



PATENT, TRADEMARK & COPYRIGHT



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TRADEMARKS

GLOBAL HARMONIZATION

The authors argue that the Community Trade Mark and common law trademark systems need adjustments before global harmonization of trademark law can be realized.

Global Harmonization of Trademark Law: Not Quite There Yet

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Throughout the many world cultures and their corresponding languages, there appears to be a single language of commerce. One single mark can speak to consumers in Spain as clearly as it can speak to consumers in Texas.

Yet, as most international trademark attorneys have learned and have had to explain to their clients who desire a single trademark registration covering major world markets, there is no single language of trademark law.

If trademarks can speak so clearly in so many different languages in so many different countries, why can't trademark law? There is a sense in our modern age that homogenized standards of systems tend to be the most productive.

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But is this true with trademark law? Is one single centralized system of trademark standards possible?

Community Trade Mark: One-Stop, But With Problems.

The Community Trade Mark system is one such attempt to harmonize trademark laws among nations. The Community Trade Mark is often touted as the quintessential one-stop shopping for trademarks in the European Community. By filing one CTM application instead of engaging representation in individual countries to file separate applications, attorneys can save their clients significant expenses.

Another benefit is that the U.S. Patent and Trademark Office, the European Union's Office of Harmonization of the Internal Market, and the Japan Patent Office have jointly approved standard goods and services descriptions. Due to these harmonization efforts, local representation only becomes necessary when national conflicts arise.

However, national conflicts, i.e., CTM oppositions based on national or other international registrations, are one of the greater disadvantages in the CTM registration system. If a CTM application is opposed by the owner of a national registration, the entire CTM appli-

cation is rejected and the applicant must file individual national applications. This can be very expensive as the applicant must hire national counsel, pay for translations, and pay for yet another round of application filing fees in each of the countries where it desires to extend protection of the mark. Under these circumstances, the initial allure of paying a single CTM application fee can be disappointing.

When filing a CTM application, the OHIM does not evaluate the market for the mark in the European Community. The marks are examined by the OHIM on grounds of registrability. This does not include a search for a mark's likelihood of confusion with previously registered marks in the European Community nor does it include an examination of marks against national registrations. Therefore, applicants who are drawn to the CTM registration system by ease of use and reduced filing fees, can be surprised by later filed oppositions against its application, and the corresponding costs of defending against such oppositions.

'Budweiser' Dispute Highlights Shortcomings. Anheuser-Busch Cos. recently experienced this setback in its loss to the Czech Republic's Budějovický Budvar NP ("Budweis Brewery") over the "Budweiser" mark in the European Community.

In 1996, Anheuser filed a CTM application for the "Budweiser" mark. In March, the Board of Appeal for the Office of Harmonization in the Internal Market upheld Budvar's opposition against Anheuser's CTM application. Aside from arguments regarding the appellation of origin, Anheuser's CTM application was denied on the grounds that Budvar owned international registrations covering some member states.

As a result, Anheuser is relying on its registrations for its "Bud" mark instead of the "Budweiser" mark in the countries where Budvar has secured its international registrations for "Budweiser."

When a national trademark owner prevails over a CTM application, that CTM application maintains the priority of its original filing date. While this is a definite advantage, the CTM applicant still must invest additional time and money to refile the application in available countries.

In an attempt to avoid later national refilings, some CTM applicants cover themselves by filing both a CTM application and national applications in the nations where they plan to use the mark. Of course, this defeats the ease of use and low cost purposes of filing a CTM application. This was Anheuser's apparent strategy in filing and registering its CTM application for "Bud."

Recently, the company won its case in the Hungarian Supreme Court, allowing it national trademark protection for its "Bud" mark. Anheuser's victory was one result in the more than 40 ongoing conflicts between Anheuser and Budvar due to unharmonized trademark laws.

Avoiding Oppositions With Thorough Searches. To avoid the potential CTM oppositions that impede true harmonization in the CTM system, another option for potential CTM applicants is to pay for an extensive trademark search in the European Community before choos-

ing their filing method. The search results should enable applicants to make an educated choice between national filings and a CTM application.

Searching can be a valid tool, considering the sense in the trademark community is that oppositions are generally successful against CTM applications. Therefore, based on the search results, potential CTM applications can file national applications at the first hint of possible friction.

Other Obstacles to Harmonization. The aforementioned characteristics of the CTM system highlight some of the issues that impede the harmonization of trademark law. Aside from the various issues in the European Community's attempt to harmonize trademark law among their member nations within the CTM system, there are further conflicts keeping the civil law trademark system of the European Community and the common law system of England and its former colonies, including the United States, from achieving harmony of trademark systems.

One major conflict between and within the two systems is their interpretation of dilution of trademarks. European courts require the senior mark to have a reputation with a significant part of the public specifically affected by the product or services in one member state.

U.S. courts tend to interpret dilution as the use of a famous mark on goods or services unrelated to those protected under the famous mark's registration. The reach of the mark's reputation must be widely recognized by the general consuming public in the United States. These inconsistencies put harmonization of trademark laws even further from reality.

The result of the civil law trademark system is a race-to-file mentality. This mentality is successful, given that use of a trademark is not a prerequisite to a CTM registration.

In common law countries, however, use of the mark is required before a registration is issued. Even with intent-to-use applications, the applicant must show use of the mark after the notice of allowance and before registration of the mark.

This is a major schism in the trademark world. While the first-to-file aspect of the CTM system unifies the European Community, and the common law system of first use unifies England with the United States and its other former colonies, unification of these two systems is difficult given their disparate underpinnings.

The CTM and common law trademark systems both need to be improved and streamlined before true harmonization of the systems is possible. This requires more extensive searches within the OHIM to prevent costly setbacks later in the CTM application process.

More direct and succinct interpretations of dilution within both the systems are also necessary. Finally, and most importantly, either the common law or civil law system must make the drastic change to bridge the first-to-file and first-to-use systems of trademarks, or meet somewhere in the middle by integrating both of these trademark traditions.