On Your Marks, Get Set ... Europe!
A brand protection guide when doing business in Europe
European Trade Mark Firm of the Year
MIP Global Awards 2016
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This guide helps brand owners navigate the trade mark systems of the European Union (EU) – as presently constituted – so that they can properly protect their brands and build their businesses without undue threats. It will be of interest to any business with ambitions – now or in the future – to expand into European markets.

In this second edition, we have added a chapter on Brexit. This gives guidance on the potential impact on protecting brands of the UK leaving the EU and what, if anything, to do differently both now and when (or if) the separation occurs.

The guide explains:

▶ How the different EU systems work
▶ How to decide which system fits your business needs
▶ How they differ from other systems and the benefits and threats this can pose
▶ The risks you can face and how to mitigate them when protecting or rolling out your brand in the EU
▶ The best ways to deal with threats to your brand and your reputation
▶ What to do in the face of opposition proceedings and injunctions
▶ The effect of EU legal systems on advertising and marketing
Despite the availability of a pan-EU trade mark registration and apparently harmonised laws, taking your brand into the EU is not like entering a single market. The plethora of legal systems, processes, languages and cultures can make it challenging. Taylor Wessing’s Global Intellectual Property Index (GIPI) www.taylorwessing.com/ipindex ranks and reports on 44 IP regimes worldwide. The fifth GIPI report shows a wide range of rankings amongst EU member states for trade marks, ranging from 1st for Germany to 27th for Slovakia. Navigating these differences successfully requires a different approach to brand protection than you would take elsewhere in the world. Local expertise can be key to avoiding expensive mistakes and missed opportunities.

Your brand is one of your most valuable assets and the EU is a key market. It currently has a population of approximately 510 million people and, taken as a whole, is the world’s largest economy. Getting your EU brand protection right merits forward planning and appropriate investment of time and money. This applies to all businesses, large and small. For start-ups the consequences can be more serious and there can be considerable savings in putting a cost-efficient strategy in place, well before expansion into the EU. It can be easy, quick and relatively cheap for third parties to obtain injunctions against you in some EU courts, so addressing brand issues too late in the day can have disastrous results.

By highlighting the risks and opportunities that European expansion can have for your brand, we hope this guide will help you to avoid any bet-the-company disputes and to secure your competitive advantage in the EU.
If you do nothing else ...
Protecting your brand in the EU can be a complicated business. Here is a list of ten key points to take on board:

1. Register now. Do not wait until your expansion plans are more concrete. You do not need to use your mark or have proof of your intention to do so before protecting it and it can help provide you with a defence in the future.

2. Check for prior rights – and not just on the EU trade mark register. If budgets allow, conduct proper clearance searches. This also allows you to better align your protection to your needs and risks.

3. If there appears to be a prior right blocking you, get local advice. With time and a careful strategy, solutions can often be found that enable your plans for the mark to proceed.

4. Make an informed choice about protection. Do not assume that registering an EU trade mark (or an EUTM, previously the Community Trade Mark or CTM) is right for you. There can be good reasons to seek other or parallel protection, e.g. registered designs or relying on unregistered rights.

5. Take into account industry-specific EU issues, e.g. the requirement for a single pan-EU brand for pharmaceuticals, regulations to stop co-branding with tobacco products, geographical indicators for regional wines and the labelling of non-EU packaged goods differently from those destined for the EU.
6. Take a European view about the scope of goods and services for which you protect your brand. Do not automatically align it with the protection you have elsewhere, e.g. as in the US.

7. Use the centralised EU system for recording rights with customs. Put in place the infrastructure (in-house or with outside counsel) to support local interceptions of infringing goods where you trade.

8. Enforce your rights strategically through a careful choice of forum, whether in court or a registry. Suing in the right jurisdiction can secure you an injunction from a single court in all 28 EU member states and not just against the primary infringer.

9. Keep good evidence relating to the use and reputation of your brand on a country-by-country basis. Even if protection is on a pan-EU basis, enforcement can be nationally focused.

10. When managing a brand portfolio, look at seniority and merger options to save money on future 10-yearly renewal costs.
If you do nothing else ...
Overview of the EU trade mark systems
Two trade mark systems operate in parallel: the uniform EU trade mark (EUTM) system and the national trade mark laws of individual countries. Overlaid on these is the Madrid international system.

In any one EU country you can potentially secure four types of registered trade mark protection:

1. A national registered trade mark
2. An EUTM
3. An International Registration designating the relevant country
4. An International Registration designating the EUTM system

In addition, there are options for registering designs on a national or pan-EU basis and various unregistered rights can arise. Portugal also offers national protection for logotypes.

Each system has advantages and disadvantages.
The EUTM system

This is a uniform trade mark that gives you protection across the EU.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage in 28 member states</td>
<td>Unregistrable if descriptive in any EU language</td>
</tr>
<tr>
<td>Protection automatically extends to any country joining the EU</td>
<td>Unclear what protection remains in a country that leaves the EU, e.g. UK</td>
</tr>
<tr>
<td>Pan-EU injunctions/ compensation obtained from one court</td>
<td>At risk from earlier national rights</td>
</tr>
<tr>
<td>No need to use your mark in all member states (use in one might possibly even suffice)</td>
<td>Liable to cancellation from a non-specialist IP court</td>
</tr>
<tr>
<td>Cheaper than national registrations if protection sought in more than two countries</td>
<td>Hard to prove acquired distinctiveness across EU</td>
</tr>
<tr>
<td>Can rely on pan-EU customs watch service</td>
<td>Registry decisions liable to 3 levels of appeal up to European Court of Justice</td>
</tr>
</tbody>
</table>
## The Madrid International System

An administrative wrapper that allows for centralised handling of trade mark applications and registrations using either or both of the above systems.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>One application form in one language</td>
<td>Need a home application to start with</td>
</tr>
<tr>
<td>Material cost saving on filing fees</td>
<td>Owner must be national of domiciled in or have business in a signatory country</td>
</tr>
<tr>
<td>Can designate any or all EU member states and/or the EUTM system</td>
<td>A successful attack against the home application can invalidate those based on it covering other countries (known as “central attack”)</td>
</tr>
<tr>
<td>Can add extra countries in future</td>
<td>Goods/services of application can only cover what home application covers</td>
</tr>
<tr>
<td>Renewals and assignments/changes of records done centrally</td>
<td>Protection in all designated countries cut back if home application cut back</td>
</tr>
</tbody>
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Some industries (e.g. the pharmaceutical industry) require you to use just one brand throughout the EU for the same product. In that case, it is vital to have a clear understanding of the systems you are dealing with and how they can affect uniform trade mark protection.

In most sectors, which system works best for your brand depends on your circumstances. There are sometimes reasons for using both the EUTM and national systems, and perhaps also an international filing.

The tables identify some factors to consider in making your choices. Relying on a mix of rights can help avoid the disadvantages of using a single system. This can be particularly important in disputes in markets where your main commercial interests lie.

### National trade mark systems

Applications are filed at each national IP office.

**Advantages**
- Avoids blocks posed by prior rights in other member states
- Overcomes issues of descriptiveness in one EU language
- Appropriate where use to be in one or two EU countries
- Easier to prove acquired distinctiveness

**Disadvantages**
- Injunction/compensation for one country only
- More expensive than EUTM if seeking protection in more than 2 countries
- Need to engage local counsel with prosecution in local language
- Requires use in that country after 5 years

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### Which to choose?

Some industries (e.g. the pharmaceutical industry) require you to use just one brand throughout the EU for the same product. In that case, it is vital to have a clear understanding of the systems you are dealing with and how they can affect uniform trade mark protection.

In most sectors, which system works best for your brand depends on your circumstances. There are sometimes reasons for using both the EUTM and national systems, and perhaps also an international filing.

The tables identify some factors to consider in making your choices. Relying on a mix of rights can help avoid the disadvantages of using a single system. This can be particularly important in disputes in markets where your main commercial interests lie.
### Overview of the EU trade mark systems

#### Applicants from the US
Beware of using your US rights as the home application/registration for international filings into the EU. The USPTO’s strict approach to specification drafting means your EU rights may be unnecessarily narrower than those actually available to you.

#### Applicants with a commercial base in the EU
The “central” attack mechanism (see page 13) makes it risky to use a recently filed EUTM as the base application for an international filing programme. The EUTM could face multiple oppositions, including based on unregistered rights in the EU that you are unaware of. It may be preferable to use a national mark for the base.

#### Brands that are currently, or will in future be, only used in the UK or only in the rest of the EU
Retain or seek protection bearing in mind the points discussed in the Brexit Chapter below.

#### Brands that only work in the local language (e.g. advertising slogans)
An EUTM in one language does not automatically give protection for translations in other EU languages. For such marks, national registrations are preferable.

### Examples of points for applicants with particular interest
Overview of the EU trade mark systems

Benelux

The national systems of the EU member states include one regionalised system. Belgium, the Netherlands and Luxembourg operate as one territory, with one IP office issuing a single registration covering all three countries. It is like a mini-EUTM for those three countries. All is not entirely centralized there, however, since a Benelux registration can presently only be cancelled with an application to the court of the registrant’s country, i.e. in either the Belgian, Dutch or Luxembourg courts.

Multiple legal systems

Europe is not one country with one legal system. Some aspects of EU trade mark law are consistent across all 28 member states, but differences remain. Mainly these relate to the procedures for enforcing your trade mark rights in the courts, the remedies available if you win and the processes for objecting to new applications (whether pre- or post-registration) and the forum for dealing with cancellation or non-use revocation actions. There are also some key differences in the scope of protection and in the defences available, especially for an interim period as some of the newly introduced changes are being implemented at different times in different countries.

Examples of points for applicants with particular interest

IP owning entities based in low tax jurisdictions

A number of the countries often used for tax efficient corporate structures are not party to the Madrid system. Companies based in these countries may not be able to own International Registrations. However, they could own directly filed EUTMs and national EU marks.

Examples of points for applicants with particular interest

IP owning entities based in low tax jurisdictions

A number of the countries often used for tax efficient corporate structures are not party to the Madrid system. Companies based in these countries may not be able to own International Registrations. However, they could own directly filed EUTMs and national EU marks.
Conflicts between the systems

There have been cases where national courts or registries conclude one position whereas their EU equivalents conclude the exact opposite, despite the facts and issues being identical. Certain rules try to avoid this. It can create tactical opportunities but equally cause surprises.

First to file systems

All EU systems operate on a first-to-file system. This means priority is not given by default to the first person to use a brand. There are two issues with this:

1. Your ability to use and protect your brand is vulnerable to a competitor who files for a registration before you. Even if you have been using a mark for a number of years, by delaying to file you risk losing your exclusivity in the EU. You can even find yourself unable to use your brand – or at least be prevented from expanding your business, either geographically or into different products or services.

2. You – or a competitor – can take advantage of the five-year post-registration “grace period” to block out brands of potential interest across the EU. This applies even if there is no immediate intention to use the brand. Genuine commercial use needs to have started somewhere in the EU by the end of the fifth year after registration.

Timing

Whatever you decide to do, registering your trade mark early – well before launching in the EU market – is vital if you are to protect your brand properly and avoid potential costs further down the line. Even if you do not need it to stop use by others, it could provide you with a useful defensive “shield” against someone threatening to sue you in the future.
Geographical anomalies
Registering an EU trade mark does not protect your brand in every European country and yet will provide protection in additional countries not within geographic Europe.

The map and table on the following pages show the extent of trade mark protection an EUTM can provide.

**Non-EU European countries not covered by an EUTM**

While most major European countries are part of the EU, there are notable exceptions:

- Sizable markets such as Switzerland, Iceland, Norway and Turkey
- Smaller states or territories that affect businesses for which financial services are important, such as Guernsey and, Andorra, Monaco and Liechtenstein
- Eastern European countries, such as Ukraine and Belarus
- Balkan countries, such as Serbia, Albania, Bosnia and Herzegovina
- On a timescale unclear for now, the UK may be added to this list – see chapter on Brexit (at page 27).
Coverage of an EUTM within geographic Europe

The EUTM provides protection across the 28 current member states of the EU.

- It also covers some related islands within or close to Europe, e.g. the Canary Islands, the Åland Islands and (whilst the UK is in the EU) Gibraltar, the Isle of Man and Jersey.

- However, it does not give protection in Guernsey, the Faroe Islands and the northern part of Cyprus. If you want protection in those territories, you need national trade mark protection.

Coverage of an EUTM beyond geographic Europe

As can be seen from the following map and table, an EUTM provides trade mark protection in a number of countries outside geographical Europe. Mostly these arise from a relevant member state’s colonial history, e.g. the Azores, Martinique and the Falkland Islands.
Geographical anomalies
EU territories covered by an EUTM and territories excluded from the EUTM

- Territorial anomalies
  - Territories of EU member states that are protected by an EUTM
  - Territories of EU member states that are not protected by an EUTM
Geographical anomalies

The 28 member states of the EU

- Åland Islands (Finland)
- Northern part of Cyprus
- Mayotte (France)
- Réunion (France)
- British Indian Ocean Territory (UK)
- Antarctic Lands (France)
- Wallis and Futuna Islands (France)
- New Caledonia (France)
### Geographical anomalies

<table>
<thead>
<tr>
<th>Current member states</th>
<th>Territories covered by an EUTM</th>
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</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>Åland Islands</td>
</tr>
<tr>
<td>France</td>
<td>Guadeloupe (included St Barthélémy and French part of Saint-Martin)</td>
</tr>
<tr>
<td></td>
<td>French Guiana</td>
</tr>
<tr>
<td></td>
<td>Martinique</td>
</tr>
<tr>
<td></td>
<td>Réunion</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>Azores</td>
</tr>
<tr>
<td></td>
<td>Madeira</td>
</tr>
<tr>
<td>Spain</td>
<td>Canary Islands</td>
</tr>
<tr>
<td></td>
<td>Ceuta and Melilla</td>
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<tr>
<td>UK*</td>
<td>England, Wales, Scotland and Northern Ireland</td>
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<tr>
<td></td>
<td>Gibraltar</td>
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<tr>
<td></td>
<td>Falkland Islands</td>
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<tr>
<td></td>
<td>Jersey</td>
</tr>
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<td></td>
<td>Isle of Man</td>
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</tbody>
</table>

*subject to the UK leaving the EU subsequent to the UK EU Referendum held on 23 June 2016*

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### Changes to the EU

Since 1996, when the EUTM (formerly CTM) system was established, whenever a new member state joined the EU, existing EUTMs/CTMs were automatically extended to cover it. Provisions clarified what would happen in the case of an earlier conflicting right. This occurred in 2004 when 10 eastern European countries joined the EU, again in 2007 when Romania and Bulgaria joined and, most recently, in 2013 with the accession of Croatia.
### Territories not covered by an EUTM

- Northern part of Cyprus
- Greenland ▶ Faroe Islands

<table>
<thead>
<tr>
<th>French Polynesia</th>
<th>New Caledonia and Dependencies</th>
<th>Wallis and Futuna Islands ▶ Austral and Antarctic Lands</th>
<th>Saint Pierre et Miquelon ▶ Mayotte</th>
</tr>
</thead>
</table>

- The former Dutch Antilles (Bonaire, Saba, Saint Eustatius, Curaçao, Saint Martin)
- Suriname

<table>
<thead>
<tr>
<th>Anguilla</th>
<th>South Georgia and the South Sandwich Island</th>
<th>Montserrat, Pitcairn, Saint Helena and Dependencies, British Antarctic Territory, British Indian Ocean Territory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Turks and Caicos Islands</td>
<td>Bermuda ▶ Cayman Islands ▶ Guernsey</td>
</tr>
</tbody>
</table>

* subject to the UK leaving the EU subsequent to the UK EU Referendum held on 23 June 2016

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Expansion could one day include countries such as Albania, Bosnia and Herzegovina and Turkey. Moldova, Ukraine and Georgia have expressed interest in joining.

Some contraction of the EU now looks imminent following the outcome of the UK “Brexit” referendum in June 2016. The timing of when, and even if things will, change remains unclear. See the following chapter for more detail.
Brexit
Rights holders should consider setting aside additional legal budget and legal resources for new trade mark filings and contract amendments as explained below. This is especially once the UK Government’s intentions with regard to the “conversion” or otherwise of EUTM rights becomes clear.

General considerations

The implications for brand owners of the UK referendum vote in June 2016 to leave the EU are still largely unknown. The UK Government has announced that EU laws will all initially become part of UK law and then be amended or repealed over time.

At the time of writing, the UK Government had not yet triggered the formal Article 50 exit process. Once it does so, it is anticipated that there will be protracted negotiations between the UK and the other EU Member States about the terms of the UK’s exit. The outcome of those negotiations will impact directly on some of the points below. As trade mark law is largely harmonised across the EU, there is potential for a degree of upheaval.

Many of the key issues (see box) are likely to be the subject of consultation by the UK Government. Those with a strong interest in the outcome of the debate and negotiations should check the UK IPO website\(^1\) for the opportunity to respond to any such consultations but otherwise comments may be sent to EUenquiries@ipo.gov.uk. It should, be noted, however, that in the post-vote Government, there are a number of Government

\(^1\)https://www.gov.uk/ipo
bodies which have an interest in what happens to the IP laws, e.g. the UK IPO, the newly formed Department for Exiting the EU (DExEU), the Ministry of Justice and the Department for International Trade. To be effective, lobbying resources may need to be devoted to each of them and/or the governments of other EU Member States.

Key Brexit issues affecting all businesses that currently rely on EU IP rights:

► **“Conversion”** – what, if any, protection will be given post-Brexit in the UK to existing pan-EU registered and unregistered rights, including EUTMs. This is particularly important for businesses that currently have no national UK registration for their mark(s). It is possible that there will be a “conversion” option provided by the UK IPO but whether this is automated for the one million or so EUTMs or subject to opting in or out, whether there is any re-examination for some or all of them, whether it is free, what happens to priority dates and what use obligations and recognitions apply all remains open.

► **Precedent and enforcement** – what weight will the UK courts and tribunals give to EU case law and existing pan-EU injunctions post-Brexit, including in pending proceedings.

► **Entitlement** – whether there will continue to be complete reciprocity between the UK and the EU with regard to who may apply for a registered right or enjoy an unregistered right.
Portfolio Management – taking stock

At this stage the best thing that rights-holders can do is to take stock of their portfolios and consider the potential risks and challenges that may present themselves depending on the form that Brexit finally takes. Now is the ideal time to carry out an IP audit and ensure that the organisation is prepared as far as possible to tackle the unknown.

The key issues to consider now are:

- **Filing UK trade mark applications in parallel with EUTMs.** This may be appropriate where the business currently relies (only) on pan-EU IP rights for protection in the UK, particularly EUTMs. Rights-holders should draw up a list of the key registrations and other rights relied on, noting those without separate national UK protection. However, there is no need to re-file all EUTMs as UK marks now although for particularly valuable or core marks it may be prudent to file a UK application now to avoid the inevitable rush at the registry once the UK Government has decided on its strategy.

- **Customs** – the extent to which UK and other EU national customs authorities continue to co-operate post-Brexit to ensure that counterfeit goods are seized on entry or in transit.

- **Parallel imports** – the approach taken to IP rights exhaustion in the UK post-Brexit, whether international exhaustion (following the example of the US), no exhaustion of rights at all (the ‘Fortress Britain’ approach) or something in between.
Filing EUTMs in parallel with UK registrations. If any UK marks (registered or not) are regularly relied on to block third-party EUTM applications these should be applied for as EUTMs as soon as possible since they will no longer be valid rights for opposition proceedings post-Brexit.

If an organisation relies on use within the UK only to support EUTMs, or only uses marks outside the UK which will be converted into UK registrations, it is sensible to consider what can be done to avoid “non-use” risks (revocation actions and potential counterclaims). Further UK and/or EU filings may be required.

It is best not to make UK seniority claims at present and, in particular, not to let UK rights lapse in reliance on any existing seniority claims.

UK rights should not be allowed to lapse where possible.

If a .eu domain name is being used and relied on, a back-up domain should be acquired as the registrant of a .eu domain must have its registered office, principal place of business or place of establishment within the EU/EEA. UK holders of such domains may not be permitted to retain them post-Brexit.

UK representatives without an EU place of business will probably no longer be able to file, prosecute or renew EUTMs, handle EUIPO registry actions or represent clients before the General Court or Court of Justice of the EU. (N.B. Taylor Wessing has a network of EU offices which overcomes this problem.)
Contractual and drafting Issues

A similar audit should be done of existing licences and other agreements that refer or relate to IP rights and any new contracts need to be future-proofed against Brexit. It is possible that the UK’s departure from the EU will be the first of a number of withdrawals by Member States. If so, the considerations below could seek to take that risk into account too. The issues to look out for are:

- **“Territory”** – if the definition of “Territory” refers to the EU or the EEA, it may require amendment to reflect the fact that the UK will no longer be part of the EU and may not be part of the EEA. Drafting that refers to membership as that the date of the contract or from time to time needs careful consideration.

- **Reporting and royalties** – amendments to royalty provisions and reporting might be required so that figures for the UK are carved out of the rest of the EU or EEA figures (this is not least to support future cases where proof of use or reputation in the UK only may be required).

- **Additional rights** – licences should also reflect the fact that UK national rights may be created to mirror any EU rights listed or annexed (for example, EUTMs or registered Community designs). Consideration should be given to whether the licence will automatically extend to cover such rights, whether any schedules need updating and also the recordal of the licence against those rights at the relevant registry.

- **Competition law** – the enforceability or applicability of provisions in licences relating to EU competition law may be contingent on changes to UK law and such provisions should be flagged up.
Litigation issues

The impact of Brexit on issued proceedings is not yet clear and the effect is likely to be different at different stages of the litigation process. Rights-holders should consider any impending or on-going litigation matters carefully and work out the potential consequences of issuing proceedings based on EU rights that may not be resolved by the time the UK leaves the EU. It is worth noting that:

- Remedies in IP cases are subject to the IP Enforcement Directive (Directive 2004/48/EC). In the short term this may mean that remedies in UK cases are dispensed differently (though rights available through the Directive are largely mirrored in UK common law which tends to be broader and more flexible in scope).

- In the long term, the lack of UK involvement in the EU may impact on the nature of the remedies available in the litigation of EU rights.

- It will no longer be possible to seek an injunction only from a UK court in order to protect IP rights in other EU member states.

- It may not be possible to rely on pan-EU injunctions obtained in the past from EU national courts to protect IP rights in the UK.

- It is possible that rights-holders litigating in both the EU and the UK will end up with conflicting judgments, particularly where there are parallel cases on validity and infringement running simultaneously.
UK-based defendants will no longer be able to insist on being sued for infringement of EU IP rights in the UK courts when facing claims for pan-EU remedies – there is going to be a serious risk of being sued in whichever EU Member State the claimant is established or (where the claimant is outside the EU) in the Alicante courts and facing pan-EU injunctions and compensation from those courts.
The impact of language
Around 200 languages are spoken across the EU, about 40 by more than one million people. The EU alone has 28 member states (currently) and recognises 24 official languages that use three different scripts.

This multiplicity of languages adds a layer of complexity to EU trade mark law that is not present in other systems. What may be registrable or confusing in one country is often not in another.

**The quirks of European languages**

- A number of languages (e.g. Greek and Bulgarian) do not use the Latin alphabet
- The languages using the Latin alphabet are not confined to 26 letters. Danish and Swedish have 29 letters and Polish has 32 letters
- Most EU languages combine accents with letters. These can change how a string of letters is pronounced or the meaning of a word
- The same letters or letter combinations can be pronounced very differently around the EU due to accents or dialects (e.g. a “v” might sound like a “b” in Spanish)
- Major languages are treated as understood widely in several countries, for example:
  - English in the UK, Ireland, Malta, Cyprus and the Nordic region (plus others only for more basic words)
  - German in Germany and Austria
  - French in France, Luxembourg and Belgium
A country can have two languages, for example English is treated as an official language alongside Maltese in Malta and Gaelic in Ireland.

Several languages enjoy official status in a member state, but not at EU level, such as Turkish in Cyprus.

Dialects are spoken in some member states. They include words that, despite being widely understood, are not found in a dictionary.

The consequences for trade marks in the EU

You cannot generally protect a mark with an EUTM registration if it merely describes the goods or services in question in any of the official languages in the EU.

Example: a new brand of body wash

“SAVON” (French for soap) could not be registered as an EUTM. The same applies to “сапун” (Bulgarian) and “σαπούνι” (Greek). This is because the EUTM covers the whole EU, including Bulgaria and Greece where the words are descriptive.

The Bulgarian, Greek and, say, Slovak (“MYDLO”) words for soap may be registrable as national trade marks in, say, Spain. This is because the words would not be understood by Spanish consumers without an assumed knowledge of Bulgarian, Greek or Slovak (which they do not have in practice).

You could not register “ENRICHING” as an EUTM (it describes a characteristic in one EU language). It might be registrable in Italy or Portugal, where the word is not generally understood.
Language differences can also have a bearing on conflicts and disputes.

- Two marks may appear closer or further apart visually, orally or conceptually depending on the language and national perspective. For example, consumers in Bulgaria or Greece may have difficulty reading or pronouncing marks written in Latin script. Consumers elsewhere in the EU will have difficulty with a word in Cyrillic or Greek script.

- In the “ENRICHING” example in the box, the owner of the national Italian or Portuguese registrations for ENRICHING could disrupt a pan-EU launch by a competitor of a body wash called “ENRICHING SUMMER”. The competitor could face enforcement action in Italy and Portugal and find any EUTM it files being successfully opposed.

The variety of languages and pronunciations makes it important to verify that your name has no negative meaning or connotation anywhere in the EU. This applies equally to fanciful, arbitrary or invented words.

**Non-EU languages**

The high incidence of first and subsequent generations of immigrants, especially in larger EU cities, means many languages are spoken by EU consumers (e.g. Arabic, Hindi and Cantonese). This can have a bearing on EU trade mark issues.
Search and clearance
You may have already used your trade mark outside the EU, for example in Asia or North America. But before using or applying to register it in the EU, it is advisable to carry out a thorough search.

Earlier trade marks can block you – whether they are being used or not. And the consequences – both financially and for your brand’s health – can be serious if you enter a market and later discover that someone else has pre-existing rights.

What trade marks can block you?

- Prior national trade marks in EU countries
- Prior EUTMs
- Prior international marks designating EU countries or EUTMs
- Certain earlier use (without trade mark registration)
- Existing company names (in some countries, e.g. Sweden, Denmark, Spain)

A pre-existing national trade mark in a single EU country can block an entire EU trade mark application even if the national right is unused. A block in one member state still leaves the applicant with the option of “converting” the EUTM application into separate national applications other than in that member state. So protection can still be obtained but the benefits of EUTM protection are lost (and it adds to the costs).
When is a prior mark relevant?

An earlier mark (registered or unregistered) can block your registration or give rise to an infringement claim against you. It does not have to be identical to the one you want to use. Nor does it need to be registered or used for identical goods or services. In fact, it does not have to have been used at all.

A prior mark is relevant if it:

› Is similar to your mark and has been registered or used for similar goods or services such that there is a risk of confusion

› Is a mark with an established reputation for different goods or services – if people are likely to link your mark with it, and your use would take unfair advantage or be detrimental

Marks can be considered similar where words are not similar, but have the same or similar conceptual meaning in another EU language (e.g. FATHER and PAPA). It depends on how likely it is that the relevant consumer (as determined by the type of prior right) would know both meanings and make the association.
Scoping the search

First you need to identify the geographies relevant to your search. The examples below show the scope of the earlier rights you would need to search if you were moving into specific countries (in this case, Spain and Italy) and for the whole EU.

Spain and Italy search
- EUTMs
- Spanish national marks
- Italian national marks
- International marks for all the above
- Use in Spain and Italy

EU search
- EUTMs
- National marks in all EU countries
- International marks for all the above
- Other qualifying national rights in all EU countries, e.g. company names in some countries
Stages of clearance

Two stages of search are normally best:

Stage 1: an identical-only (knockout) or “screening” search: a quick, basic (and low cost) check for identical earlier trade mark registrations or applications. Combine this with a basic online search (e.g. on Google) for identical names. This identifies clear-cut blocks but is unlikely to be sufficient without the second stage search. Such searches can help produce a shortlist from a longer list of proposed names or logos.

Stage 2: a full availability search: a full search for all relevant earlier trade mark registrations or applications, including those that are similar. This is combined with a full search for unregistered use of identical and similar names. You can keep costs down by:

- Omitting searches for national marks in EU countries where you do not plan to trade (but remember that a pre-existing national trade mark will block an EU trade mark application)
- Staggering the search by focussing on key countries first, then secondary ones
Managing or resolving risks in the EU

As with searches outside the EU, finding earlier marks does not necessarily mean that you need to abandon your original plan and choose a different trade mark. Searches usually disclose potential risks – it is a case of assessing their severity in light of the special circumstances that can apply in the EU.

There are numerous options to explore. These are the approaches you might take anywhere in the world (e.g. adding distinguishing features to your mark, limiting your range of goods/services and exploring co-existence or consent options).

There are some approaches that are peculiar to the EU, including the following:

▶ EUTMs that are more than five years old can often be vulnerable to at least partial revocation. This is partly due to the wide specifications that are permitted in the EU. It is also because, until March 2016, it cost the same to file in three classes as it did in one, so applicants filed in three even when only planning use in one class. A full availability search should include some investigation (usually online) into how the earlier mark is being used and may reveal potential vulnerabilities

▶ Threatening to file or filing a revocation action against the prior right owner’s EUTM or national registrations. The costs for this are quite low (for an EUTM and some, but not all, national registrations) and it immediately puts the owner on the back foot. See also page 75
In certain EU countries there is a higher likelihood of prior right owners filing oppositions (even where their case is weak) and not responding to attempts to negotiate. This can be frustrating and it can make revocation counter-attacks more necessary.

Relying on statutory defences to enable use, such as the own-name defence. (this is now, since reforms in March 2016, only to individuals and no longer companies)

You can acquire an earlier right to trump the blocking right. This does not need to be an earlier EUTM, it could be a national right. This approach can work but is fraught with risks, especially if the earlier right is itself unused.

The decision depends on factors such as the level of risk you are prepared to take, the budget available and the time remaining before launch.
The limitations of searches

Searches generally reveal the most significant potential risks but even full availability searches do not always give you the entire picture. Within the EU the position is as follows:

- The time lapse between filing an application and being able to find it online is around a week. So the risk of not picking up a recently filed conflicting application is low.

- Not all potential prior unregistered rights are identified from searches. If you only do a basic search on Google, you may miss names registered on business databases or in other languages. Assessing the risk fully usually requires local legal advice.

- Some applications can be back-dated (by means of a Convention priority claim) to a date before your search date.

- The specification of an earlier EUTM may tell you little about the commercial interests of its owner. This is the consequence of the old system of being able to register EUTMs in three classes for the same price as a one-class application. More can be learned from the specification of any US registration that the owner may have for the same mark due to the stricter use requirements there.
Registering your trade mark
Trade mark rights can be established either by use or registration. It is always advisable to register – you can establish broader rights and are better protected. This approach can also help you avoid unnecessary legal costs later on, for example, in having to rely on and prove your unregistered rights.

Registering is relatively straightforward, but it is worth knowing what it involves and being aware of the pitfalls peculiar to the EU before you get started. Filing early is a key strategy – if others are infringing your rights, you want your registration granted as soon as possible.

To register, you need to file an application. What kind of application is likely to depend on the countries in which you require protection. However, there may be strategic reasons to apply elsewhere. For example, for a descriptive English word that could not be registered as an EUTM, you might want to secure national registration by registering it in a non-English speaking EU member state, e.g. in Spain. This could be useful for blocking applications for similar EUTMs filed by third parties.
<table>
<thead>
<tr>
<th>Territory</th>
<th>Application</th>
<th>Authority</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>National countries (other than those covered by a Benelux mark)</td>
<td>National trade mark application</td>
<td>National trade mark authority</td>
<td>National country</td>
</tr>
<tr>
<td>The Netherlands, Belgium and/or Luxembourg</td>
<td>Benelux trade mark application</td>
<td>Benelux Office for Intellectual Property (BOIP)</td>
<td>The Hague, the Netherlands</td>
</tr>
<tr>
<td>EU territory</td>
<td>EU trade mark application</td>
<td>European Union Intellectual Property Office (EUIPO)</td>
<td>Alicante, Spain</td>
</tr>
<tr>
<td></td>
<td>(previously Community Trade mark (CTM))</td>
<td>(previously Office for Harmonization in the Internal Market (OHIM))</td>
<td></td>
</tr>
<tr>
<td>Internationally</td>
<td>International trade mark application</td>
<td>World Intellectual Property Organization (WIPO)</td>
<td>Geneva, Switzerland</td>
</tr>
</tbody>
</table>
The following points are worth bearing in mind when filing applications in the EU:

- **Who can file?** You can file the application yourself. You do not have to use an attorney or lawyer based in the country or region. However, if you are not in the EU and the application meets an objection, then you must appoint someone from within the EU to represent you. Having an EU-based contact/representative on the record also helps local customs and law enforcement officers. There is no need for powers of attorney or notarisation or legalization of any documentation.

- **How do you file?** Applications can be submitted electronically, by fax or by post. Filing electronically costs a bit less and is quicker and more reliable. This is especially true if you are filing for a long list of goods or services, or if it is important to have a clear representation of a logo or colour mark.

- **What are the specifications?** You need to list the goods and services in detail. From March 2016, a fee per class has been payable for an EUTM (no longer one fee for up to three classes). Avoid using the international class headings alone – especially for EUTMs – as their interpretation varies across the EU. EU specifications can be much broader than elsewhere (the US in particular). Due to the need to translate the specification for EUTMs, using the pre-approved standard terminology can considerably speed up the process.
Which languages? You can file for an EUTM in any of the 24 official EU languages and then indicate a second language. The latter must be one of the five languages of the EUIPO: English, German, French, Italian or Spanish. These are the only ones that can be used for opposition or cancellation proceedings. When filing via the international Madrid system you must use only English, French or Spanish. The application process can be speeded up if your specification uses only certain standard descriptions. This is because the specification ultimately has to be translated into all EU official languages.
The post-application process in the EU

- A filing receipt, with the application number, is issued. This happens within a matter of days – immediately, if filed electronically.

- After receipt of the application, the examiner at the registry either raises no objections and the application is published or raises objections by correspondence.

- The EUIPO and the majority of the national registries within the EU do not examine on relative grounds. That means they will not check for and cite prior conflicting rights as a reason to block the application.

- In contrast (in line with US practice), nine member states do block on this basis, (e.g. Ireland, Portugal and Sweden). Poland does so after the mark has been published. Consent from a prior right owner means that these registries must let the application proceed.

- An application (including all EUTMs and most nationals) may be subject to opposition filed by a third party within three months of it being published. In the UK, the period is two months (extendable by a month).

- A few countries (including Germany, Austria, Denmark, Finland, Sweden and Poland) grant the application first and only allow oppositions post-registration.

- Subject to those countries, registration follows once all registry objections and third party oppositions are concluded. A UK application facing no objections could be registered within 9 weeks. An EUTM can take as little as 14 weeks but the average is 10 to 13 months. A Polish application can take 18 months.
Facing third party oppositions

The opposition process in most EU countries and the EUIPO is similar to elsewhere. Exchanges of legal argument take place, supporting evidence is provided in writing, decisions are put in writing, published and are subject to appeal.

Despite supposed harmonisation of trade mark law, the grounds upon which oppositions can be filed around the EU are not exactly the same. For example, bad faith can be relied upon in a UK opposition but not at the EUIPO.

There is strong protection for geographical indicators (especially in the wine and cheese markets). These names can now be the basis of an opposition. US applicants, in particular, can be caught by surprise at the protection given to terms considered generic in their home market.

The EUTM opposition procedure can allow for a third party to put in a weak case for opposing your application and then have little or no further engagement in the process. There is no mechanism for quickly disposing of the opposition. This means your application can be held up for the duration of a fully contested opposition.
Some registries have more efficient procedures than others so oppositions can materially hold up your ability to enforce your rights (except in countries with only post-grant opposition periods, such as Germany).

- Whilst oppositions at the EUIPO can be decided in about 12 months, every decision can be appealed to the EUIPO Board of Appeal, then the General Court then the Court of Justice of the EU

- A determined opponent, even with a bad case, can hold up grant of your EUTM for many years

- This has become a litigation tactic for defendants anticipating an infringement claim, known as the EUIPO (previously OHIM) torpedo

- It means there can be merit in not raising a claim in correspondence until the end of the three month opposition period and your EUTM mark is registered
Protecting special marks
As well as being able to register a company’s trading name, brand name or logo within the EU, you can also register non-traditional or special marks – such as slogans, colours, shapes, and position marks.

There are many such marks registered in the EU but it is rare to see decided litigation cases relying on them. This makes the scope of the protection they offer hard to gauge. Most case law focuses on registrability issues. Once such a registration has survived one challenge, it can have real value, deterring would-be infringers to secure early out-of-court settlements.

With certain types of trade mark, you may find registration more difficult than in your home country. The rules in the EU can be stricter and different requirements apply with different types of mark. You can save time and costs – and much improve your chances of success – by being aware of what difficulties each type of mark faces and being ready with the appropriate arguments or evidence.

**Proving acquired distinctiveness in the EU**

The EUTM and national registers in the EU feature many non-traditional marks. However, many will initially have faced objection and, where argument failed to overcome that, evidence will have been submitted to prove that they had become distinctive over time. This can be an expensive and long-drawn out process, especially for EUTMs, which can be a good reason to apply only for national registrations. You are
no longer required to prove acquired distinctiveness in all EU member states. It is enough to do so in a substantial part of the EU. However, this is still difficult, unless yours is a mega-brand.

Rejection and the “have a go” approach

Some marks are successfully registered with legal argument alone, having overcome the initial objection, or on appeal. The case law can be very nuanced and examination practice around the EU, and even within the EUIPO, can be inconsistent. This can mean it is sometimes worth “having a go” for the cost of an application. An EUTM application can be withdrawn after an initial rejection without the reasons being open to public inspection (third parties can see an application was filed then withdrawn – they may guess it was refused, but that is not publicly stated). The same is not necessarily true for national applications in the EU so this approach needs to be tailored on a country-by-country basis.
Issues within the EU for different types of marks

<table>
<thead>
<tr>
<th>Shapes and 3D marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptionally unusual shapes for a particular industry can be accepted for registration but typically national registries and the EUIPO assume a shape does not function as a trade mark and they are likely to insist on proof of acquired distinctiveness or secondary meaning.</td>
</tr>
<tr>
<td>Largely to preclude perpetual monopolies for shapes protectable with copyright, designs or patents (that have finite lives), certain shapes cannot be registered, namely:</td>
</tr>
<tr>
<td>– Where the whole shape is dictated by the inherent nature of the goods</td>
</tr>
<tr>
<td>– Where all its features are functional</td>
</tr>
<tr>
<td>– Where it is the shape that gives substantial value to the goods</td>
</tr>
<tr>
<td>The courts have struggled to understand and consistently apply these concepts so it can be hard to predict outcomes. They now also apply to all types of marks, not just shapes</td>
</tr>
</tbody>
</table>
Protecting special marks

Colour marks

- Single colours and two-colour combination per se marks are likely to face objection and need evidence of acquired distinctiveness.
- Care is needed with the representation and any description used for colour combination marks – EU law on this is in a state of flux.
- Colour marks are typically identified by reference to a Pantone® or similar code.
- Functional or standard colours cannot be registered (e.g. the colours on electric wiring, red for a fire extinguisher or bright yellows and oranges for dangerous parts).

Slogans

- A slogan is likely to face objections from most EU registries unless it is an original, surprising play on words with multiple meanings.
- If the slogan is in English and it is an EUTM application, evidence of acquired distinctiveness may be required for the UK, Ireland, Malta, Cyprus and, unless it is a complex phrase, the Netherlands and some Nordic countries.
- Protection will not automatically be given against use of translations into other EU languages, even if you secure an EUTM registration.
Smell and taste marks

- Attempts to register smell marks have been thwarted by the need for the mark to be “capable of graphical representation” but that requirement has now gone.
- Such marks are still likely to face initial refusal by examiners.
- There are likely to be more attempts to register smells in the future but it seems probable that only a few will succeed and it will require further case law to help clarify the scope of their protection.

Sound marks, movement and hologram marks

- A limited number have been registered so far.
- More such marks are likely to be registered since the removal of the requirement for graphical representation. Sound, moving image and hologram computer files can be submitted to accompany descriptions and/or musical notation.
- The scope of protection for such marks remains to be fully tested.
Unregistered trade mark rights
It is possible to acquire and rely on unregistered trade mark rights in many European countries. But it is rarely sensible to rely on them alone. Enforcing unregistered trade marks in the EU can be straightforward in some cases but it tends to require more evidence and cost more than enforcing registered rights. It can also be harder to predict outcomes, with less consistent protection (and possibly none at all) in some member states.

Registration prevents others from registering your mark or a similar mark, can provide you with a defensive “shield” and will deter those conducting searches from adopting use of your mark. A registered mark can also be a pan-EU right, whereas unregistered rights arise and (with the exception of the unregistered Community design right) can only be enforced on a country-by-country basis.

The law on unregistered rights in the EU

Despite the EU first-to-file regime, unregistered trade marks can prevent the registration of a later mark which conflicts with those rights. These rights can be based on:

- Company or business name registers
- The law of unfair competition
- The law of passing off (in the UK)
- Copyright or unregistered design right laws
The law relating to unregistered rights differs substantially in the different jurisdictions.

**Example: Germany**

- Unregistered rights can arise in relation to:
  - Signs that have acquired prominence or notoriety as a trade mark
  - Trade designations such as company names, titles of films or books, and domain names

- The sign generally needs to be recognised by a significant proportion of the relevant public, which in practice means brand awareness of over 20%. Proving this in court can be difficult and expensive

- Distinctive trade designations (e.g. company names and domain names) are protected without the need to demonstrate brand awareness. Protection is established through mere use

**Example: UK**

- Copyright and unregistered design rights can give an owner a prior right in respect of figurative marks (and copyright for long slogans)

- Passing off rights can give rise to a prior right. This requires the owner to have used and promoted the mark so as to have built up business goodwill in the UK

- Proving you have goodwill in the UK requires more than being known there and generally you need to have actual customers based in the UK
Registration of a UK company name or .co.uk domain name alone is not proof that you own goodwill in the UK.

There needs to be a risk that a reasonable number of relevant UK consumers could be deceived. Unlike in Germany, there is no set percentage from a consumer survey that will persuade a court that there is such a risk.

If later use is combined with a distinctive sign clearly denoting the user’s different business then it may reduce, and perhaps remove, the risk of deception. This means passing off rights sometimes offer only limited protection.
Maintaining your trade marks
Maintaining your trade marks in the EU is easy. Both EUTMs and national registrations fall due for renewal every 10 years. Renewal is generally done within the six-month period before protection ends. It can be done within a six-month grace period afterwards – for a small extra fee.

**How do you renew?**

You or your representative pays the appropriate fee to the relevant registry – usually online. EUTMs are renewed at the EUIPO and national registrations at the relevant registry. International Registrations are renewed at WIPO in Geneva.

**Use it or lose it?**

Unlike in the US, there is no requirement to prove use of a registration in the EU in order to renew it.

- Registrations of long-unused brands are often renewed. Maybe they have sentimental or legacy value to the owner or represent the oldest registration of a logo that has been modified

- Such a registration is open to challenge with a revocation action until usage starts. After that, it is not revocable

- The appetite of EU consumers for “retro” brands gives brand owners the opportunity to revive use of older marks, even if only on a temporary basis. This might happen, for example, to coincide with a major anniversary of a company’s foundation
Options to reduce EU renewal costs

For those maintaining national registrations in a number of EU member states (for now, up to 28 countries), the cost of renewals can be high, especially if protection is in multiple classes. There are two options that could help reduce your spend on renewals: claiming seniority and mergers (see boxes).
Claiming seniority

This is a mechanism peculiar to the EUTM system.

- You can secure protection for your mark as an EUTM and then subsume each of your national and International Registrations into that EUTM by claiming seniority for them.

- You can then let the national and International Registrations lapse on next renewal. They remain enforceable as a national right running in parallel with the EUTM right.

- The original priority date of your older registration is retained for national protection.

- After that you only have to renew the EUTM.

To claim seniority, the following must be identical in the earlier right and the EUTM:

- The signs protected (applying a strict test of identity).

- The goods or services of the EUTM must include those of the earlier right.

- The identity of the owner.
Mergers arise in countries such as the UK and Ireland that, with the implementation in the 1990’s of the first EU Trade Mark Directive, started to accept multi-class registrations. Before, you had to file on a class-by-class basis in these countries and large portfolios built up. If you have expanded into the EU by acquiring such a portfolio, merging your trade mark registrations could help reduce your spend on renewals.

- You apply to the relevant registry to merge your older single-class national registrations into one multi-class registration

- Whilst the initial merger incurs a small fee, the costs of renewing the multiple national registrations would have been considerably greater than the costs of renewing the single multi-class registration. This can create considerable cost savings

The rules of merger may vary. In the UK, all the registrations must have the following as identical:

- The signs protected (applying a strict test of identity)
- The identity of the owner
- The filing date of each registration being merged

Mergers may not be appropriate if you have protection elsewhere that is reliant on the UK registration (e.g. in certain Commonwealth countries).
Warning! Fraudulent invoices

Owners of registrations in the EU, including EUTMs, are frequently subject to fraudsters issuing scam invoices relating to pending applications or registrations.

It is very easy for non-specialists (e.g. in your procurement department) to mistake these official-looking demands as genuine. DO NOT PAY THEM! Many have fallen for this. The safest approach is to pay only invoices you receive from your own trade mark representatives.

The EUIPO is taking action to tackle the problem. Its website provides more information and images of sample invoices.

Policing your trade mark
Successful brands attract copyists and free-riders in the EU as much as elsewhere. If your brand is not properly policed, this can undermine brand value and lose you your competitive advantage. Protection is also needed against traders whose motives may be innocent but whose branding risks causing confusion or dilution.

Policing your brand in the EU involves keeping the EUTM and relevant national trade mark registers clear and enforcing your rights against infringers. Neither should be overlooked at the expense of the other.

Many aspects to policing your brand elsewhere apply equally to doing so within the EU but there are some aspects worth highlighting.
Applications can be filed by third parties using the EUTM or national systems, and through the Madrid international system. It is important to keep a watch on all registries where you trade or may want to do so in future.

Having a worldwide watch in place can pick up a priority filing that may be used by the third party for a later filing in the EU. You can then be ready for this.

EU trade mark law provides a specific defence of acquiescence. Failing to act against a third party trade mark registration for more than five years can mean you are denied the ability to sue the owners (whether a national or an EUTM) and therefore stop their use or to have their registration removed.

In a few countries (e.g. Romania), a trade mark registration becomes incontestable after five years’ registration. This is not typical of the EU. Even longstanding registrations have been cancelled due to a conflict with an earlier right. It is never too late to try to do something.

Keeping “clear blue water” around your brand on the registers in the EU helps with enforcement and opposition work. If you own an EUTM, keep the EUIPO and all the national registers in the EU clear. Otherwise third parties can cite the existence of apparently conflicting rights and claim little or no likelihood of confusion.
Other early warning signs

- Interim injunctions to stop infringing third party use need to be sought before or shortly after use starts. Only in a minority of countries can you obtain a preliminary injunction where a third party has been using a mark for some time. It is preferable to try to identify infringing uses as early as possible.

- Trade mark watches usually identify recent or imminent use by a third party. It can be helpful to do regular checks of company name, business name and domain name registers. The latter is often the first thing that traders register once they have decided on their branding.

- More rigorous and independently commissioned business in-use searches can be undertaken on a regular or one-off basis.

- As you expand your workforce, especially if it becomes multi-lingual, it can be helpful to put a reporting hotline in place.
Oppositions

- Oppositions against EUTMs and many national applications can be filed pre-registration. The opposition deadlines vary between two months (e.g. Benelux, France, UK) and three months (e.g. EUTMs). Some EU countries (e.g. Germany) have post-registration opposition only.

- Filing an opposition at the EUIPO need not incur material upfront costs – the substantive arguments and evidence can be filed later. However, work is required to identify which prior rights you own and want to rely on. Much can depend on whether you have used one or more of your national registrations in the country of protection within the last five years, and whether the mark has a reputation – and, if so, where in the EU.

- The grounds for opposition can vary between countries so your case may be better in one country than another, meriting some forum shopping.

- In many EU member states and for EU trade marks, the rules allow cooling-off periods or suspensions while negotiations take place. If the opposition is withdrawn during that time, the opposition fee gets refunded.

- All submissions made in an opposition filed at the EUIPO can be instantly accessed on the EUIPO website. Arguments and evidence submitted in an EUTM opposition should be consistent with the arguments and evidence you use elsewhere – and not just for current and future trade mark disputes. For example, statements about market share could be relied upon by competition/anti-trust authorities.
These can be filed at the EUIPO against EUTMs and at registries in a number of EU countries (e.g. the UK) relatively quickly and cheaply. Initial submissions can be limited and are substantiated later. As a result, it can be a cost-effective tactic to apply pressure in trade mark disputes.

In some countries such actions involve greater upfront costs since they have to be filed at court (e.g. in the Benelux, France, Italy and, if an initial registry claim is defended, Germany). They are being required to change this by 2022 but, for now, tactical attacks are less likely in such higher cost countries.

All submissions filed at the EUIPO can be instantly accessed on the EUIPO website.
In some EU countries (e.g. the UK) anyone who is threatened with a trade mark infringement claim that they consider to be unjustified is entitled to sue the accuser and seek compensation. Care needs to be taken before sending cease and desist letters.

The costs and the amount of management time needed to litigate a dispute vary considerably around the EU and need careful consideration.

The Enforcement Directive means that the choice of remedies available around the EU is largely the same. The level of damages awarded and the court procedural rules vary materially.

Cases in common law countries (e.g. the UK and Ireland), can involve disclosure and cross-examination of witnesses. This is different to, but reminiscent of, the discovery and deposition processes in US litigation. It can be helpful to start actions in such countries in cases where you are alleging bad faith and brand hijacking.

The option of securing pan-EU injunctions in one EU court makes the ownership of EUTMs particularly advantageous.

Your policing should include not just confusingly similar branding, free-riding, lookalikes and counterfeits, but also genuine goods that you did not authorise for sale in the European Economic Area (the EU plus Norway, Iceland and Liechtenstein). Such goods are illegal “grey goods” or parallel imports and infringe EU trade mark
Policing your trade mark

rights. They are to be distinguished from parallel imports from elsewhere in the EU, where the first sale in the EEA was with your consent (see page 99)

Co-existence

- Preferably you will resolve your disputes without having to pursue cases to their conclusion. This might lead to a co-existence agreement.

- Care needs to be taken that these do not contravene EU competition rules, in particular as regards artificially dividing the EU market, unfair restraints of trade and/or perpetual non-challenge obligations in circumstances where the claim was weak or unjustified.

- When defining the “Territory”, ensure the agreement is future-proof against Brexit so that it does or does not cover the UK, as intended, if referring to the EU. See chapter on Brexit at page 27.
Exploiting your trade mark
Once you have registered your national or EUTM, you can use it yourself, sell or transfer it to another party, or license it to one or more third parties. However you decide to use or profit from it, there are some legal issues that arise that are particularly pertinent to the EU.

### EUTMs

- If you wish to sell rights to one country only, you can convert your EUTM into national rights. It is treated like a new application in each country where you want protection, but you keep the original priority date of the EUTM. You pay a new application fee and then you can sell the rights off by country.
- Whilst EUTMs cover the whole EU, you can grant licences for part of the EU without having to convert it

### EU competition/anti-trust law

- A licence or sale agreement needs careful checking for compliance with EU competition law.
- You can split the countries between licensees, but any attempt to artificially partition the EU market with a licensing regime can fall foul of EU competition law.
- You cannot stop your licensees responding to unsolicited sales enquiries and fulfilling orders placed from an EU country that is outside of their licensed territory. You can stop them actively promoting in that country.
Care needs to be taken with restrictions on volume of goods traded, setting onward sale prices, non-challenge clauses, exclusivity, choice of suppliers and restrictions on conducting online sales without a ‘bricks & mortar’ establishment.

**Recordal of licences and rights of licensees**

European jurisdictions differ on whether licences must, can or should be recorded. It is important to carefully check the legislation for each market you plan to enter.

- In some countries it is not possible to record a licence in the trade mark register (e.g. Germany).
- In others, it is advisable to record the licence (e.g. in the UK, failure to do so can result in disadvantages with enforcement activities).
- For EUTMs, it is not mandatory, but can be done on request of one of the parties.
- Licensees that are likely to want to enforce rights under the trade marks against third parties should probably record their licence. Note that exclusive licensees can have rights of enforcement by default. The position can vary around the EU, including as to whether the licence agreement can remove this entitlement.
- Preferably have licensees include an agreed form of notice on their packaging and/or marketing materials to identify that the brand is used under licence.
Conformity with tax law is important.

- This is especially true when the parties to the agreement are located in different jurisdictions that are subject to different tax systems.
- The question can arise as to which party has to pay which kind of tax on the basis of any licence fees.
- Different countries have different tax breaks relating to IP licensing and anti-avoidance regimes, as well as different positions on withholding tax due to differing participation in double-taxation treaties.

Using your trade mark

Proving use

There is no default requirement in EU law to file declarations and/or specimens of goods with the trade mark offices in order to maintain your trade mark. You may be required to prove your use of a registration which is more than five years old in the following circumstances:

- A third party applies to revoke it for non-use
- You want to rely on it to support an opposition against a later-filed mark
- You want to rely on it to support a cancellation action against a later-filed mark
- You want to rely on it in an infringement action against a third party
If you fail to prove genuine use without proper reasons for non-use, your registration will be vulnerable to someone applying to revoke it. You may also not be able to rely on it to oppose or cancel third party conflicting marks or to sue third parties for infringing use. If you fail to prove use for only part of what your registration covers, then these consequences apply only to that part. You can still rely on and defend the rest of your registration.

The cost of defending your right

Especially for large trade mark portfolios, it can be costly if a third party starts to attack unused trade marks with revocation requests – for example, in the context of another dispute with the trade mark owner. Usually the costs of successful revocation requests are borne by the trade mark owner.

Documenting use of your trade mark

The burden of proof lies with you, the trade mark owner. It is therefore advisable to carefully document the use of the trade mark at the time it is being used. Proving use retrospectively can be difficult. Make sure you collect the documents that are acceptable to the trade mark offices/courts as proof of use. For example, invoices that only contain a reference to a specific product but do not name the trade mark may not be sufficient or can make your case difficult to prove. It is essential to capture the evidence separately from use elsewhere in the world. For national registrations in the EU, it is needed on a country-by-country basis.
Use of notices and the ™ and ® symbols

There is no obligation to use these symbols but there are benefits in doing so.

- The ® symbol should only be used on marks that are registered, preferably in the country where you are using the symbol. Once used besides the first appearance of a mark in a document, it does not need to be repeated everywhere.

- The ™ symbol can be used to alert others that you consider a brand to be proprietary, even if it is not registered. This is useful for a mark (e.g. a slogan) that, at first, may be unregistrable for being descriptive or non-distinctive, but which becomes registrable if used extensively.

Statements such as “X and Y are registered or unregistered trade marks of Z Inc.” are likewise not legally required but can serve to deter unauthorised use.
Packaging get-up and lookalikes
Certain parts of the EU are particularly susceptible to certain types of infringement. A typical one seen in UK and Dutch supermarkets is where the get-up or trade dress – the packaging “cue” or characteristic visual features of the product or its packaging – has been copied.

As a brand owner, you put considerable time and money into developing features that allow consumers to visually distinguish your goods from those of your competitors. The rising number of disputes and lawsuits throughout all jurisdictions make strategic protection of the get-up and enforcement an increasing necessity.

What is get-up and how can you protect it?

There is no statutory definition in EU law of the get-up of a product or its packaging. Usually, it refers to features such as shape, size, colour, texture, ornaments or fonts. You can base legal action against lookalikes on a number of different laws. All of the EU legal regimes provide protection against lookalikes in one way or another, and with even more varying effectiveness.
To be protected under EU design right law, the get-up must:

- be new (i.e. there is no prior design that is identical or similar)
- have individual character (i.e. the overall impression must differ from earlier designs)

Protection against being copied arises automatically through Unregistered Community Design Right. A new and individual get-up is protected for three years after the design was first made available. Some EU countries (like the UK) also provide – under specific conditions – additional national protection for unregistered designs.

If registration is sought, it becomes a monopoly right, without the need to prove copying, and it can last up to 25 years. The process is straightforward. You can benefit from a grace period (i.e. an application can be filed within one year of the design first being made public). If you apply later than that, the registration is liable to cancellation by anyone.
Packaging get-up and lookalikes

In some jurisdictions, the get-up of a product or its packaging can be protected as:

- A two-dimensional trade mark (e.g. a photograph of the pack shown front-on, as seen on the shelves)
- A three-dimensional trade mark, showing the whole pack from various angles, that is either inherently distinctive or has become so through promotion or use
- Completion of registration within a few days – novelty and individual character are not examined at this stage
- Exclusive rights to the owner to use the design on the market and to prevent third parties from manufacturing, offering, putting on the market, importing and exporting a product leaving the same overall visual impression as the protected design

Trade mark law

In some jurisdictions, the get-up of a product or its packaging can be protected as:

- A two-dimensional trade mark (e.g. a photograph of the pack shown front-on, as seen on the shelves)
- A three-dimensional trade mark, showing the whole pack from various angles, that is either inherently distinctive or has become so through promotion or use

Consumers are more used to distinguishing between products by their names or figurative marks than by the shape or colour alone. In some jurisdictions, this makes it difficult to obtain trade mark protection for a get-up that has no other distinguishing word or device elements. In such cases, the mark must depart significantly from the norm or customs of the relevant market sector.
Without a need for a formal registration, copyright protection arises with the creation of a qualifying work. Unlike with registered trade marks and design rights, copyright protection is not fully harmonised across the EU. Brand owners have to deal with a large number of different legal requirements for get-up design to enjoy copyright protection.

For overall get-up to benefit from copyright protection, the shape of the product or its packaging will generally need to show some degree of artistic creativity and a relatively high level of originality. The (two-dimensional) designs featuring on the printed packaging will automatically benefit from copyright protection.
There are various national laws under which product get-up may have protection. Many countries prohibit lookalikes on the basis of unfair competition rules. In the UK, brand owners can raise claims under the tort of passing off.

Mostly, such protection requires the imitation or replica to lead to deception regarding the origin of the goods. Or it must be detrimental to, or take unfair advantage of the reputation of the products.

The greater the reputation and goodwill the product enjoys, the larger the scope of protection. To ensure you have the option of being able to rely on such rights, it is always helpful to gather and retain evidence that could support a claim to having a reputation in your product get-up (e.g. examples of past pack designs, marketing literature, advertising and website images, design awards, information on market share, sales figures, advertising activities and expenditures).
Tackling brand hijacking
No brand is immune to hijacking. Even if you have no immediate plans for taking your operations into the EU, you may want to consider taking pre-emptive action to prevent your trade marks being registered or used by others before you. Failing to do so now can hinder your future development and market entry into the EU.

If your brand is already being hijacked by another business, there are measures you can take to prevent further damage.

Taking proactive measures

The first-to-file system that operates for EU trade marks makes it vital to take early action. Pre-emptive filing of applications for registration is a critical measure against misuse by third parties. The costs are relatively low and you are under no obligation to use the registered trade mark within the first five years.

Proactive measures against brand hijacking should include:

- Pre-emptive acquisition of rights (EU trade mark and/or national trade marks, Registered Community Designs for logos), preferably before announcing of any expansion plans into the EU
- Monitoring EU markets and trade mark registers
- Fast reaction (e.g. oppositions, lawsuits, injunctive relief) to abusive registrations/use in order to prevent goodwill being acquired by third parties
Collecting evidence suitable for documenting your own goodwill within the EU (e.g. contacts with EU customers, orders/booking from the EU and press coverage in the EU)

**Tackling abusive registrations**

If someone else has got there first, national and EU trade mark regimes can provide some remedy against trade mark hijacking.

### Bad faith

Registration of a trade mark in the knowledge that an identical or a confusingly similar trade mark has been used abroad can constitute bad faith and be a basis for challenging it. Although you do not have to prove fraudulent behaviour, it can still be hard to prove bad faith and all the facts are needed to assess the merits of a possible claim.

In general, knowledge that someone is already using an identical or similar trade mark abroad is not sufficient. Additional circumstances are required to support a finding of bad faith. For example, an expectation that the owner of that mark might intend to expand into the EU and an intention to prevent or disrupt that or to free-ride on the reputation of the prior mark.

Possible action includes:

- Cancellation proceedings
- Opposing the application or registration
- Refusal of an application following examination by the relevant national office
Tackling brand hijacking

- A defence plea against claims based on the abusive registration
- The bringing of a claim against the later user, e.g. on the basis of passing off in the UK

Unauthorised filing by agents

EU trade mark regimes also provide help against the registration of trade marks by agents or representatives without your consent – unless registration can be justified.

‘Agent’ or ‘representative’ are broadly defined and may include anybody who has acted in your interest in the course of trade (e.g. licensees, authorised distributors).

Possible action includes:
- Opposing the application or registration
- Cancellation proceedings
- Requesting transfer of the agent’s trade mark
Well-known marks

Registration of trade marks liable to create confusion with another mark already well known in a country is not permitted. This is the case even where the well-known mark is not protected with a registered right.

Well-known marks usually demand a high degree of recognition and renown amongst the public due to longstanding use, promotional activities and media coverage, for example.

Possible action includes:

- Opposition proceedings
- Invalidation proceedings
- Refusals of an application
Other earlier rights

Other earlier rights, on a country-by-country basis, may be relied on to take action against abusive trade mark registrations. Examples include:

▶ Foreign trade mark registrations combined with bad faith (see page 102)
▶ Non-registered trade marks
▶ Other signs used in the course of trade (e.g. trade names, corporate names and domain names)
▶ Copyrights
▶ Personality or image rights
▶ Design rights

Special national legal institutions such as the common law doctrine of passing off in the UK or unfair competition protection can also be invoked.

Possible actions include:

▶ Opposing an application for registration
▶ Requesting cancellation of an abusive registration

Action against misuse

Most of the rights also grant protection against the abusive use of your hijacked name.

This may include the possibility of obtaining injunctions, destruction of goods, getting compensation paid and forcing disclosure of turnover and profit figures, as well as supplier and customer details.
Anti-counterfeiting and parallel imports
Whilst many brand owners may not like to admit it, they and their channel partners face considerable unfair competition from counterfeiters in the EU, like elsewhere. There are many equivalents to New York’s Canal Street throughout the EU and its 82 free-trade-zones are as much a transit hub for counterfeits as other FTZs around the world.

It is not uncommon for non-EU brand owners to find counterfeits of their goods being sold in the EU before they have even launched here. This can seriously disrupt an official launch and tarnish the brand before its European “birth”.

Scale

The perceived wisdom is that the EU is a net importer of counterfeits. However, there are increasing signs that large-scale production by organised crime groups is taking place within the EU’s borders too. They are happy to take advantage of the EU’s free movement of goods principles and the inspection-free borders within the mainland Schengen area.

The true scale of the trade may never be known but an International Chamber of Commerce report in 2010 estimated that it resulted in:

- Counterfeit sales in the EU of about €10 billion annually
- More than 185,000 lost jobs in the EU
- Millions of euros being lost to tax revenue
It affects all sectors: not just designer goods, but also cigarettes, alcohol, software, electronics, cosmetics and pharmaceuticals. We have had cases involving doctor’s stethoscopes and false nails, to name just a few oddities. Many counterfeits can have an impact on health and some cause deaths.

In the face of porous borders (especially in the east) and growing online sales of counterfeits, there is considerable political buy-in for tackling the problem, especially within the EU Commission, EUIPO, national customs and Europol.

**Criminal enforcement**

> Knowingly importing and dealing in counterfeits is a crime throughout the EU. It carries severe penalties (e.g. up to 10 years’ imprisonment in the UK and the potential to have a trader’s entire assets confiscated)

> Even the act of a consumer buying counterfeits can be a crime (e.g. in Italy and France)

> While local criminal law enforcement can be patchy due to stretched resources, it is increasingly coordinated. Intelligence is shared between agencies, with ever-growing quantities of goods seized by customs at the EU’s outer borders and points of entry, such as the major airports and sea ports
Parallel Trade

EU law distinguishes clearly between counterfeits and parallel imports. But the latter can still be illegal.

“Fortress Europe” policy

- If the genuine goods were first sold (perhaps at a lower price) outside the EU, brand owners can sue and stop traders bringing them into the EU without permission.
- Once the genuine goods have been sold with the brand owner’s consent anywhere within the EU (in fact the EEA, which includes Iceland, Liechtenstein and Norway), they can be parallel traded on the grey market anywhere within the EEA. They can also be repackaged/over-stickered to sell into the destination market.
- It is the common refrain of dealers in counterfeits that they thought they were just dealing in grey goods. Because grey is often mixed in with fake, policing one market invariably means both need to be policed.
- It is not known what the position will be as regards exhaustion of rights in the UK post-Brexit. It is possible even parallel imports in the UK from the remaining EU will be illegal or that rights are exhausted with the first sale anywhere in the world, so opening the UK door to all goods without the brand owner’s consent. See chapter on Brexit at page 27.
What can non-EU brand owners do?

You can help yourself and law enforcement considerably (see Top 10 anti-counterfeiting to do list on page 102). There is no one best practice. Depending on the scale and nature of the threat, a mix of criminal, civil and PR action is best.

It is always worth keeping the local and national law enforcement agencies happy to encourage publicly-funded action (giving them responsive contacts and sharing intelligence – although this is not always reciprocated). You should also be willing to pursue a limited number of civil claims against carefully selected targets with assets.

Resources for, and so the degree of enthusiasm and specialist IP knowledge within, the criminal law enforcement agencies can vary enormously around the EU. The legal arsenal available to brand owners in EU civil enforcement actions is significant and more consistent due to harmonised trade mark and enforcement laws (see EU civil enforcement remedies). See box opposite.

As everywhere, securing a hardening of consumer attitudes to counterfeits is equally key. In the EU, this is made more difficult by the multitude of languages and ethnic values. A single message or advertisement may not work well across the EU’s polyglot and diverse population.
### EU civil enforcement remedies include the ability to:

- Secure immediate pan-EU injunctions without notice
- Have websites selling counterfeits blocked
- Have evidence preserved, goods seized and assets frozen
- Require disclosure of supplier sources and trading figures
- Have cases publicised at the counterfeiter’s cost
- Follow the money and potentially pin liability on the facilitators (e.g. online trading platforms, landlords, couriers, credit card companies)
- Force cross-examination of those involved (e.g. in the UK)
- Secure material compensation with non-payment potentially leading to imprisonment
- Recover legal costs
- Enforce the sanctions ordered by one EU court with relative ease in another court, e.g. where a defendant is based
Top 10 anti-counterfeiting to do list

1. Register EUTMs and Registered Community Designs (the latter being cost-effective and quick to obtain since there is no registry examination).

2. Record your pan-EU rights with customs (there is one form and no official fee but, post-seizure, beware high storage and/or destruction costs in some EU countries).

3. Line up subsidiaries, channel partners or counsel in the right time zone and right language for quick inspection of goods and competent evidence giving.

4. Maintain good intelligence data, feed into EUIPO’s European Observatory on Infringements of IP Rights and beware of breaching Safe Harbor rules on exporting data to non-EU countries.

5. Do not ignore and react quickly to parallel trader notifications about repackaged grey goods.

6. Package goods to help with identification (e.g. use “Not for sale in EEA” or “For sale in US/Canada only” labels, EU instruction leaflets and “CE” labels).
7. Contractually bind non-EEA official distributors not to supply customers where the EEA will be the known ultimate destination.

8. Police and target non-English language websites and not just € and £ sales (there are nine EU countries that do not use the euro).

9. Provide anti-counterfeiting information and reporting/contact details on your website in at least English, French and German (there are 24 EU official languages).

10. Use case metrics to monitor and measure EU-only successes to secure senior management buy-in, budgets and support from your local business teams.
Defending yourself against a prior right
If clearance searches are not done, or are not done properly, businesses entering EU markets can find themselves on the wrong end of a complaint by someone with a prior right to a trade mark.

If you do find yourself the subject of opposition proceedings or an infringement action, there are certain ways you can defend yourself. It is important to consider the commercial impact as well as the legal consequences in making a decision on the route to follow.

**Taking preventative action**

Carrying out thorough searches is vital. Remember that the owner of an EUTM is not obliged to use it during the first five years after registration. You also need to consider the fact that an EUTM covers all 28 member states but the owner does not have to use it in every EU country (even after five years are up).

If someone owns a prior right which conflicts with yours, you could find yourself facing a genuine threat of an injunction to prevent the use of your mark in the EU. This can be the case even if the owner has little or no trading presence.
Defending yourself

Prior right owners usually send a “letter before action” informing you of their prior rights and warning you not to use the conflicting mark. Such letters need to be taken seriously and you should seek specialist legal advice immediately as you may be liable for compensation and legal costs. It is possible their letter gives you a basis for making a claim against them as an unjustified threat, for which you can claim an injunction and damages.

If someone does take action against you, there are a number of routes open to you.

Non-use

Marks that have been registered for more than five years and are not in use can be revoked for non-use.

EUTMs are often registered for a wide range of goods and services, and the mark may not be being used for all of them. This occurred particularly during the first 20 years of the EUTM system when the price of a 3-class application was the same as for a single class application. Applicants often added an extra class or two when they only needed one.

Proving use for all goods and services can be an arduous and expensive task for your opponent and can result in their scope of trade mark protection being cut down.
**Acquire pre-existing rights**

You may be able to buy a pre-existing trade mark that poses a challenge to your opponent’s EUTM.

This involves approaching the owner of the mark and negotiating a price for the sale. You can then argue that you have a prior right, and can force your opponent to limit their use of the EUTM to countries where they are actually using it.

**Descriptive or non-distinctive trade marks**

If your mark is challenged, you may consider attacking your opponent’s mark on the basis that it is not valid (i.e. that it is descriptive or non-distinctive).

It is burdensome and expensive for a rights owner to prove that their mark is valid, and they could face serious consequences if it is declared invalid.
Where the trade mark proprietor is aware of your trade mark registration yet has done nothing about its use for five continuous years, they may lose their right to invalidate it or oppose use on the basis that they have acquiesced.

If there has been a long period of honest and concurrent use of two trade marks, the proprietor of an earlier trade mark may face difficulties in enforcing its rights (e.g. against a later application). Such cases are very fact specific.

**Own-name defence**

A trade mark owner cannot prevent you from using your own name or address, as long as your use is in accordance with honest practices in industrial or commercial matters. This defence previously also applied to companies but now applies only to people using their own name.

**Acquiescence and honest concurrent use**

Where the trade mark proprietor is aware of your trade mark registration yet has done nothing about its use for five continuous years, they may lose their right to invalidate it or oppose use on the basis that they have acquiesced.

If there has been a long period of honest and concurrent use of two trade marks, the proprietor of an earlier trade mark may face difficulties in enforcing its rights (e.g. against a later application). Such cases are very fact specific.
If you have received a cease and desist letter relying on an EUTM but proceedings have not yet been issued, you can file an invalidity action at the EUIPO against the EUTM. This usually results in a stay of any infringement proceedings pending the outcome of the invalidity action.

As the EUIPO can take several years to make a decision on invalidity (with the unfettered potential to appeal three times up to the Court of Justice of the EU), any court proceedings against you for infringement (and resulting injunctions to prevent use of the mark in question) may be delayed indefinitely. (See page 53)

Depending on the circumstances, you may consider trying to reach a settlement with the other side. This can involve you each consenting to the other’s use, but for different goods or services, or geographical locations.
Reputation and crisis management
Trade mark issues can result in you facing not only legal threats, but threats to your business’s reputation. There is a strong tradition of effective investigative reporting in the European press, now supplemented by an active online community with access to considerable information. Their reports of matters such as defective products, tax issues and child labour can bring a brand into the public eye and cause lasting damage, whether true or false.

It is important to have a locally-targeted crisis management plan. What can be an effective response outside the EU, may well not work within it, not least because of the diverse language and cultural backgrounds involved. Planning for such eventualities and knowing how to react to them with the right resource can make a big difference in preserving your good reputation.

Recent examples of reputational damage

You do not have to search far for companies that have suffered damage to their brands, for example:

- Fashion brands – some well known brands faced a public backlash about poor working conditions for workers after the collapse of a textile factory in Bangladesh
- Volkswagen – the VW brand faced a crisis because of cheating on emission tests
Put a plan in place

There is often little warning of a crisis, so it is crucial to be prepared with a solid crisis management plan that can be immediately rolled out. This should detail:

- Your areas of potential vulnerability
- The procedure to be followed
- The people responsible (for the appropriate language/jurisdiction)
- The contact details for the team including PR specialists and lawyers, in the relevant territory
- The relevant regulators and other organisations you may need to involve (e.g. laboratories in the case of food companies)

A good plan will significantly increase the efficiency and speed of your reaction and put you in a much better position to try to control communications and limit any damage. A quick legal or PR response following false or misleading allegations can sometimes convince a publisher that publication is not justified. Failing that, it can at least provide more balance to what is published.

Remedies

Legal remedies against the publication of allegations that negatively affect the image of a brand partly depend on the country. For example, in England, it is generally not possible to obtain a pre-publication injunction for defamation. In contrast, it is possible to obtain an injunction before publication for privacy or confidentiality. In Germany, it is possible (but rare) to obtain a pre-publication injunction for defamation or privacy and not uncommon to obtain an ex parte injunction after publication.
to have an article taken down. Criminal defamation has been abolished in England. It still exists in Germany but is extremely rare. In Poland, it is possible for defamation to be a criminal law matter as well as a civil one.

In nearly all countries, it is crucial to distinguish between facts and opinions. Facts are sometimes defined as issues that can be proved wrong or right. Whereas opinions, which can be easier to defend, are sometimes defined as personal evaluations, value judgments and/or implications.

**False facts**

The dissemination of false and defamatory facts generally gives the claimant the right to sue for all legal remedies available in the jurisdiction.
The dissemination of true facts is usually permissible and you can only make claims where they violate a person’s privacy. The information must be private, without there being a public interest justifying the intrusion.

What amounts to private information can vary according to the facts and the jurisdiction but can include:

- Revelations about sex life
- Details about illnesses
- Publishing photographs revealing private information about a person
Reputation and crisis management

Public interest defence

If journalistic care has been taken (see below), the publication of false or unproved facts may still be permitted if the allegations are in the public interest.

The law varies in different countries. Preconditions for the public interest defence succeeding can include:

» Sufficient evidence showing that the facts are true
» A public interest in the publication of the information
» Giving the affected person or company an opportunity to comment on the allegations prior to publication and balancing the story with both sides’ version of events.
A tone which is responsible and not sensational

Opinions

The publication of honestly held opinions based on true facts is generally protected by freedom of expression.
Advertising and marketing issues
Conducting marketing and advertising campaigns across the EU or in individual member states can present major challenges for brand owners. With today’s campaigns often being conducted through multiple media channels – including social media – they can touch upon a multitude of legal issues in more than one country.

**Potential brand-related legal issues**

- Do conflicting trade marks exist in the country?
- Does the marketing campaign conflict with local unfair competition law?
- Have other intellectual property rights been cleared for everything in the marketing material (e.g. music library or artistic copyright)?
- Does the campaign comply with local advertising, marketing or broadcasting regulations?

**EU legislation on advertising and marketing**

Local laws of the individual member states and EU-wide legislation apply to all the main advertising and marketing issues you are likely to come up against. Local laws are often based on EU wide legislation. As well as understanding EU trade mark law, it is important to be aware of the following legislation.

- The Unfair Business Practices Directive regulates advertising. Its purpose is to ensure consumers can make informed buying decisions about a product or service, free from constraints.
The directive concerning misleading and comparative advertising prohibits advertisements that can mislead. It also sets out the boundaries for marketing statements that refer to competitors.

The ecommerce directive establishes rules on issues such as the transparency and information requirements. It also provides “country of origin” defence under certain circumstances, allowing operators of online services to defend themselves against claims brought in another member state – they can argue that their services comply with the laws of the member state in which they are based.

There are laws relating to co-branding with tobacco products (where they have the effect, even if not intended, of promoting the consumption of tobacco), or to data protection, sponsorship and product placement in broadcasts.

There is a series of regulatory regimes that need to be complied with before launching a campaign online or offline (e.g. broadcasting and advertising codes).

Sanctions for infringements can differ greatly, especially where claims are not based on the infringement of intellectual property rights. This is especially true of unfair competition law.

In some jurisdictions competitors and consumer protection associations can assert direct claims against the entity running a campaign. These can be combined with immediate injunctions, including those obtained without notice being given to the defendants. This creates the risk that campaigns in which a brand owner has invested heavily may need to be stopped at short notice.
In some member states, public, semi-public or industry bodies are entrusted with enforcing advertising standards and competition laws. This generally leads to a significantly lower incidence of court cases. In particular, broadcasting codes regulate broadcast advertising, sponsorship and product placement.

**Trade mark law**

Brands are central to any advertising campaign. Only marks that distinguish your product or service from other companies can be protected. In addition to the traditional functions of trade marks, the Court of Justice of the EU (CJEU) recognises their “advertising function”, which, if adversely affected, can help justify an infringement.

Given the potentially harsh consequences of an infringement, you may want to carry out a thorough trade mark clearance before the start of major advertising campaigns and the launch of products. This should include a search for conflicting special marks.

A potential infringement of such marks may not be easy to identify. In a recent case, a trade mark owner tried to obtain an injunction against the packaging design of another entity. Although they were unsuccessful, it took three court instances until the dispute was settled. Another case saw brand logos being discontinued because they were held to infringe the trade mark rights of single-letter word marks.

Brands are often used as adwords when advertising on search engines. Case law has evolved in the EU about whether and when use of brands in adwords may amount to infringement.
Unfair competition law

Unfair competition law regulates the behaviour of competing companies. While a certain amount of harmonisation between member states has been achieved, legal traditions still differ widely. The most relevant issues include the following.

**Passing off:** many jurisdictions prohibit the imitation of products or services under passing off or unfair competition laws. Generally, this requires the original product to possess a sufficient degree of originality and have a certain level of goodwill. Often, an element of bad faith on the part of the potential infringer is also required. For example, an attempt to exploit the goodwill vested in the original or to mislead the public about associations between the products and/or suppliers.

**Misleading business practices:** the general rule that advertisements must not mislead the consumer is fundamental to all advertising regulations. Every advertising campaign and marketing statement must be true, understandable and may not contain pieces of information that might mislead the consumer. The decisive factor in establishing whether an advertisement is misleading is consumer perception. This is assessed based on an average consumer who is reasonably well-informed and observant.

**Comparative advertising:** this is advertising that explicitly or by implication identifies a competitor or its goods or services. It is recognised as a legitimate means of informing consumers but it will constitute trade mark
infringement unless certain conditions of the Comparative Advertising Directive are met. The most important include that:

- The statements made must not be misleading
- The goods or services meet the same need or are intended for the same purpose
- The statements make objective, relevant, verifiable comparisons of representative features
- They do not disparage or defame the competitor

**Social media marketing:** many EU member states have a strict requirement for separating advertisements and editorial. With statements on social media, you need to clearly mark any sponsored statements as advertisements. The use of user-generated content creates significant problems for the clearance of IP rights. Validly incorporating general terms for promotions and other interactions with consumers becomes a challenge. Specific forms of advertising such as “like-gating” promotions on networks such as Facebook have been the subject of extensive court proceedings under unfair competition laws.
Facilitating your EU expansion
European business practices and customs can be very different from those elsewhere in the world, particularly Asia. This can make it all the more important for a business to find the right partners to provide support and other specialist advice in parallel and conjunction with your legal advisors. These partners can help with introductions to existing networks that will save time and increase commercial options for a planned EU expansion. There are many areas where such support is often sought, including those detailed here.
Any set-up of the business structure has far-reaching implications for tax liability, filing obligations and profitability of the wider group.

It is important not to leave the tax implications until later. EU businesses are often strongly tax driven. They work with different consultants in an integrated way from the outset.

Businesses with the potential to save tax expenses require early, at least basic, information about the possibilities and risks of their intended business model. This can include the structuring of your IP ownership and intra-group licensing.

Costs and time required for such planning are sometimes considerable, depending on your domicile, where revenue is or can be generated, the need for withholding tax, the existence of double-taxation treaties, anti-tax avoidance legislation and IP-related tax relief.
Visas and residency

- In the past, access to the European market has been relatively unchallenging. Recent developments have made it harder for non-EU citizens to enter some countries for work purposes (e.g. the UK or Germany)
- Being unable to send team members on short notice or for long working periods can considerably delay projects. Resolving each case can absorb substantial resources
- For reasons of cost-efficiency, it is important to identify early on suitable partners who can work with other professional advisors to handle these issues to save you from having to use highly paid consultants

Office location

- Finding the best location for your business premises in the EU (or even a post box address) requires considerable analysis of the full context of an investment (including tax-related consequences)

Industrial association(s)

- To facilitate a quick start up in the EU, it can be helpful to secure introductions to other companies in the sector as well as the relevant trade association(s)
- While access to most of them is straightforward, identifying the ‘establishment’ trade association most relevant to the industry can be complex without the right advice
Facilitating your EU expansion

**Business partners**

- Much business ‘matchmaking’ in the EU takes place at trade fairs and trade association events – whereas elsewhere ministries and other governmental organisations often facilitate these partnerships.

- Introductions to particular companies can be best achieved via intermediaries. Conflict issues should be considered.

- This support might extend to obtaining reliable information about potential business partners as part of a due diligence. This could include market research with a selected audience, followed by individual approaches either facilitated by consultants or other intermediaries (e.g. trade associations).

**Company formation and secretarial services**

- Introductions in this area are particularly useful for smaller and medium-sized companies that have difficulties in hiring local staff on the ground.

- Support can be needed to cover human resources needs, including temporary workers.

- Overall the extent of outsourcing and management in-house needs to be tailored to business needs.
Once the first stage of market entry has been implemented, distribution channels and restructuring of these channels becomes a key issue for successful growth.

Support in this area can help weigh up and apply local industry sector knowledge.

Accessing the European online market is often undertaken prior to any physical investment in the EU.

Launching in this space can require input from specialists in trade marks, data protection, consumer rights, marketing law, competition law and unfair competition.

Expertise in supply chain issues, customer complaints and big data analysis can be drawn from a combination of legal and business consultants.
About
Taylor Wessing
Taylor Wessing is a leading international law firm, with over 1,200 lawyers across 33 offices, working with clients in the world’s most dynamic industries. We take a single-minded approach to advising our clients; to help them succeed by thinking innovatively about their business issues.

With offices in Silicon Valley, New York, Singapore, Dubai and China, we have a strong focus on supporting non-European clients seeking to set up their businesses in the EU. This ranges from initial visa and immigration advice, real estate investment, company formation, tax advisory, employment, pensions, financing and IP protection. Having helped set up the initial European business arms of many of the world’s biggest technology companies, Taylor Wessing has a well-established European inward investment team.

Our trade mark team is one of the largest and best rated practices of its type. It spans the key EU countries of the UK, Germany, France, the Netherlands and Austria, with additional specialist EU and national trade mark capability in Slovakia, the Czech Republic, Poland and Hungary.

The particular strength of the Taylor Wessing trade mark team is our holistic approach and sector expertise. We weigh up a wealth of knowledge of all IP rights and risks that may come into play, whilst drawing on our wider team’s in-depth knowledge of key industries. Amongst others sectors covered are fashion and luxury brands, consumer goods, media and technology, automotive, pharmaceutical, healthcare, and financial services.
We seek to add real strategic value to each aspect of protecting a client’s brand: clearance, filing, prosecution, renewals, negotiating co-existence, oppositions and invalidity actions, enforcement, licensing, advertising and domain name disputes.

We have considerable strength and depth of experience in managing trade mark portfolios regionally and worldwide. The same team handles IP-related disputes/litigation and domain name issues, as well as commercial transactions, ensuring high quality rounded advice.

Our international filing practice is large and strategically core to the firm. We manage over 45,000 live marks and 5,000 live designs worldwide, including for a number of the firm’s key clients. At any one time, we tend to be handling at least 2,700 live trade mark disputes (including oppositions and cancellation actions) and are filing about 1,000 - 2,000 trade mark applications worldwide annually.
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