 1022, ¶ 12 (Jacob, L.J.). It is also consistent with the philosophy of coexistence of conflicting trademarks and geographic indications that informs EU law. See generally World Trade Org., WT/DS174/R, Panel Report: European Communities—Protection of Trade-marks and Geographical Indications for Agricultural Products and Foodstuffs, (2005), https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds174_e.htm.

294 ATMR, *supra* note 7, art. 1(15) (adding EUTMR art. 13a).

295 See MAX PLANCK STUDY, *supra* note 50, ¶ 2.278–2.282, at 125–26.

296 ATMR, *supra* note 7, art. 1(15) (adding EUTMR art. 13a).

57(2)–(3),²⁹⁷ and it looks like a variant of acquiescence (but for the fact that the earlier mark owner had not really been in a position to oppose or sue because of some deficiency in its mark at the time). Again, however, this facilitates the likelihood of coexistent rights within a unitary system.

2. The Expansion Compromise

As a general rule, a prior national right can defeat an application for an EUTM. However, a compromise position was adopted when the European Union underwent enlargement in 2004. At that time, the geographic scope of the EUTM was extended to the territories of the newly-admitted member states. However, prior national rights were preserved in a compromise embodied in what is now Article 165 (along with Articles 110–111); holders of earlier rights in new member states can enforce their rights against extended EUTMs as permitted by their respective national legislation, provided that the earlier right was registered, applied for, or acquired in good faith in the new member state prior to the date of accession of that state.²⁹⁸ This compromise has served as the powerful rhetorical springboard for advocates seeking to contemplate a scope for EUTMs tied more to empirical realities of likely confusion rather than the political purity of unitary rights.²⁹⁹ When the European Union has expanded the reach of the EUTM with the accession of new member states, coexistence has been an important policy tool, and it has largely worked without great impediments to trade or uncertainty costs.

CONCLUSION

This Article endorses the role of national (or at least sub-Union) rights not simply as a necessary irritant flowing from the nature of trademarks (thus precluding, it is argued, the switch to an exclusively federal right that might be theoretically more possible with finite rights such as copyright or patent). Such national or subnational rights should perhaps be embraced normatively

297 EUTMR, *supra* note 7, § 57(2). Under that provision, later EUTMs acquired at a time when a potentially conflicting EUTM or earlier national mark was in theory subject to revocation on grounds of non-use were protected from later cancellation by invocation of that earlier right (when that earlier right was used). *Id.*

298 See Communication No. 05/03 of the President of the Office of Oct. 16, 2003, Concerning the Enlargement of the European Union in 2004, 2004 O.J. OHIM 10/04, 69, § II, para. 3 (“The extended [EUTM] would be valid and enforceable in the entire EU, including the new Member State, but not against an earlier conflicting national right. The extended [EUTM] would thus not only not be enforceable against an earlier national right, but the holder of such a right [could] prohibit the use of the extended [EUTM] in his territory.”).

299 See MAX PLANCK STUDY, *supra* note 50, ¶ 3.24, at 137 (noting an analogy to *Dawn Donut* and the enlargement compromise); Bereskin, *supra* note 242, at 107 (“[The enlargement compromise] raises the question whether [an EUTM] should be entitled to exist throughout the EU even if there are prior national rights in one or more countries, provided this does not lead to a likelihood of confusion.”).

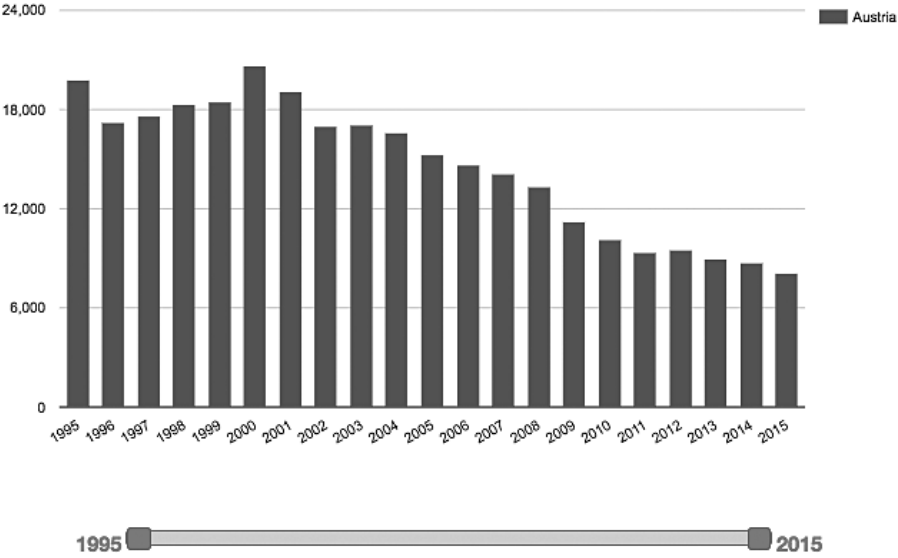
as part of a trademark agenda that blends regard for economic expansion, free movement of goods, consumer protection, and economic efficiency (encompassing transaction costs) with the maintenance of diverse social, cultural, and linguistic traditions within Europe.

ANNEX
FIGURE 1

Office (Code)	Origin	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
AT	Total	19,793	17,198	17,589	18,322	18,488	20,665	18,066	16,962	17,076	16,617	15,267	14,619	14,142	13,335	11,251	10,162	9,367	9,481	8,959	8,716	8,117
BX	Total	37,262	34,961	34,286	34,497	36,262	37,104	33,673	31,505	32,016	31,124	37,444	33,314	30,322	28,538	25,166	25,671	25,758	24,459	23,753	23,126	24,608
BG	Total	7,966	7,285	7,970	7,407	8,294	6,982	8,820	9,293	11,197	12,510	13,587	14,906	11,348	10,282	7,391	6,921	6,374	6,123	5,868	6,177	5,828
HR	Total	5,769	5,475	6,498	6,249	6,025	7,031	6,567	6,062	6,931	7,522	7,810	8,434	8,775	9,312	7,140	7,524	7,044	6,843	5,212	3,530	2,902
CY	Total					3,161	3,799	3,119	2,860	4,814	3,269	2,733	3,025	2,740	2,989	1,907	2,252	2,088	2,173	1,847	1,917	1,565
CZ	Total	17,214	16,227	16,645	16,111	17,210	19,216	18,219	17,389	18,227	16,787	14,906	14,870	14,144	12,667	10,445	10,893	11,034	11,033	10,895	10,122	9,971
DK	Total	10,077	8,493	9,473	10,422	11,011	12,188	11,097	10,153	9,762	10,113	9,548	8,566	8,116	7,557	5,751	5,564	5,349	4,852	4,716	4,479	4,435
EE	Total	2,830	2,659	3,101	3,133	4,549	5,903	5,780	5,609	6,365	5,616	4,482	4,366	4,656	4,145	2,840	2,950	2,780	2,530	2,728	2,560	2,356
EM	Total	43,144	27,280	31,572	41,242	57,324	48,849	45,098	60,372	59,716	66,398	78,029	88,876	87,101	87,334	98,616	105,332	106,874	113,928	118,969	127,856	
FI	Total	7,506	6,638	7,659	6,534	8,967	10,278	9,465	8,433	7,720	7,893	6,801	6,911	6,946	6,848	5,236	5,282	5,321	5,204	5,141	4,450	4,278
FR	Total	61,694	61,739	62,524	94,109	100,352	112,324	74,652	70,576	69,689	74,696	74,489	76,371	79,827	79,021	83,901	93,140	93,041	89,889	89,413	90,956	94,698
DE	Total	59,914	60,966	66,117	78,298	85,719	97,892	77,964	66,642	70,807	75,598	79,223	79,745	83,193	80,841	74,370	74,229	68,741	64,592	64,495	70,878	72,782
HU	Total	13,542	10,522	11,969	12,754	13,436	15,769	14,737	13,402	13,564	11,416	8,971	8,577	8,192	7,491	6,210	6,093	6,146	4,756	5,667	5,361	4,852
IE	Total	7,301	6,530	4,709	4,910	4,518	4,781	4,192	5,674	5,937	6,303	5,401	5,394	5,365	4,812	3,758	3,567	3,439	3,440	3,381	3,496	3,573
IT	Total	37,518	33,674	34,554	35,635	37,373	45,474	42,130	39,685	40,624	44,210	43,410	44,162	45,962	42,872	40,409	41,833	42,380	39,568	40,621	40,194	39,753
LV	Total	4,059	4,694	5,643	6,482	5,368	6,548	6,428	6,321	7,142	6,085	4,953	4,910	4,899	4,616	3,173	3,414	3,386	3,286	3,155	2,932	2,979
LT	Total	3,531	3,158	4,222	6,192	5,807	6,818	6,504	6,496	7,550	6,798	5,391	5,566	5,952	5,758	3,992	4,180	4,108	4,029	4,046	3,940	3,617
MT	Total	1,232	1,416	1,436	1,605	1,478	1,633	2,916	2,233	3,665	1,579	1,674	1,313	1,210	1,236	911	865	822	787	948	762	704
PL	Total	19,898	20,275	21,380	22,766	24,207	27,860	24,724	23,144	24,133	22,184	20,373	20,504	19,818	20,127	17,286	17,966	17,933	16,842	17,095	16,420	15,452
PT	Total	18,223	13,938	14,825	12,253	15,268	16,571	16,306	14,334	14,785	15,071	14,382	17,104	20,005	19,652	16,717	19,452	18,349	16,661	16,961	15,666	16,502
RO	Total	8,331	8,398	10,218	10,287	8,603	11,238	11,916	12,168	13,780	17,871	20,072	21,299	16,302	14,967	12,465	11,811	11,229	10,335	11,468	10,488	10,034
SK	Total	9,317	8,764	9,856	9,538	9,417	11,156	10,488	9,673	10,326	9,405	7,939	7,423	7,362	6,977	4,982	4,868	4,850	4,606	4,803	4,612	4,535
SI	Total	6,087	6,224	7,099	7,098	6,988	8,345	7,782	7,275	7,870	6,928	5,439	5,205	5,056	4,795	3,629	3,779	3,437	1,620	1,484	1,441	1,176
ES	Total	77,139	71,627	78,265	80,909	85,324	98,981	88,695	76,362	62,632	63,292	63,371	64,903	63,717	55,111	46,309	46,874	47,337	47,050	49,691	52,762	53,103
SE	Total	15,012	13,425	14,468	14,815	15,146	16,424	14,360	13,762	13,070	13,904	13,688	13,586	14,565	14,491	12,335	12,419	11,802	11,127	10,360	9,858	10,131
GB	Total	36,743	33,046	35,944	36,748	37,940	42,550	36,691	35,306	34,194	36,192	35,500	38,057	40,044	35,091	33,846	36,255	39,113	42,912	50,004	54,792	57,869

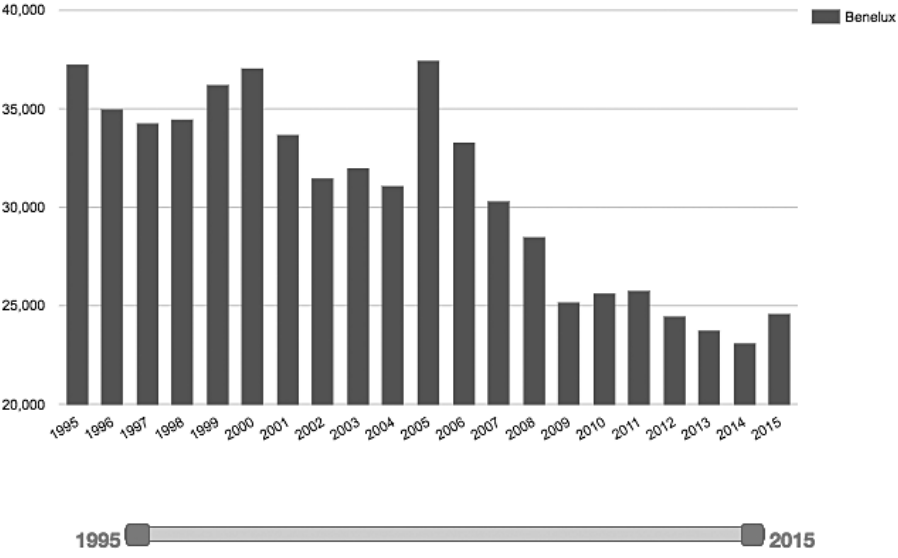
Total trademark applications (both direct and via the Madrid system) by filing office in the EU member states, Benelux, and the EUIPO for the period 1995–2015.

FIGURE 2



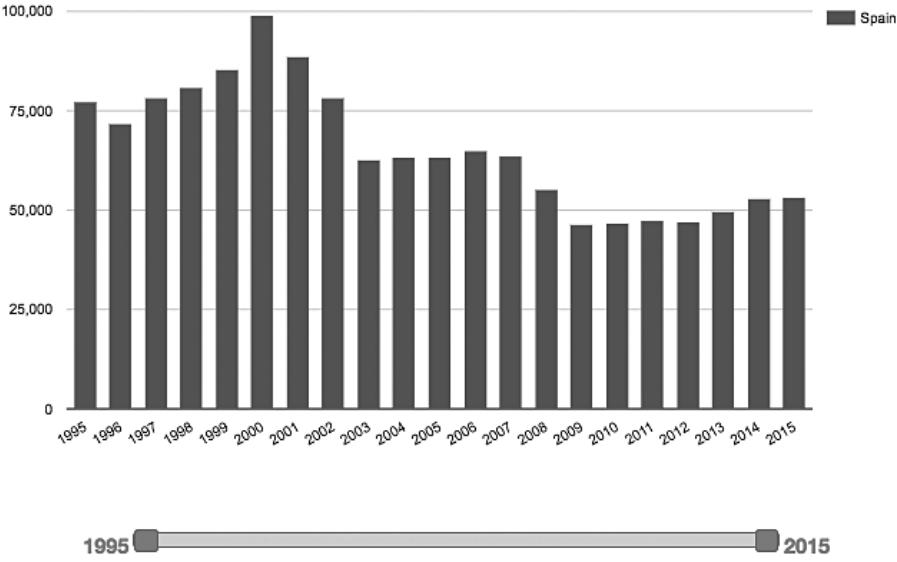
Total trademark applications (both direct and via the Madrid system) filed before the Austrian trademark office for the period 1995–2015.

FIGURE 3



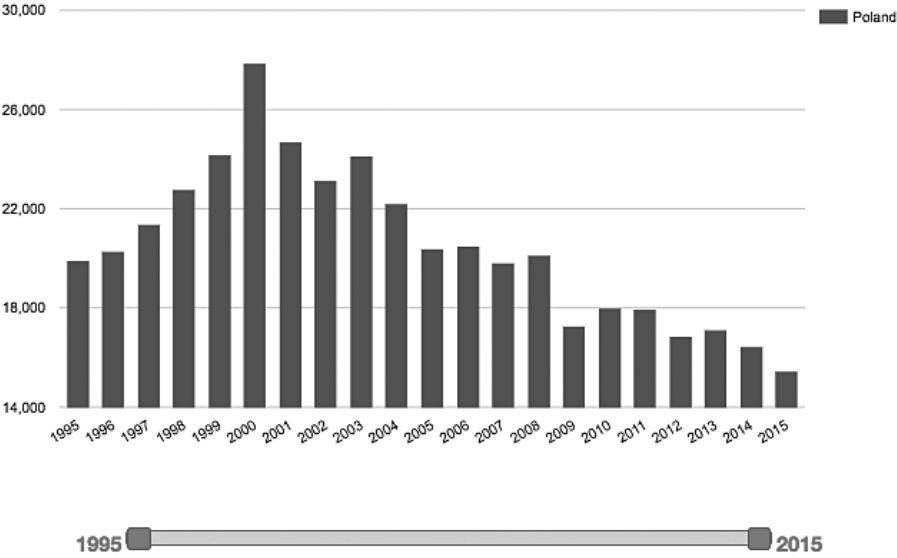
Total trademark applications (both direct and via the Madrid system) filed before the Benelux trademark office for the period 1995–2015.

FIGURE 4



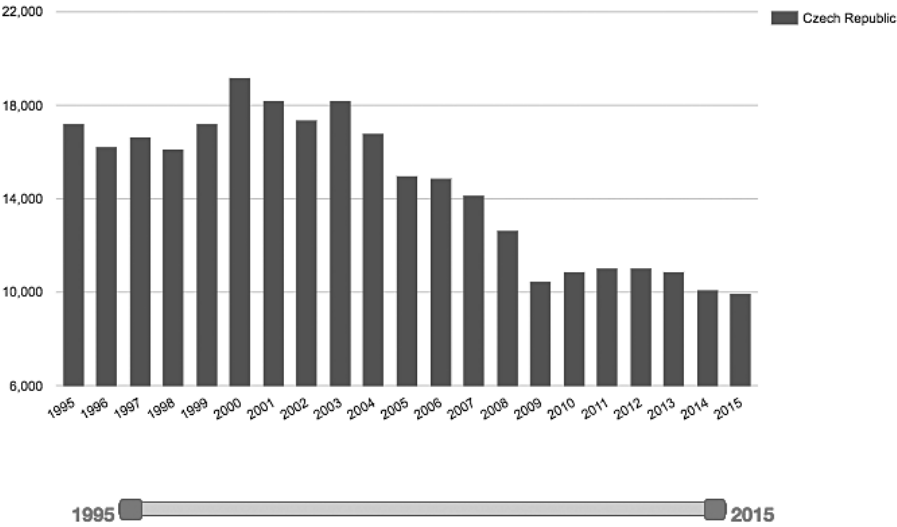
Total trademark applications (both direct and via the Madrid system) filed before the Spanish trademark office for the period 1995–2015.

FIGURE 5



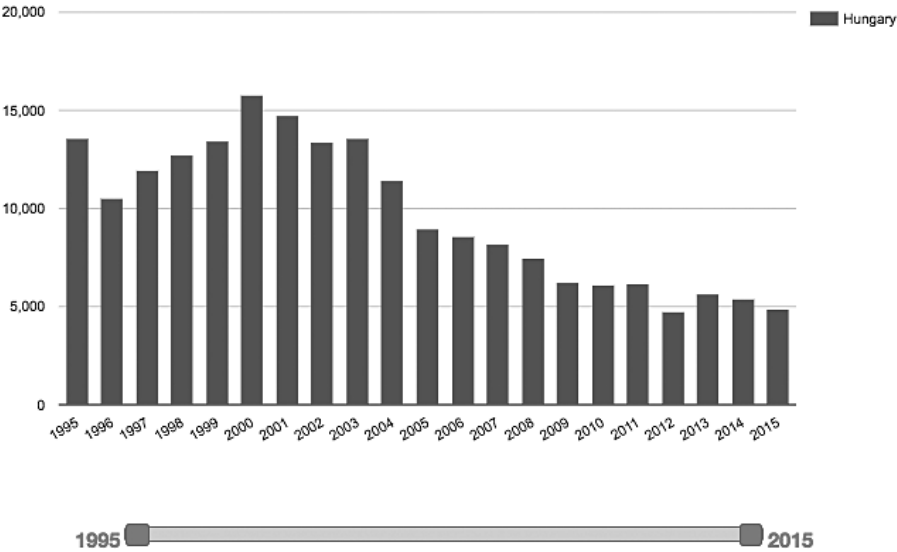
Total trademark applications (both direct and via the Madrid system) filed before the Polish trademark office for the period 1995–2015.

FIGURE 6



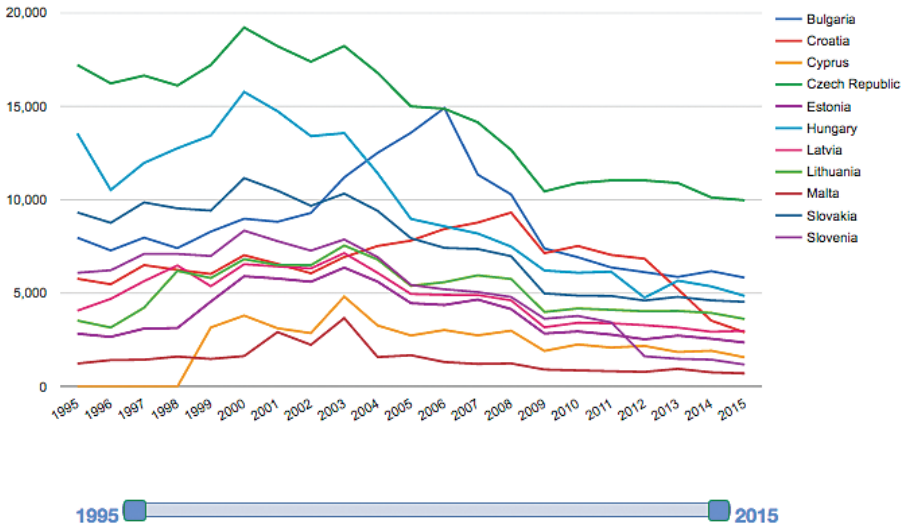
Total trademark applications (both direct and via the Madrid system) filed before the Czech trademark office for the period 1995–2015.

FIGURE 7



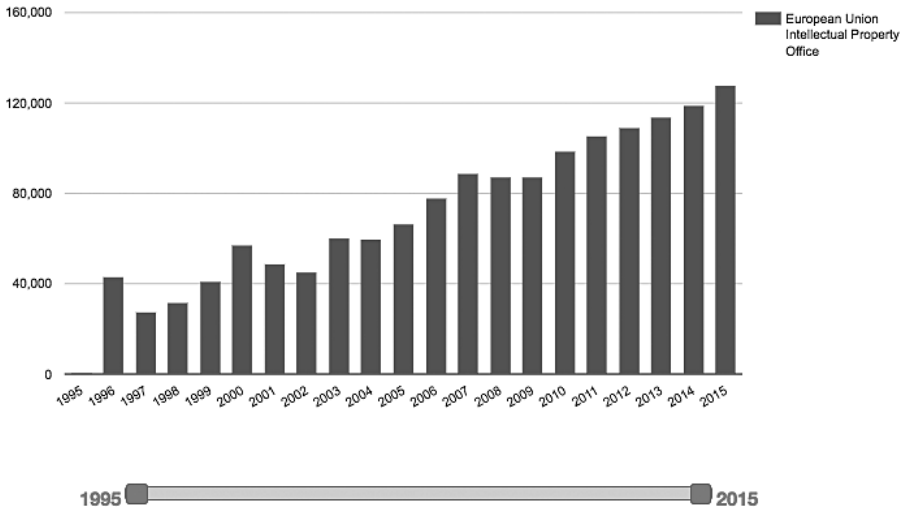
Total trademark applications (both direct and via the Madrid system) filed before the Hungarian trademark office for the period 1995–2015.

FIGURE 8



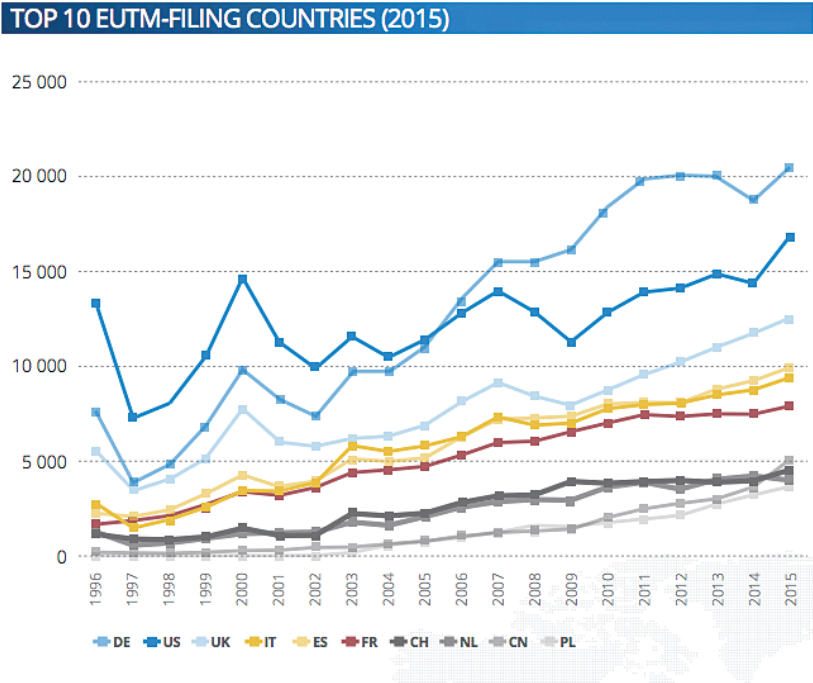
Total trademark applications (both direct and via the Madrid system) filed before the Bulgarian, Croatian, Cypriot, Czech, Estonian, Hungarian, Latvian, Lithuanian, Maltese, Slovakian, and Slovenian trademark offices for the period 1995–2015.

FIGURE 9



Total trademark applications (both direct and via the Madrid system) filed before the EUIPO for the period 1996–2015.

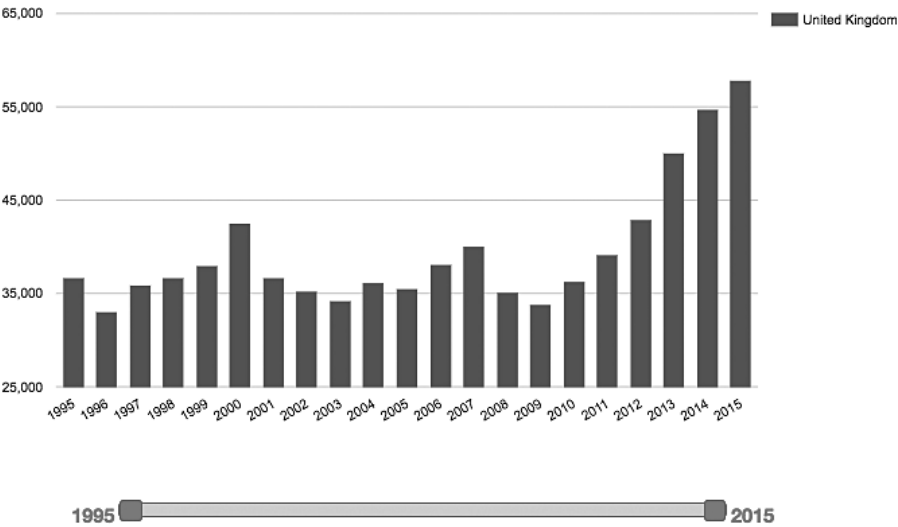
FIGURE 10



69% of all filings originate from within the EU. The top ten filing countries account for 72% of all EUTM filings.

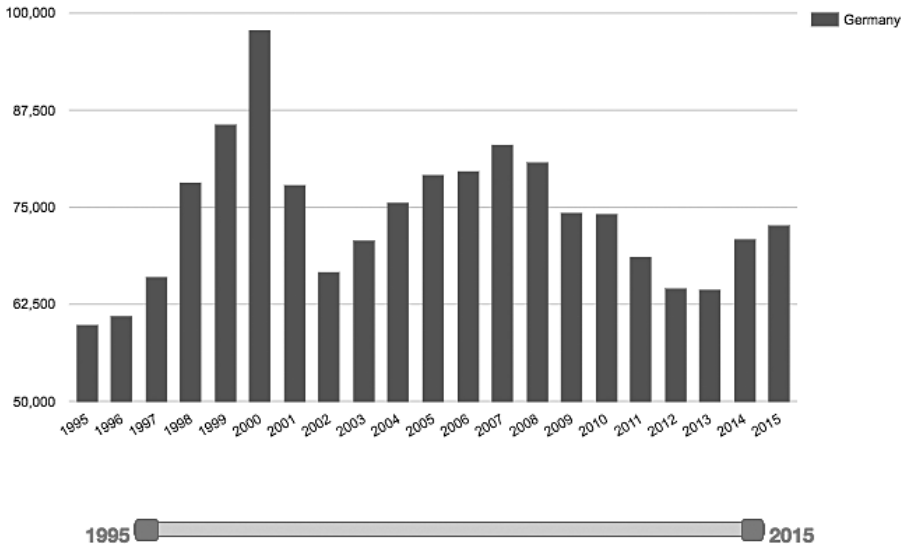
Top ten EUTM-filing countries for the period 1996–2015.

FIGURE 11



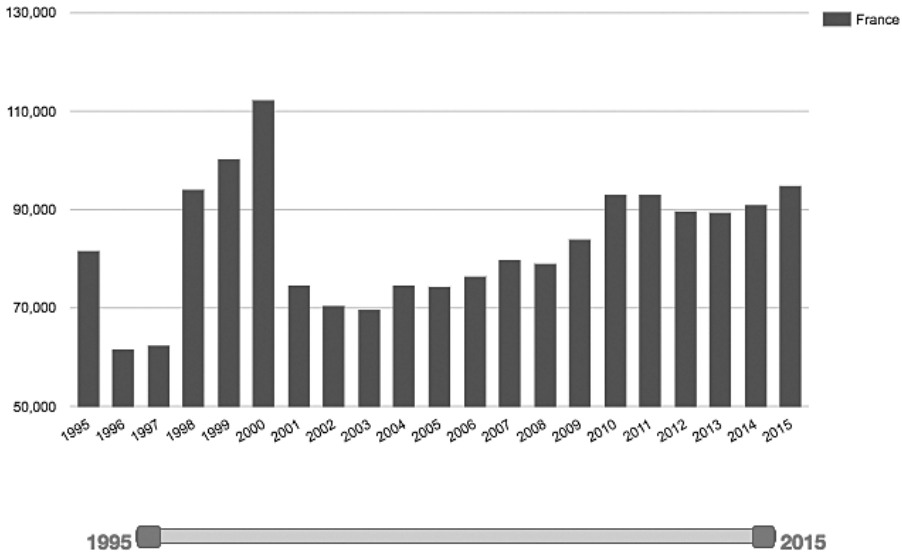
Total trademark applications (both direct and via the Madrid system) filed before the UKIPO for the period 1995–2015.

FIGURE 12



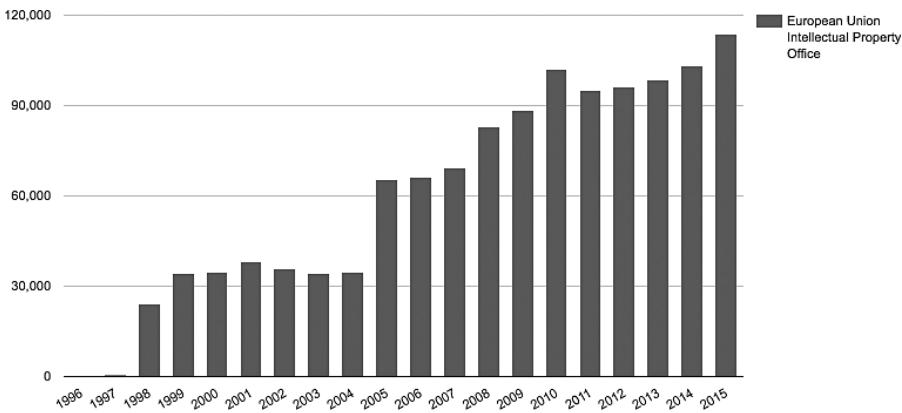
Total trademark applications (both direct and via the Madrid system) filed before the German trademark office for the period 1995–2015.

FIGURE 13



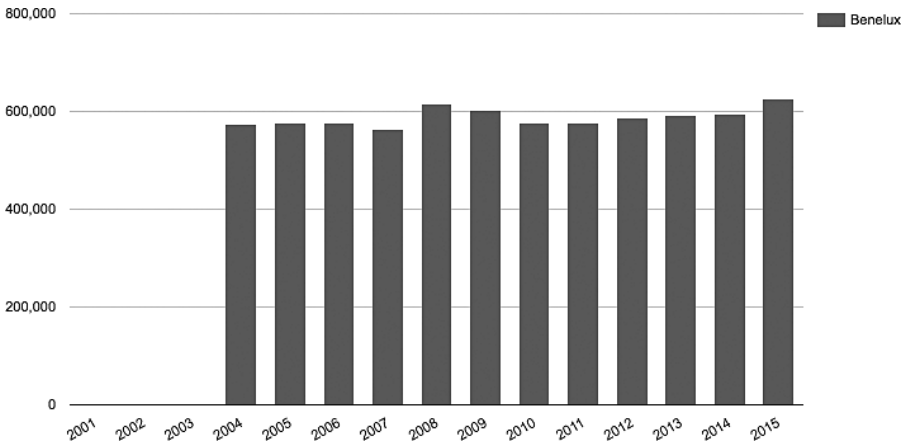
Total trademark applications (both direct and via the Madrid system) filed before the French trademark office for the period 1995–2015.

FIGURE 14



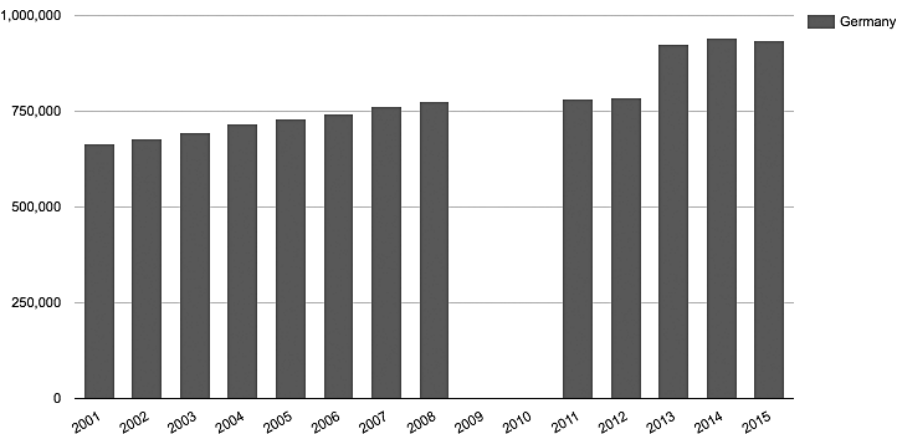
Total trademark registrations (both direct and via the Madrid system) before the EUIPO for the period 1996–2015.

FIGURE 15



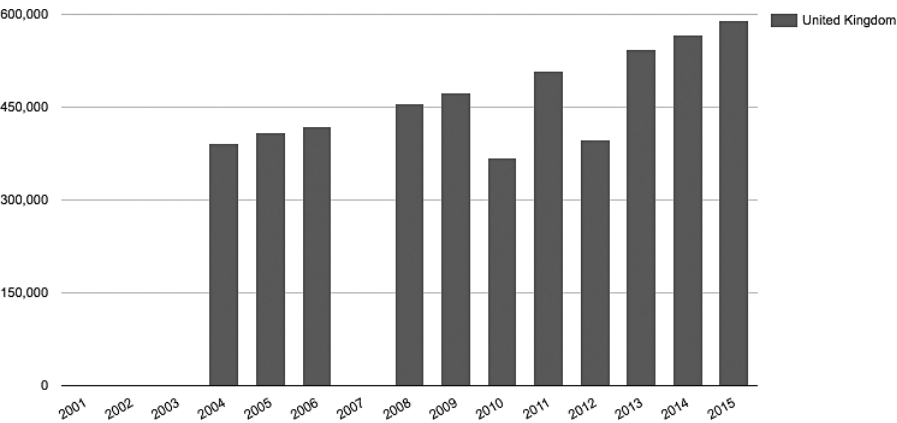
Total number of trademarks in force at the Benelux, German, and U.K. national trademark offices for the period 2001–2015.

FIGURE 16



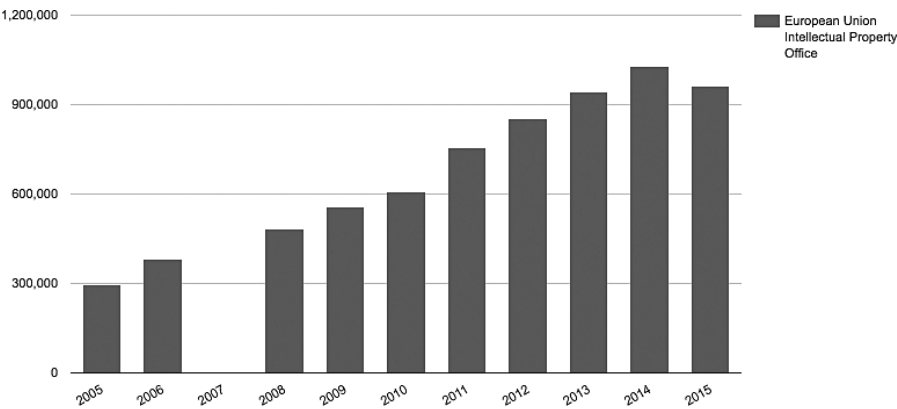
Total number of trademarks in force at the German national office for the period 2001–2015.

FIGURE 17



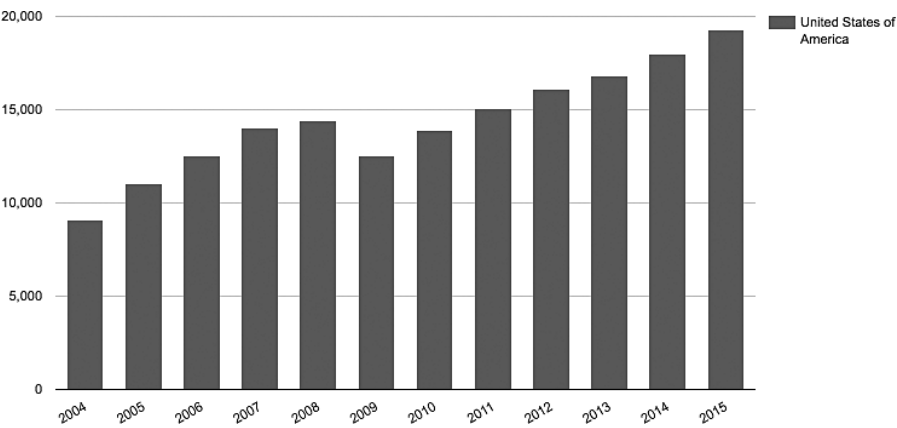
Total number of trademarks in force at the U.K. national trademark office for the period 2001–2015.

FIGURE 18



Total number of EUTMs in force at the EUIPO for the period 2005–2015.

FIGURE 19



Applications via the Madrid system designating the USPTO for the period 2004–2015.

