COMMENTS

BEYOND THE INTERNATIONAL HARMONIZATION OF TRADEMARK LAW: THE COMMUNITY TRADE MARK AS A MODEL OF UNITARY TRANSNATIONAL TRADEMARK PROTECTION

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INTRODUCTION

The rapid globalization of the economic marketplace has spurred a proliferation of international lawmakers with respect to intellectual property rights. Harmonization of laws has been called the "dominant impulse" for such international lawmakers initiatives. This trend is clearly visible in the world of trademark law.

Trademarks perform specialized functions in the world of intellectual property. Traditionally, they are understood to identify the origin of a product. With the increasing use of advertising and the growth of a consumer society, trademarks have gradually come to be understood as marks that serve to aid consumers with product differentiation, evaluation of product quality, and brand identification. The

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1 Graeme B. Dinwoodie, Essay: The Integration of International and Domestic Intellectual Property Lawmaking, 23 COLO.-VLA J.L. & ARTS 305, 308 (1999). In fact, it has been said that the "harmonization and unification of law generally has been an aspiration of the international legal community since the fall of the Roman Empire." Spencer Weber Waller, Neo-Realism and the International Harmonization of Law: Lessons from Antitrust, 42 U. KAN. L. REV. 557, 558 n.1 (1994).


3 See id. at 128 (outlining a multi-functional trademark concept). Wagner's article
role of the trademark is becoming more important as goods increasingly travel to distant markets where brand recognition may be the consumer’s only assurance of quality and origin. The harmonization of international trademark law is a critical step in allowing trademarks to serve their important role in the global economy, and such harmonization could also serve as a stepping-stone toward the emergence of a unitary transnational system of trademark protection.4

The harmonization of trademark law has largely been an effort to escape the disjunction between the “dogmatic territoriality”5 underlying the justification for the exercise of legislative and judicial power, and the economic and practical realities of intellectual property law.6 Harmonization—by its very nature a process through which different jurisdictional laws are reformed to more closely resemble an agreed upon goal—fails, however, to escape the foundational role of territoriality in the enforcement of substantive trademark (and other intellectual property) law. Following harmonization, the laws of the individual nations are the only governing body of law,7 and protection of

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contains a concise and helpful explanation of the different functions assumed by trademarks in our modern consumer society.

4 Transnational here refers to those “norms and institutions which span, are valid in, or apply to more than one country or jurisdiction.” Lawrence M. Friedman, Borders: On the Emerging Sociology of Transnational Law, 32 STAN. J. INT’L L. 65, 66 (1996). Professor Friedman believes that for a system to be described accurately as transnational, it must have “the force of law, or the force of force, behind it.” Id.

5 Territoriality holds two meanings with respect to trademark law. First, trademark protection is “determined by the national law of that country in which the trademark owner seeks protection on the basis of registration or use,” and it is “that particular national law which determines the requirements, the substance and the extent of protection.” Rene Joliet, Trademark Licensing Agreements Under the EEC Law of Competition, 5 NW. J. INT’L L. & BUS. 755, 759 n.8 (1983-1984) (quoting F.K. Beier, Territoriality of Trademark Law and International Trade, 1 IIC INT’L INDUS. REV. PROP. & COPYRIGHT L. 48, 59 (1970)). Second, the protection of trademark rights is “limited to the territory” of the granting country, meaning that “a domestic trademark cannot be infringed by foreign acts nor can foreign trademarks be infringed by domestic acts.” Id.


7 See Andrea Morgan, Comment, TRIPS to Thailand: The Act for the Establishment of and Procedure for Intellectual Property and International Trade Court, 23 FORDHAM INT’L L.J.
those rights in foreign countries "is only an extension of the domestic right."8

Although scholars have debated the role, wisdom, and future of harmonization in the realm of international trademark law, the trend toward such harmonization is undeniable.9 Progressive efforts at the harmonization of international trademark law have been underway for the past century, from the basic substantive and procedural innovations of the Paris Convention in the 1880s to the fully harmonized and unitary (if regional) trademark system introduced in the 1990s in the European Union.

The purpose of this Comment is to trace briefly the developments of the past century with respect to the harmonization of international trademark law, to discuss their shortcomings, and then to focus on the model of trademark protection developed in the European Union (the Community Trade Mark System).10 This model has gone beyond the harmonization of trademark laws and has established a unitary trademark law governing the European Union. As such, it is a valuable model of the process and framework necessary for the creation of a greater transnational system of trademark protection, and it should be studied closely by those who envision the possibility of a unitary worldwide system of trademark protection.

Part I of this Comment introduces and defines the concept of harmonization and discusses the advantages as well as the inherent limitations of harmonization efforts. Part II discusses several of the principal international efforts at the harmonization of trademark protection. Part III explores the comprehensive development of the harmonization of trademark law in the European Union. Part IV explains how the harmonization of trademark law in the European Union set the stage for the creation of a unitary trademark system in

795, 796 (2000) (noting that although intellectual property flows freely across borders, there is no intellectual property law per se and intellectual property rights "vary according to what each state recognizes and enforces").


9 Compare Leaffer, supra note 6, at 4 (suggesting that advances in harmonization constitute evidence "that in some distant future, we may even see the eventual unification of trademark law among nations"), with Kenneth L. Port, Trademark Harmonization: Norms, Names & Nonsense, 2 MARQ. INTELL. PROP. L. REV. 33, 33 (1998) (arguing that harmonization of trademark laws will not happen until international governments abandon "territorial justifications for sovereignty and jurisdiction").

10 When I am referring specifically to the Community Trade Mark ("CTM"), I will follow the European convention by breaking "trademark" into two words: "trade mark." Otherwise, I will follow the American convention of nomenclature.
Europe. Part V concludes with suggestions as to how the Community Trade Mark System can serve as a model for a unitary worldwide system of trademark protection, noting that the CTM moves us closer to a functional model of international trademark harmonization than any other model. A continued study of the evolution and success of the CTM will give trademark law scholars and practitioners valuable insights as new proposals for more comprehensive international trademark harmonization are put forth.

I. HARMONIZATION: A PROCESS WITH INHERENT LIMITATIONS

Harmonization is the process by which the varying laws of different sovereign entities are changed to more closely reflect a common set of legal principles agreed to by those sovereign entities.\(^\text{11}\) The "rationales of harmonization . . . are well known: efficiency, clarity, predictability."\(^\text{12}\) Harmonization should not be confused, however, with international lawmaking, as it does not lead to a uniform set of agreed rules, but rather merely "directs a change of rules, standards or processes in order to avoid conflicts and bring about equivalence."\(^\text{13}\) Therefore, the end product of harmonization is not a truly unitary body of law that governs a particular subject matter over a number of distinct jurisdictions. Instead, even after harmonization, the governing law in each jurisdiction is not the target set of legal principles, but the revised national law of each local jurisdiction. All harmonization can accomplish is the reformation of the individual jurisdictions' laws so that the difference between the laws of the distinct jurisdictions is smaller. Furthermore, the courts of the independent jurisdictions are likely to interpret the changed national law not by the considerations which led to the harmonization effort, but rather by the nuances and traditions of that legal subject matter as they have evolved in that ju-

\(^{11}\) Harmonization has been defined as:
a process in which diverse elements are combined or adapted to each other so as to form a coherent whole while retaining their individuality. In its relative sense, harmonization is the creation of a relationship between diverse things. Its absolute and most common meaning, however, implies the creation of a relationship of accord or consonance.


This reality creates two inherent weaknesses and shortcomings in harmonization efforts: (1) true uniformity of law is unlikely given the varying political and legislative processes that each jurisdiction necessarily undertakes in its attempt to reach the target goals of harmonization; and (2) the interpretation and enforcement of the harmonized laws of each jurisdiction will be governed by the law of each local government, invariably leading to inconsistencies in the meaning and application of the law. In the end, harmonization does nothing to affect the essence of territoriality—that the laws of each particular jurisdiction determine the existence and enforcement of the legal rights for that territory. Harmonization is an important trend, however, and it has been an oft-utilized tool in creating trademark protection that can better serve the needs of international trade.14

II. TRENDS IN HARMONIZATION: EFFORTS AT BASIC SUBSTANTIVE AND PROCEDURAL HARMONIZATION OF TRADEMARK REGISTRATION

Clearly, "[a] reliable, stable, and efficiently structured trademark system benefits consumer and business interests alike."15 It became clear some time ago that the development of such a structured system would have to take place, at least to some degree, on an international level—especially given the increasingly international marketplace for goods identified by trademarks. Several attempts have been made to achieve some measure of harmonization that could provide greater certainty and predictability in the realm of trademark protection for those whose products cross national borders and for those who consume those products.

A. The Paris Convention

The genesis of harmonization efforts in the realm of international trademark law has its seeds in the nineteenth century. In 1883, with the passage of the Paris Convention for the Protection of Industrial

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14 It is clear that harmonization is, for the reasons stated, limited in its ability to achieve uniformity and, therefore, to achieve the resulting benefits. The process of harmonization could, however, be thought of as providing strengths vis-à-vis certain other objectives. For example, a harmonized set of natural trademark laws, as opposed to a unitary international law, would provide more room for cultural or natural differences with respect to certain key topics—such as differing notions of free expression.

15 Leaffer, supra note 6, at 5.
Property, "the first international effort to standardize and simplify the protection of intellectual property rights in Member States" was consummated. The Paris Convention approached the issue of trademark protection through the application of two key principles: the National Treatment Principle and the Principle of Independence of Rights.

The first, the National Treatment Principle, holds that member states should not be allowed to discriminate between their nationals and the nationals of other member states in affording trademark protection. The National Treatment Principle necessarily carries with it the provision that a member state may refuse to extend or enforce trademark rights protection "to citizens or corporations of states that are not members of the Paris Convention."

The second principle, the Principle of Independence of Rights, asserts that the trademark rights granted in one member state are independent of trademark rights in all other member states. Thus, a trademark owner is "subject exclusively to the national law of each country" that has granted trademark rights. This limitation, that the substantive law regulating the rights of trademark owners remains national, illustrates well the degree to which the principle of territoriality is embedded in traditional notions of intellectual property law.

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17 Leaffer, supra note 6, at 9.
18 Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant to nationals; all without prejudice to the rights specially provided for by this convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with.

19 Joanna Schmidt-Szalewski, The International Protection of Trademarks After the TRIPS Agreement, 9 DUKE J. COMP. & INT'L L. 189, 193-94 (1998) (defining the National Treatment Principle and noting that it "was the first elementary and efficient rule aimed at facilitating the international protection" of trademark rights); see also INGA GOVAERE, THE USE AND ABUSE OF INTELLECTUAL PROPERTY RIGHTS IN E.C. LAW 31 ("The principle of national treatment, which is often referred to as the cornerstone of the intellectual property conventions, implies that the same intellectual property protection needs to be given to nationals of other contracting countries as to one's own nationals.").
20 See GOVAERE, supra note 19, at 31 (defining the Principle of Independence of Rights); Schmidt-Szalewski, supra note 19, at 194-95 (same).
21 Schmidt-Szalewski, supra note 19, at 194.
The Paris Convention, however, does achieve some measure of procedural harmonization in that it gives a right of priority "to trademark registrants who have already registered their mark in another member nation, because of that prior registration." It also provides for the special protection of "well known" trademarks, in part by permitting the registrant of a well known mark to institute cancellation proceedings based on the validity of its earlier registration.

Further, the Paris Convention provides a procedural framework that dictates that an application for trademark protection cannot be denied registration in a member nation "if a valid certificate of registration from another member nation is presented and certain criteria are met." The agreement also expressly "permits the conclusion of special agreements between member states. Presently, four such special agreements exist relating to trademarks: the Madrid Agreement, the Trademark Registration Treaty, the Madrid Protocol, and the Trademark Law Treaty. Standing alone, however, the Paris Convention achieved only a limited harmonization of international trademark law because it left the implementation of its directives to be applied through the national laws of the member states.

The Paris Convention did not, indeed could not, create enforceable trademark rights distinct from the trademark rights of its individual member states. Thus, the Paris Convention clearly illustrates the primary weakness of harmonization—its failure to overcome the principle of territoriality. The agreement, however, did provide progress toward the goal of harmonization by increasing the level of predictability and certainty for trademark holders (and consumers) in the

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23 Id. For a more detailed explanation of the Paris Convention’s provisions for well known marks, see Leaffer, supra note 6, at 10-11.
24 Sarno, supra note 22, at 294.
29 Schmidt-Szalewski, supra note 19, at 201. Together, these agreements along with the Paris Convention are often referred to as the “Paris Union.” See id.
30 See id. at 198-99 (noting that the Paris Convention’s few rules relate merely to the basic acquisition and content of a trademark right).
realm of international trade.

B. The Madrid Agreement

The Madrid Agreement, which was completed at the Madrid Revision conference of the Paris Convention in 1890 and later revised at Stockholm in 1967, built upon the basic tenets of the Paris Convention. The Madrid Agreement became part of the Paris Convention, but only for countries that ratified the new treaty. The goal of the Madrid Agreement was to provide for a "globally comprehensive international registration system," and it sought to achieve this goal by "afford[ing] trademark owners of Member States the opportunity to obtain trademark rights in other countries through a single filing in their home country's trademark office." Following such filing, the application would be forwarded to the World Intellectual Property Organization ("WIPO") for registration and publication.

The procedure implemented by the Madrid Agreement can be summarized as follows: a holder of a national trademark in a member state uses that valid trademark to apply for international trademark registration with the International Bureau of the WIPO in Geneva; in this application, the applicant lists the Madrid Agreement member states in which protection is sought; then the WIPO distributes the international application to the listed states, each of which treats the international application as a national application; finally, unless one of the "designated countr[ies] acts within one year to refuse protection, the mark is deemed protected." Once the application has been accepted, or the twelve-month refusal period has expired, the rights

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31 Madrid Agreement, supra note 25.
32 See Leaffer, supra note 6, at 12 (tracing the history of the Madrid Agreement).
33 For a discussion about how the provisions of the Madrid Agreement interact with current European trademark law, see G.F. Kuntz, The Madrid System and the Community Trade Mark, in EUROPEAN COMMUNITY TRADE MARK: COMMENTARY TO THE EUROPEAN COMMUNITY REGULATIONS 243 (Mario Franzosi ed., 1997).
34 Schmidt-Szalewski, supra note 19, at 202.
35 Leaffer, supra note 6, at 13.
36 Id. at 12.
37 See id. (describing WIPO's role in registering and publishing marks pursuant to the Madrid Agreement).
38 This results in a situation where the mark may be “accepted in one country, accepted with reservations in another, and totally rejected in a third.” Claire Burke, International Intellectual Property Conventions: A Tabular Guide, 10 EUR. INTLL. PROP. REV. 477, 477 (1995).
bestowed by the trademark are determined and defined by the national law wherein the mark is registered. The Madrid Agreement’s vision of a globally comprehensive international registration system for trademarks has never been realized, due in large part to a lack of general acceptance in the international community. For various reasons, the United States, the United Kingdom, Japan, and other major countries have refused to adhere to its tenets. In any event, the Madrid Agreement “does not deal with the rules applicable to trademark protection that remain under the national law of each country of protection; the principle of territoriality and the principle of Independence of Rights are still firmly entrenched and govern the bulk of substantive trademark law for member states.” The Madrid Agreement, then, does not by itself confer any substantive rights; the “substantive rights flow from the extensions of protection emanating from the international registration,” and are therefore fully national or territorial in nature.

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57 See Ian Jay Kaufman, Madrid Agreement: Will Reform Proposals Attract More Members?, 12 EUR. INTELL. PROP. REV. 407, 408 (1990) (stating that from the date of international registration marks “are subject to the same rules . . . as marks filed at the national level”).

58 See Leaffer, supra note 6, at 13 (discussing the reasons for a lack of international acceptance of the Madrid Agreement). For the United States, and several other nations, adherence to the Madrid Agreement was unattractive for several reasons, including provisions that favored mark holders from countries with quick examination and registration systems (such as Spain), and the administratively taxing requirement that all documents submitted under the Madrid Agreement be translated into French. See id. at 14. In addition, the Madrid Agreement contained a “Central Attack” provision, which provides that if the home country registration is attacked successfully during the first five years of the term of international registration, then “all extensions of protection in the designated countries also fall.” Id. This puts countries like the United States that have many possible grounds for attacking their respective national registrations at a comparative disadvantage. Registration in such states would be more likely to be successfully invalidated, resulting in revocation of all rights via the central attack provision. See Samuels & Samuels, supra note 38, at 443-44. Further, the twelve-month time guideline governing the default registration of a mark is considered too short for countries with lengthy examination procedures. See id. at 443. Another obstacle is, ironically, the relatively inexpensive fee schedule. Due to the Madrid system’s low application fee, applicants in countries like the United States that use registration and user fees to finance their national registration system would effectively be forced to “subsidize the examination of applications filed by foreigners under the Agreement.” Id. at 444.

59 Schmidt-Szalewski, supra note 19, at 203.

60 The Madrid Agreement, in effect, extended the Paris Convention’s Principle of Independence of Rights by adherence to the principle of territoriality.

61 Samuels & Samuels, supra note 38, at 442.
C. The Trademark Registration Treaty

In the mid-1960s, attempts to further harmonize international trademark practice were initiated. The culmination of these attempts was the Trademark Registration Treaty \(^4\) ("TRT"), which was adopted in Vienna in 1973 and became effective in 1980.\(^5\) The goals of the TRT were to "offer solutions to commonly cited concerns with the Madrid Agreement" and to "gain approval of those states that had refused to sign the Madrid Agreement, including the United States."\(^6\) The TRT was never widely adopted, however, and in essence was little more than a filing treaty like the Madrid Agreement.\(^7\) The TRT provided that a formally correct filing would result in recordation of the mark on an international register, after which the different national laws would be used to evaluate the use of the marks, again leaving intact the principles of territoriality and Independence of Rights.\(^8\) However, as the TRT offered little advantage over the Madrid Agreement, and as its provisions did not "fit" the existing trademark laws of many nations, it was never well subscribed, and the international trademark community was forced to look in another direction to develop an international system of trademark registration and protection.

D. The Madrid Protocol

Despite the apparent failure of the TRT to harmonize international trademark practice and gain worldwide acceptance, there remained a perceived need for a new trademark treaty that would avoid the glaring shortfalls of, and achieve more widespread adherence than, the Madrid Agreement. In the early 1980s, the Madrid Union Assembly (the governing body of the Madrid Agreement) requested that the WIPO investigate potential changes to the Madrid Agreement to ensure that other countries (especially the four non-Madrid Agreement European Community members, Ireland, Great Britain, Ireland, Great Britain,

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\(^4\) Trademark Registration Treaty, supra note 26.
\(^5\) See Leaffer, supra note 6, at 14 (describing the history of the TRT).
\(^6\) Schmidt-Szalewski, supra note 19, at 203.
\(^7\) In fact, at its inception, only five nations had agreed to it: Burkina Faso, Congo, the Gabon, the Soviet Union, and Togo. See Leaffer, supra note 6, at 14. A main shortcoming of the TRT in the eyes of the United States and other nations was that it did not require use as the basis of trademark rights, but only intent to use. See id. at 15. In 1989, United States trademark law adopted the intent-to-use formulation. See id.
\(^8\) See id. at 14-15 (describing provisions of the TRT).
Denmark, and Greece) would become part of the Madrid Union. The result of their efforts was the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol"), which was signed on June 27, 1989, and entered into force on April 1, 1996.

The Madrid Protocol attempted to overcome the shortcomings of the Madrid Agreement by adopting provisions that addressed the concerns voiced against the Madrid Agreement. First, unlike the Madrid Agreement, the Madrid Protocol permits international registration to be based on a national application rather than a national registration. Second, the Madrid Protocol provides that if the national registration or application upon which the international application was based is cancelled, the owner of the international registration may convert the international registration into distinct national applications, while retaining the effective filing date of the original international registration. Third, the Madrid Protocol allows filings in

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49 See Samuels & Samuels, supra note 38, at 444 (tracing the historical impetus for adoption of the Madrid Protocol). It is also interesting to note that the Madrid Union Assembly sought a way that the Madrid Agreement could be "linked" to the proposed CTM—thus the importance of making it possible for the four non-Madrid Agreement European Community members to join the Madrid Agreement. See id.

50 Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, supra note 27.


52 Some of these concerns were outlined at supra note 40. For a discussion of how the concerns of countries that did not join the Madrid Agreement affected the changes initiated by the Madrid Protocol, including a discussion on how the impending CTM influenced the drafters, see Kaufman, supra note 39, at 410.

53 See Schmidt-Szalewski, supra note 19, at 204 (describing changes affected by the Madrid Protocol). This provision was designed to assuage the fears of countries which, because acquiring their national registrations is a comparatively long process, were at a competitive disadvantage. See supra note 40 (outlining reasons why countries declined to enter the Madrid Agreement). The inclusion of this provision in the Madrid Protocol has been referred to as "going Dutch" because the delegation from the Netherlands proposed this change to the Madrid Agreement. See Kaufman, supra note 39, at 410.

54 See Leaffer, supra note 6, at 16 (describing the "comprehensive and one stop registration system" set forth in the Madrid Protocol). This provision was intended to mitigate the consequences of the "central attack" provision of the Madrid Agreement. See supra note 40 (stating countries' objections to entering the Madrid Agreement). Essentially, this provision allows an owner of an international registration to convert that registration into national applications, while preserving the original filing date, if
English as well as in French, whereas the Madrid Agreement, by requiring filings to be in French, presents greater procedural hurdles for non-francophone countries.\textsuperscript{55} Fourth, the Madrid Protocol enables countries to charge fees that cover filing costs under the international application procedures.\textsuperscript{56} Finally, the Madrid Protocol extends the deadlines for countries to notify applicants of denial of their national applications.\textsuperscript{57} Of these innovations, the most important is that the Madrid Protocol was the first system that provided for international application rather than international registration.\textsuperscript{58}

Despite all of the advances incorporated by the Madrid Protocol when compared to the Madrid Agreement or to the TRT, its basic function was the same—to harmonize the procedural aspects of international trademark registration. The larger and more difficult issue of substantive harmonization is left mostly untouched by the Madrid Protocol, and the principles of territoriality and Independence of Rights underlie the tenets of the Protocol.\textsuperscript{59}

\section*{E. The Trademark Law Treaty}

In 1987 the WIPO began discussions concerning the issue of substantive harmonization with the goal of creating a new international trademark treaty. A committee of trademark experts was commissioned, and meetings on the subject were held between 1989 and 1993. The initial ambitious goal of the meetings was to produce an

the basic registration is canceled. \textit{See} Leaffer, \textit{supra} note 6, at 16.\textsuperscript{55} \textit{See id.} (detailing improvements made by the Madrid Protocol). Incidentally, for the notoriously monolingual American trademark holders, the symbolic appeal of this provision is readily apparent.\textsuperscript{56} \textit{See id.} (noting that this provision offsets the low-fee arrangement of the Madrid Agreement, which disadvantaged systems where registration is financed by user fees).\textsuperscript{57} \textit{See} Schmidt-Szalewski, \textit{supra} note 19, at 204 (comparing the time period for denial under the Madrid Protocol and the Madrid Agreement). This provision limits the disadvantage to countries with relatively long examination and opposition timetables. Under the Madrid Agreement, such countries were hurried in their examinations in order to comply with the Madrid Agreement’s shorter time frame. \textit{See id.}\textsuperscript{58} \textit{See Kaufman,} \textit{supra} note 39, at 410 (noting that the Madrid Protocol would “result in a treaty for international application, not registration”). A system of registration provides for the registration of a trademark that is then converted into national applications that grant actual trademark rights. A system of international application would eliminate the need for the separate national applications for trademark rights and would provide rights on the basis of that international application.\textsuperscript{59} \textit{See Kunze,} \textit{supra} note 51, at 223, 225 (1994) (noting that under the Madrid Protocol, the scope of protection afforded to the trademark is defined by the substantive law of the country wherein it is registered).
agreement that would "span all aspects of trademark protection." After two initial meetings that focused on substantive trademark law, it became quite clear to the WIPO and to the participating countries that there was "little hope of reconciling the substantial differences existing in trademark law and practice around the world." Consequently, the substantive aspects of the [talks] were omitted, and the committee devoted its time to the harmonization of trademark procedures. As reoriented, the talks proved successful and a "Diplomatic Conference" was convened in October of 1994 in Geneva. On October 27, the Conference adopted the Trademark Law Treaty ("TLT") and, the following day, the TLT opened for signature. The treaty did not become effective, however, until August 1, 1996.

The TLT accomplishes greater procedural harmonization of trademark law by "setting forth a list of maximum requirements that members may impose for various actions." As such, it is not merely an agreement providing for international registration of, or application for, trademark rights. Instead, it is an agreement that seeks true harmonization of the procedural guidelines for trademark protection.

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60 Schmidt-Szalewski, supra note 19, at 205.
61 See Samuels & Samuels, supra note 38, at 437-38 (noting that the early meetings focused on the definition of a mark, grounds for refusal and other substantive provisions).
62 Id. at 438. The difficulties were really two-fold. First, the substantive differences in trademark law between the different countries proved to be a severe obstacle. For example, some countries examine new marks solely on the grounds of "likelihood of confusion" with previously registered marks, other countries examine the mark only to ensure that it is not immoral or merely descriptive, and still other countries conduct no examinations whatsoever. See id. at 438 n.35 (describing varying examination criteria). Secondly, political conflicts arose, principally between the European Union and the United States, relating to the nature of representation. "The EU demanded a separate vote in the Trademark Law Treaty Assembly, in addition to the individual votes of its member states; the non-Europeans [led by the United States] refused to agree." Schmidt-Szalewski, supra note 19, at 205 n.151.
63 Leaffer, supra note 6, at 20 (citation omitted).
64 See id. (outlining the progression of the TLT into its final form); Samuels & Samuels, supra note 38, at 437 (describing the WIPO's commitment to trademark harmonization); Schmidt-Szalewski, supra note 19, at 205 (noting that the treaty was adopted in Geneva as a result of initiatives undertaken by the WIPO for the preparation of a new international trademark agreement).
65 On the first day the TLT was opened for signature (October 28, 1994), thirty-five countries immediately signed it. See Leaffer, supra note 6, at 20 (tracing implementation of the TLT and noting that the United States was among the first group of signatories).
66 See Schmidt-Szalewski, supra note 19, at 205 (discussing the adoption of the TLT).
67 Leaffer, supra note 6, at 20.
For example, the TLT prevents member states from requiring "attestation, notarization, authentication, legalization, or certification of any signature, except in the case of a surrender of a registration." Such administrative requirements simply proved to be hindrances to the efficient registration of international trademarks, and the TLT seeks to streamline the registration process. The TLT also simplifies post-registration requirements concerning changes in names, addresses and ownership of the registration. In addition, the TLT standardizes the renewal stage of trademark rights by "setting forth provisions for the duration of both the initial period of the registration and the renewal period to ten years each." A further provision of the TLT requires member states to recognize and protect service marks as well as trademarks and "to apply the provisions of the Paris Convention to service marks."

Despite its initial goals of providing for comprehensive and substantive harmonization of all aspects of international trademark law, in the end, the TLT has provided little more than a greater system of procedural harmonization for the registration and maintenance of trademark rights. There have been, however, some successful—if more regional—efforts at achieving procedural as well as substantive transnational harmonization of trademark law. The prime example

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68 Id. at 20-21.
69 See Samuels & Samuels, supra note 38, at 437 (noting that the TLT "contains a number of simplifications that may ease many of the burdens currently faced by trademark owners and practitioners").
70 See Leaffer, supra note 6, at 20-21 (describing regulatory provisions of the TLT).
71 Id. at 21.
72 Id.
73 Some lesser substantive regional trademark treaties include: Protocol of Harmonization Approved by Decision No. 8/95 of the Council of the MERCOSUR Common Market (which is comprised of Argentina, Brazil, Paraguay, and Uruguay), see Santiago R. O'Connor, Update: Protocol of Harmonisation in Mercosur, 118 TRADEMARK WORLD 23 (1999) (discussing aspects of the Protocol among the MERCOSUR countries), Agreement on Intellectual Property Co-operation in the Association of South-East Asian Nations (ASEAN is comprised of Brunei, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore, and Vietnam), see Assafa Endeshaw, Harmonization of Intellectual Property Laws in ASEAN: Issues and Prospects, 2 J. WORLD INTELL. PROP. 3, 3-4 (1999) (discussing terms of agreement, especially the formation of a regional patent and trademark office), Decision 344 Concerning Trademark and Patent Law by the Andean Community (consisting of Bolivia, Chile, Columbia, Equador, and Peru), see Andean Community Delegates Work on Revision of Decision 344, 13 WORLD INTELL. PROP. REP. 277 (1999) (describing the revision of trademark policy in the Andean Community); James M. Cooper, Spirits in the Material World: A Post-Modern Approach to United States Trade Policy, 14 AM. U. INT'L L. REV. 957, 990 n.142 (1999) (listing member states of Andean Community). This Comment does not deal with these re-
of this is the development of the CTM\textsuperscript{74} in the European Community.

III. COMPREHENSIVE HARMONIZATION: THE TRADE MARK DIRECTIVE AND ITS INTERPRETATION BY THE EUROPEAN COURT OF JUSTICE

On March 25, 1957, the Treaty of Rome\textsuperscript{75} was signed, creating the European Economic Community.\textsuperscript{76} In the recitals of the treaty, the purpose is announced as being "to ensure the economic and social progress of... countries by common action to eliminate the barriers which divide Europe."\textsuperscript{77} As an "essential objective" toward that goal, the treaty calls for "concerted action" to remove the existing obstacles to trade in order to "guarantee steady expansion, balanced trade and fair competition."\textsuperscript{78} Soon after the creation of the treaty, it was recognized that in order to create a common market in Europe it would be necessary to harmonize trademark law throughout the continent. This harmonization would necessarily be substantive in nature, as the ultimate goal was the creation of a unitary trademark system to govern the entire European Community.\textsuperscript{79} Without the harmonization of existing national laws, any system governing Community-wide trademark rights would face steep obstacles in the courts and legislatures of regional agreements because they are quite limited in scope, especially in their enforcement and remedy provisions. More comprehensive regional trademark protection has been provided since 1971 in the BENELUX countries (Belgium, Luxembourg, and the Netherlands), which will be discussed more thoroughly in the context of discussing the CTM. See discussion infra notes 85, 96, 108, 113, 119 and accompanying text.


\textsuperscript{77} TREATY OF ROME, supra note 75, recitals. Others have stated the purpose of the Union even more broadly. Professor Larry Cata Backer wrote that "the fundamental purpose of the European Union is harmonization at a level above that of the traditional national state. Indeed one can think of the sole overriding purpose of the European Union as harmonization within its areas of competence. It is meant to integrate, to consolidate... \textit{e pluribus unum}.

\textsuperscript{78} Backer, supra note 12, at 189.

\textsuperscript{79} TREATY OF ROME, supra note 75, recitals.

It may be helpful to think of the benefit and necessity of a unitary trademark system in economic terms. Natural, as opposed to unitary, trademark law presents at least two barriers to a common market: (1) it increases transaction costs by forcing the mastery of a number of distinct legal regimes, and (2) even goods that have been introduced to an industrial market, despite the increased transaction costs, could suffer from the application of natural trademark law to stop the free flow of goods within the market.
member states. The first step in creating a unitary system was then the creation of a directive requiring member states to harmonize their national trademark laws.

A. The Harmonization Directive

A working group was convened in 1964 to draft an agreement that would provide for a European trademark. Discussions on the draft began in 1973, and the Memorandum on the creation of an EEC mark was published in 1976. This memorandum emphasized the importance of trademark unification in Europe, and noted that "[t]he protection accorded by an EEC trademark" would be "a substantial contribution to the establishment of a system of undistorted competition within the common market, as required by the [Treaty of Rome]."

The first draft of a directive from the European Council calling for the harmonization of European trademark law was published in 1980. The European Parliament and certain European Union committees (specifically, the Economic and Social Committees) scrutinized this draft, and after several member states submitted remarks on the proposal, a new draft was produced at the end of 1985. This draft was then negotiated in a working group, where more changes were added after heated debate, and the First Council Directive to

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82 Id.
83 See id.
84 See id. (tracing the drafting history of the Harmonization Directive).
85 The biggest bone of contention was the insistence by the Dutch that the new trademark not abandon the infringement criteria of the Benelux Trade Mark Act as developed by the Benelux courts. See id. (discussing the history of the drafting of the Harmonization Directive). The main development in Benelux law was the addition of "likelihood of association" that came to augment "risk of confusion" in evaluating whether a challenged mark infringed a previous one. See, e.g., Anna Carboni, Comment, Confusion Clarified: Sabel BV v. Puma AG, 20 EUR. INTELL. PROP. REV. 107, 108 (1998) (describing how "likelihood of association" was interpreted by the European Court of Justice ("ECJ")). This Benelux innovation expands greatly the scope of trademark protection. For example, if a company started to market cola under the mark "Popsi-Cola," there might be no protection in a trademark regime that requires risk of confusion, as consumers are unlikely to believe that Pepsi-Co is marketing Popsi. Protection might attach, however, in a "likelihood of association" regime where consumers might associate Popsi with Pepsi, thereby diluting the value of the Pepsi
 approximate the laws of the Member States relating to trade marks was approved on December 21, 1988.

The Trade Mark Directive was not intended to be a "full scale approximation of trade mark law," but was instead confined to the harmonization of "those national provisions which most directly affect[ed] the functioning of the internal market." It was intended not as a final product, but as a necessary step in the process of promulgating a unitary trademark system to govern the whole of the European Union.

As a harmonizing measure, the Trade Mark Directive did not establish a particular law to govern trademark issues in the European Union. Rather, it set forth standards under which the member states were to revise their national trademark laws. The only trademark laws that were enforceable in the European Union were the national trademark laws of member states. The Trade Mark Directive charged each member state to "bring into force the laws, regulations and administrative provisions necessary to comply with th[e] Directive not later than 28 December 1991." The Trade Mark Directive contains
both provisions that are exhaustive—those to which "Member States have no power to add other" terms—and provisions that give significant leeway to member states (especially in the realm of procedure). Of the exhaustive provisions, some are "mandatory (the Member States shall) and others are optional (the Member States may)."

The provisions of the Trade Mark Directive are generally neither complex nor lengthy. A brief exploration of these provisions is valuable, however, since the Trade Mark Directive is truly an interim provision in the development of the CTM.

Article 1 defines the scope of the Trade Mark Directive, and instructs that the Directive shall apply to "every trade mark" in each nation of the European Union, including international marks "having effect in a Member State" and marks registered in the "Benelux Trade Mark Office." Article 2 goes on to define a trademark as:

any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

This broad definition is not exhaustive; a trademark can be virtually anything (including sounds and smells) as long as it is "capable of distinguishing the goods or services."

Articles 3 and 4 dictate the terms governing the grounds for denial or invalidation of a trademark registration. Article 3 sets forth the absolute grounds for refusal or invalidity, while Article 4 governs the relative grounds. Trademarks will be denied on absolute grounds if
they: (1) "are devoid of any distinctive character;"\(^9\) (2) "consist exclusively of signs or indications which have become customary;"\(^9\) (3) are shapes that give "substantial value to the goods;"\(^9\) (4) "are contrary to public policy or to accepted principles of morality;"\(^10\) (5) are misleading as to the "nature, quality or geographical origin of the goods or service;"\(^10\) or (6) are in violation of Article 6 ter of the Paris Convention.\(^10\)

In addition, member states have the option of denying trademark registrations on absolute grounds if: (1) the use of the mark would violate some other national or Community "laws (for example the Food and Drugs Act);"\(^10\) (2) "the trade mark covers a sign of high symbolic value, in particular a religious symbol,"\(^10\) or (3) "the application for registration of the trade mark was made in bad faith by the applicant."\(^10\)

The Trade Mark Directive calls for a registration to be refused (or if already registered, invalidated) on relative grounds if the mark is "identical with an earlier trade mark" and the registration is sought for similar goods or services,\(^10\) or if the mark is similar to an earlier mark in such a way that "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."\(^10\) It also provides that a member state may re-

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\(^8\) Id. art. 3(1)(b), at 2.
\(^9\) Id. art. 3(1)(d), at 3.
\(^10\) Id. art. 3(1)(e), at 3.
\(^11\) Id. art. 3(1)(f), at 3.
\(^12\) Id. art. 3(1)(g), at 3.
\(^13\) Id. art. 3(1)(h), at 3. Article 6 ter of the Paris Convention holds that items such as the flags of nations cannot be registered as trade marks. See Gielen, supra note 81, at 265 (describing Article 6 ter).

\(^14\) Id. art. 3(1)(b), at 2.
\(^15\) Id. art. 3(1)(d), at 3.
\(^16\) Id. art. 3(1)(e), at 3.
\(^17\) Id. art. 3(1)(f), at 3.
\(^18\) Id. art. 3(1)(g), at 3.
\(^19\) Id. art. 3(1)(h), at 3. Article 6 ter of the Paris Convention holds that items such as the flags of nations cannot be registered as trade marks. See Gielen, supra note 81, at 265 (describing Article 6 ter).

\(^20\) Id. art. 3(2)(b), at 3. Professor Gielen informs us that this provision was enacted "under Greek influence" and suggests that it prevents a cross from being registered as a trademark. Gielen, supra note 81, at 265.

\(^21\) Trade Mark Directive, supra note 86, art. 3(2)(d), at 3.
\(^22\) Id. art. 4(1)(a), at 3. Earlier trademarks are defined as those community, national, or international trademarks (including Benelux marks) that were applied for before the date of application of the trademark. See id. art. 4(2), at 3 (defining what qualifies as an earlier trademark).

\(^23\) Id. art. 4(1)(b), at 3. The "likelihood of association" language reflects the influence of the Benelux trademark system and seemingly went beyond the limits of trademark protection in many member states. This clause became subject to a landmark decision by the ECJ in Case C-251/95, Sabel BV v. Puma AG, 1997 E.C.R. I-6191, [1998] 1 C.M.L.R. 445 (1998). For a discussion of the concept of the "likelihood of association" in the Benelux trademark system, see John A. Tessinsohn, May You Live in Interesting Times—European Trademark Law in the Wake of Sabel BV v. Puma AG, 6 J.
fuse or invalidate a mark if the mark is identical to a previously registered one—even if the mark is sought for different goods or services—if the previous mark "has a reputation in the Member State," and "use of the later mark . . . would take unfair advantage of . . . the distinctive character . . . of the earlier trade mark." A member state may also refuse or invalidate a mark if the mark conflicts with a prior "non-registered trade mark or [with] another sign used in the course of trade," or if the mark conflicts with name rights, rights of "personal portrayal," copyrights, or an "industrial property right."

Article 5 of the Trade Mark Directive is perhaps the most substantively important article. It sets forth the substantive rights to be conferred by a trademark in member states and introduces the criteria for infringement. Article 5 clearly provides that the holder of a duly registered mark shall "be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered." It also provides that the holder of a mark can prevent the use of a sign in situations where,

because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

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110 Id. art. 4(4)(b), at 4.

111 Id. art. 4(4)(c), at 4. Name rights might prohibit the use of the mark "Madonna" for music cassettes, while industrial property rights might provide redress for a proprietor who has "rights to the name of a plant variety" if that name comes up for trademark registration. Gielen, supra note 81, at 265.

112 Trade Mark Directive, supra note 86, art. 5(1)(a), at 4.

113 Id. art. 5(1)(b), at 4. This language differs greatly in scope and breadth from the language of earlier drafts of the Trade Mark Directive. For example, the 1980 draft provided that the trademark would confer upon the holder "the exclusive right to prevent the use of his mark or a similar sign for the same or similar goods if by such use there is 'serious likelihood of confusion on the part of the public.'" Gielen, supra note 81, at 266 (quoting Proposal for a First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks, art. 3(1), 1980 O.J. (C 351) 1, 3). This early language seemingly would have limited the scope of trademark protection, thereby rejecting the advances made in the protection of trademarks, especially in the Benelux countries. See id. (noting that "[i]f adopted, [this language] would in fact have weakened the protection of trade marks under national laws"). Therefore, the early draft language was clearly unacceptable to the Benelux countries, and in 1985 the word "serious" was dropped. See id. Finally, the current language was adopted af-
Article 5 also allows member states to entitle the holder of a trademark to prevent third parties from using identical or similar marks in relation to goods dissimilar from those for which the trademark is registered.\textsuperscript{114} The Trade Mark Directive also provides for limits on the effects of a trademark\textsuperscript{115} and for exhaustion of rights conferred by use of a trademark.\textsuperscript{116} Article 8 provides for the granting of “exclusive or non-exclusive” licenses of trademarks,\textsuperscript{117} and Article 9 provides that if the proprietor of an earlier trademark has knowingly acquiesced in the use of the later registered trademark for five consecutive years, then the earlier proprietor loses her rights to apply for a declaration of invalidity.\textsuperscript{118} Article 10 is a key provision in that it requires “genuine use” of the trade mark within five years of registration.\textsuperscript{119}

Once a trademark has been registered, it may be revoked if not used,\textsuperscript{120} if “in consequence of acts or inactivity of the proprietor, [the mark] has become the common name in the trade for a product or
service,

or if "the use made of [the mark] by the proprietor . . . is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services." The procedure governing the revocation of marks, like the procedure for the registration and opposition to marks, is largely left up to the national laws of the member states.

The provisions of the Trade Mark Directive were quickly adopted into national law by some European countries, although it took a significant period of time for other countries to amend their national laws to conform to the Directive's dictates. The real test, however, would come with the defining of the terms of the Trade Mark Directive—a task to be undertaken (ultimately) by the ECJ.

B. The Harmonization Directive Clarified: Sabel BV v. Puma AG and the Definition of Terms

The Trade Mark Directive, a product of nearly a decade of intense negotiations and numerous compromises, would prove to challenge the existing trademark regimes of many European Union member states. In particular, many of the Benelux trademark innovations that found their way into the Trade Mark Directive were largely inconsistent with the national trademark laws of member states, including the United Kingdom and Germany. Even after these countries adapted their laws to comply with the provisions of the Trade Mark Directive, the national courts of the member states were left with the task of defining the Trade Mark Directive's terms and applying them consistently to trade mark disputes. The result was anything but a consistent treatment of the harmonized laws in the national courts.

A picture of the discord can be seen by examining the interpretation of the infringement criteria ("likelihood of confusion" and "likelihood of association") contained in Articles 4 and 5 of the Trade

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121 Id. art. 12(2)(a), at 6.
122 Id. art. 12(2)(b), at 6.
123 See Durán, supra note 76, at 490 (noting that the Trade Mark Directive gives "a certain degree of freedom to the national countries to legislate in different ways some aspects of their trademark laws, such as, the procedural system").
124 In fact, Spain (the first country to meet the demands of harmonization) actually harmonized its trademark law to conform to the Trade Mark Directive a month before the final text of the Trade Mark Directive was adopted. See id. (tracing the history of the member states' revision of national trademark laws).
125 See id. (noting that both Germany and the United Kingdom missed the extended deadline for conforming their national laws).
The language that the different European Union states adopted in their "harmonized" national trademark laws closely mapped the language in Articles 4 and 5. As a result, the letter of the law was quite similar throughout the European Union. Because the enforcement of these provisions was left to the respective national courts, however, it soon became apparent that the "likelihood of confusion" and "likelihood of association" language was not being interpreted consistently. Some national courts held that finding a likelihood of confusion by the public was a precondition to finding

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126 See supra notes 107-15 and accompanying text (discussing the content of Articles 4 and 5).

127 For example, compare the language contained in the trademark laws of the following countries with the language in Articles 4 and 5 of the Trade Mark Directive.

**England:**

A person infringes a registered trademark if he uses in the course of trade a sign where because (a) the sign is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered, or (b) the sign is similar to the trademark and is used in relation to goods or services identical with or similar to those for which the trademark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trademark.


**Italy:**

[T]he owner of a registered trademark has the right to prevent third parties from unauthorized use of 'a sign identical with or similar to the registered mark, for identical or similar goods or services, if, on account of the identity or similarity between the two signs and of the identity or similarity among the products or services, a likelihood of confusion on the part of the public may arise, which may also consist in a risk of association between the two signs.'

*Id.* at 237 n.96 (quoting FAMOUS AND WELL-KNOWN MARKS, AN INTERNATIONAL ANALYSIS 637 (Frederick Mostert et al. eds., 1997) (emphasis added).

**Germany:**

Third parties shall not be permitted to make the following use in commerce without consent of the trademark owner: to use a mark if the 'identical or similar nature of such mark to the registered trademark and the identical or similar nature of goods or services covered by the mark or registered trademark creates a likelihood of confusion among the public, including the likelihood of association between the mark and the registered trademark.'

*Id.* at 243 n.124 (quoting FAMOUS AND WELL-KNOWN MARKS, AN INTERNATIONAL ANALYSIS, supra, at 629-30) (emphasis added); see also Marta Pertégás Sender, *Case Law: Sabel v. Puma*, 5 COLUM. J. EUR. L. 135, 136 (1999) (noting that the German court also cited the language in paragraph 9(1) (2) of the German Trademark Law). Similar language can be found in the amended trademark law of Denmark, see Tessensohn, supra note 108, at 241 n.114 (noting the addition of "likelihood of association"), and in the trademark law of the BTA, see id. at 233 n.76 (noting that § 15(A)(2) has been amended to add the "likelihood of association" language that had been developed in the Benelux courts).
trademark infringement; others held that likelihood of association between a product and another registered mark by the public established infringement. This conflict in interpretation highlighted the primary difficulty with having disparate national courts interpret "harmonized" law; each court made such interpretations based on the history and ideology of trademark rights in its jurisdiction.

It became clear that the confusion about the meaning and scope of the infringement language needed to be reconciled by the ECJ. The European Union's highest court spoke for the first time on the matter in the case of Sabel BV v. Puma AG. The case involved a classic trademark dispute that illustrates nicely the confusion surrounding the application of Europe's new "harmonized" trademark law.

Sabel BV ("Sabel"), a Dutch company, applied to register its trademark, a depiction of a running cheetah with the name "sabel" underneath, in Germany. The German company Puma AG ("Puma") lodged opposition on the basis of its earlier registered mark[s] which depicted a bounding feline form (a puma) in silhouette and a leaping feline form, also in silhouette. The basis of the opposition was that the Sabel mark (which was to be registered in one of the same classes as the Puma mark) was too similar to the marks 129 England is the prime example of a country requiring an actual likelihood of confusion on behalf of the public as to the source of the product as a precondition to finding infringement. This comports closely with the traditional common law idea that a trademark functions solely to identify the origin of a good. The key English case interpreting the new provision is Wagamama Ltd. v. City Centre Restaurants PLC, 22 Fleet Sheet Rep. 713 (Ch. 1995). Denmark apparently adopted an even higher standard, requiring "actual or real confusion" to find liability and holding that likelihood of association added little or nothing to the analysis. Tessensohn, supra note 108, at 242. Germany also interpreted the language of the Trade Mark Directive as requiring confusion rather than mere association to find liability. See id. at 243-245 (describing German court decisions relating to the new trademark law).

129 Of course, the Benelux countries are the greatest proponents of finding liability if there is a likelihood of association. See Tessensohn, supra note 108, at 231-33 (discussing trademark case law in Benelux courts). Italy also seemed to give some weight to the association language by finding liability if the public would make an "economic" association because of the similarity of the marks. Id. at 237.

130 Case C-251/95, 1997 E.C.R. I-6191, [1998] 1 C.M.L.R. 445 (1998). Additionally, the case contains pictorial depictions of the marks, allowing at least some insight into why one figure is considered to be leapng, and the other bounding. See id. For an exhaustive study of the procedural posture and substantive content of the case, see Tessensohn, supra note 108.

131 See Sender, supra note 127, at 135 (tracing the history of the dispute between Sabel and Puma).

132 Id.; see also Carboni, supra note 85, at 107 (describing and illustrating Puma's marks).
that were registered by Puma. Puma’s “argument was essentially that the public would associate the two marks, since both meant the same thing (i.e., bounding felines) and both covered similar or identical goods.” Puma’s argument depended on a liberal interpretation of the “likelihood of confusion” language introduced into German trademark law by force of the Trade Mark Directive.

The German Patent Office ruled against Puma and in favor of registering Sabel’s mark, deciding that “there was no similarity for trademark law purposes between the two marks.” Puma appealed the ruling to the Federal Patent Court which reversed the Patent Office and “refuse[d] [Sabel’s] trade mark application.” Sabel then exercised its right to appeal to the Federal Supreme Court of Germany.

The Federal Supreme Court made a provisional ruling, based on the tests used under the old law for determining “whether there [was] a likelihood of confusion,” that there “was no such likelihood,” and that Sabel’s “sign could be protected in Germany.” The German Court, however, referred the case to the ECJ and certified a question under Article 234 of the Treaty of Rome for a preliminary ruling on

153 The Puma mark was registered “in respect of, inter alia, jewellery [sic], leather goods, clothing and other fashion accessories,” and Sabel sought to register their mark “in respect of, inter alia, jewellery [sic] and ornaments.” Carboni, supra note 85, at 107.

154 Tessensohn, supra note 108, at 246. For a list of what goods the trademarks in question covered, see supra note 133.

155 Sender, supra note 127, at 136; see also Carboni, supra note 85, at 107 (noting that Sabel prevailed in the opposition proceeding before the German Patent Office).

156 Carboni, supra note 85, at 107; see also Sender, supra note 127, at 136 (noting that the Federal Patent Court revoked the decision of the Patent Office).

157 See Sender, supra note 127, at 136 (tracing the procedural history of the case).

158 Id. The court clearly “endorsed the traditional origin/confusion approach and eschewed the expansive Benelux approach.” Tessensohn, supra note 108, at 245.

159 Sender, supra note 127, at 136.

160 Article 234 of the Treaty of Rome provides that:

The Court of Justice shall have jurisdiction to give preliminary rulings concerning:

a. the interpretation of this Treaty;

b. the validity and interpretation of acts of the institutions of the Community and of the ECB;

c. the interpretation of the statutes of bodies established by an act of the Council, where those statutes so provide.

Where such a question is raised before any court or tribunal of a Member State, that court or tribunal may, if it considers that decision on the question is necessary to enable it to give judgment, request the Court of Justice to give a ruling thereon.

TREATY OF ROME, supra note 75, art. 234. ECJ judgments on reference for preliminary rulings are “binding on the court or tribunal that referred the question and on any other court that rules on the same issue in the future. The ECJ’s judgment also func-
the meaning of Articles 4 and 5 of the Trade Mark Directive. The ECJ summarized the issue as follows:

[The Federal Supreme Court] is essentially asking whether the criterion of the "likelihood of confusion... which includes the likelihood of association with the earlier trade mark" in Article 4(1)(b) of the Directive is to be interpreted as meaning that the mere association which the public might make between two marks as a result of a resemblance in their semantic content is a sufficient ground for concluding that there exists a likelihood of confusion within the meaning of that provision.

Although other European national courts interpreted the language of Article 4(1)(b) without referring it to the ECJ for clarification, the Federal Supreme Court, keeping in mind the "main objective of the Directive: approximation of the laws of the Member States 'in view of the objectives of the internal market,'" stressed the importance of clarification to ensure "uniform interpretation of the confusion concept."

The governments of Belgium, Luxembourg, and the Netherlands entered submissions to the ECJ arguing that the "likelihood of association" language had been added to the Trade Mark Directive at their request, and therefore, it should be interpreted in light of Benelux case law. In support of this argument, the Benelux countries pointed to a statement entered into the minutes of the European Council meeting at which the CTM regulation was adopted. The statement read: "The Council and the Commission note that 'likelihood of association' as precedent that the ECJ will abide by in future similar matters." Tessensohn, supra note 108, at 245 n.133.


143 Id.

144 See Carboni, supra note 85, at 108 (describing the Benelux position).

145 The statement referred to is a statement given for entry in the minutes of the council meeting at which the Regulation was adopted in 1993. The statement was given to help explain Articles 8(1)(b) and 9(1)(b) of the Community Trade Mark Regulation, which adopted the same likelihood of association language put forth by the Trade Mark Directive. The entire text of Statements for Entry can be found in M. A. Baz et al., EUROPEAN COMMUNITY TRADE MARK: COMMENTARY TO THE EUROPEAN COMMUNITY REGULATIONS 155-59 (Mario Franzosi ed., 1997).
hood of association' is a concept which in particular has been developed by Benelux case-law.\textsuperscript{146}

This position was vigorously opposed by the Government of the United Kingdom, which put in a submission contesting the Benelux position, arguing that the wording of the Trade Mark Directive did not intend for likelihood of association to be an alternative to the likelihood of confusion, but rather "served to define its scope."\textsuperscript{147} The Advocate General,\textsuperscript{148} supporting the United Kingdom's position, opined that the language in the Trade Mark Directive referred to "confusion as to the origin of the goods or services in question," and that the purpose of the association language "clarif[ied] that 'confusion' covered the mistaken assumption of an organizational or economic link between the undertakings marketing the products or services."\textsuperscript{149} The ECJ largely sided with the United Kingdom, by holding that the grammar and context of Articles 4 and 5 dictated the conclusion that the "the concept of likelihood of association was not an alternative to that of likelihood of confusion, but served to define its scope."\textsuperscript{150} The ECJ then looked to the Tenth Recital of the Trade Mark Directive,\textsuperscript{151} and its "material phrase was: 'the likelihood of confusion . . . constitutes the specific condition for such protection,'" thus

\begin{itemize}
\item \textsuperscript{146} Id. at 155.
\item \textsuperscript{147} Carboni, supra note 85, at 108.
\item \textsuperscript{148} The Advocate General is a figure whose duty is to "present to the ECJ reasoned submissions on cases to assist the ECJ in the performance" of its duties under the Treaty of Rome. Tessensohn, supra note 108, at 248 n.137. The Advocate General must "analyze the case in an impartial and independent manner and their submissions 'are objective and do not represent the views of either party.'" Id. (quoting PENELOPE KENT, EUROPEAN COMMUNITY LAW 18 (1992)).
\item \textsuperscript{149} Tessensohn, supra note 108, at 248.
\item \textsuperscript{150} Sender, supra note 127, at 138.
\item \textsuperscript{151} The Tenth Recital reads as follows:
\end{itemize}

Whereas the protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indicator of origin, is absolute in the case of identity between the mark and the sign and goods or services; whereas the protection applies also in case of similarity between the mark and the sign and the goods or services; whereas it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified, constitutes the specific condition for such protection; whereas the ways in which likelihood of confusion may be established, and in particular the onus of proof, are a matter for national procedural rules which are not prejudiced by the Directive.

supporting the conclusion that “the ‘likelihood of association’ criteria cannot apply unless there is confusion on part of the public.” This interpretation of the Trade Mark Directive closely follows the traditional view of the function of trademarks—that they serve to identify the origin or source of a product.

This decision by the ECJ, and the very fact that such a decision was rendered at all, points to the great advantage that the Trade Mark Directive has over previous attempts at international harmonization efforts for trademark law: it provides for a conclusive and binding interpretation of the terms of the harmonized measures so that the invariably different national interpretations of the laws can be reconciled, and true harmonization can be achieved. The presence of the ECJ as a final arbiter and interpreter of the harmonized law provides not only for successful and substantive harmonization, but also sets the stage for the creation of a unitary system of trademark protection that relies not on the national laws of the various member states for enforcement, but rather on a new and unitary provision: the CTM.

152 Tessensohn, supra note 108, at 252-53. It has been suggested that this holding would allow “direct confusion (i.e. the mistaken assumption that the goods in question came from the same undertaking) but also indirect confusion (i.e. the mistaken assumption that there is an organizational or economic link between the undertakings marketing the goods) to fall within” trademark protection under the Trade Mark Directive. Sender, supra note 127, at 138; see also Tessensohn, supra note 108, at 251-52 (making the same observation). The Trade Mark Directive, as interpreted, would not, however, create infringement in the case where “the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused.” Tessensohn, supra note 108, at 252. Therefore, the Trade Mark Directive is said to cover “direct” and “indirect” confusion as long as a likelihood of association exists in relation to an earlier trademark.

153 Several commentators view the Sabel ruling as requiring a change in Benelux trademark practice to conform with the interpreted language of the Trade Mark Directive. See Tessensohn, supra note 108, at 255 (remarking that the “whole corpus of Benelux association case law” and certain Italian decisions “may now be seen as inconsistent with Article 4(1) (b) and are unlikely to be followed anywhere in Europe”); Van De Kamp, supra note 142, at 366 (noting that as a consequence of the Sabel decision, “the Benelux will have to review critically its former case law”). Other commentators do not believe that the Sabel decision will have much effect on the trademark law practices of the member states of the European Union. See Charles Gielen, A Benelux Perspective: Sabel v. Puma, 20 EUR. INTELL. PROP. REV. 109, 111 (1998) (“Looking at the outcome of the case, there is unlikely to be much change in the Benelux practice.”); Sender, supra note 127, at 141 (remarking that “the change imposed on [the Benelux] approach is not that considerable”). Regardless of the effect of the Sabel decision, the fact that under Community law, the ECJ can function as a final interpreter of the harmonized law constitutes a huge improvement over other attempts at international trademark harmonization.
IV. BEYOND HARMONIZATION: THE CTM

The Trade Mark Directive was never intended to be an end in and of itself. Rather, it was viewed as a necessary precursor to the ultimate goal of divorcing trademark law from the inevitable factionalization created by relying on national laws (even if harmonized) for trademark protection. Creating a unitary trademark system that governs the procedural and substantive provisions of trademark law throughout the entire European Union would accomplish this goal. The adoption of the European CTM largely achieved this objective.

A. The Procedural Background to the European CTM

From the earliest consideration of the harmonization of trademark law throughout the European Union, the ideal had been to introduce the Community Trade Mark Regulation at the same time as the Trade Mark Directive. However, because of competing national interests, political problems arose that made this goal impractical. Therefore, in 1988, the European Council decided to adopt the Trade Mark Directive first. The main political hurdles related to the establishment of institutions and procedures that would govern the administration of the new CTM.

First, it was imperative that a site be selected for the establishment of a central office to facilitate the trademark system. The location of the office became a heated issue, and it was only after a considerable lobbying effort on behalf of Spain, and a meeting of the Presidents of the Member Countries in Brussels on October 29, 1993, that Alicante was chosen as the site for the Office for Harmonization in the Internal Market (“OHIM”).

Second, the issue of language—a sensitive issue throughout all of Europe, with cultural and historical implications—had to be resolved before selecting an official operating language for OHIM. Early speculation was that English would be chosen as the official lan-

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154 Gielen, supra note 81, at 262.
155 Id.
156 In fact, one scholar referred to the issue of the administrative office location as an “all-but-insurmountable obstacle.” Kaufman, supra note 39, at 412.
157 See id. (noting that “virtually all Member States have proposed that their nation be home to the office” and that “[l]ike the Armada, Spain has sent forth a very serious bid for . . . the site”).
158 See Durán, supra note 76, at 491 (reporting that it was decided at the October 29 meeting to award the office to Spain, and that in November of 1993, the “Spanish Cabinet decided to locate the new office in the City of Alicante”).
but fervent opposition by France, Spain, Germany, and Portugal led to a potentially unwieldy compromise: five official languages were chosen. The OHIM would operate officially in English, French, German, Italian, or Spanish.

Another issue of concern was the staffing of the OHIM; it was imperative that no favoritism be exhibited to one country or another in appointing the administrators of the new trade mark system. In the end, a Frenchman was selected as the President of the OHIM, while the Vice President for Legal Matters was German, the Vice President for Administrative Matters was Spanish, and the President of the Administrative Council of the OHIM was Portuguese.

Having settled, at least provisionally, the political issues that impeded the implementation of the Community's system of trademark protection, the Trade Mark Regulation was approved on December 20, 1993, and it came into force on March 15, 1994. When OHIM came into operation on January 1, 1996, the CTM was launched.

B. Provisions of the Trade Mark Regulation: Procedures Fit to Meet Substance

The substantive provisions of the Trade Mark Regulation were intended to be the same as the provisions of the Trade Mark Directive. These provisions, therefore, were to be but a small departure from the national laws of the member states that had already harmonized their laws to meet the substantive demands of the Trade Mark Directive. The innovation of the Trade Mark Regulation, then, is not in its substantive provisions, but rather in its detailed procedural provisions that set forth the administrative procedures that will govern the registration, opposition, publication, and (most importantly) enforcement of the substantive rights conferred by the CTM.

Article 1 provides that trademarks issued in accordance with the

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159 Kaufman, supra note 39, at 412.
160 Id. (noting that "France . . . does not recognise that French in this era has been supplanted by English as the international language and Spain contends that there are more Spanish-speaking people in the world than French or English . . . . Additionally, German is a strong contender [and e]ven Portugal has suggested that Portuguese be accepted").
162 Durán, supra note 76, at 492.
163 Trade Mark Regulation, supra note 161.
164 Durán, supra note 76, at 491.
Trade Mark Regulation will be called "Community trade marks," and establishes that the CTM will have a "unitary character" with "equal effect throughout the Community."\footnote{Trade Mark Regulation, supra note 161, art. 1(1)-(2), at 3.} The CTM is unitary in the sense that it can be registered, assigned, or licensed with a single filing with the OHIM.\footnote{This is quite different from the provisions of the Paris Convention or the Madrid Protocol, which treat each application, ultimately, as a national application, and that might require separate renewal, opposition, licensing, or registration procedures depending on how the application is processed on the national level.} With that single filing, an applicant can obtain rights throughout the European Union, rather than having to file separately in each member state. The downside of the CTM's unitary character, however, is that any assignment or license of a CTM must be for the entire European Union. Similarly, if a CTM is declared invalid for any reason, it is invalidated in the entire European Union.\footnote{See Leaffer, supra note 6, at 25 (noting that the Trade Mark Regulation does "not abolish national trademark protection, rather, it creates a [mark] that co-exists with national trademarks").}

It is important to note that national trademark registrations and the rights that they confer are not affected by the development of the CTM; those rights will still be enforceable as they were before, and the rights conferred by the CTM will exist concurrently with the national rights.\footnote{Trade Mark Regulation, supra note 161, art. 2, at 3.}

The OHIM is established by Article 2 of the Regulation.\footnote{See id. art. 4, at 3 (repeating the content of Article 2 of the Trade Mark Directive).} Articles 4 through 15 closely map the provisions of the Trade Mark Directive and set forth the substantive provisions that will govern the CTM. These articles define what can be registered as a CTM,\footnote{See id. arts. 7-8, at 4 (providing the grounds for refusing to register a CTM). These articles follow up on and clarify Articles 3 and 4 of the Trade Mark Directive. For an explanation of "absolute" versus "relative" grounds, see supra note 97.} the criteria governing absolute and relative grounds for refusing to register a CTM,\footnote{See Trade Mark Regulation, supra note 161, art. 9, at 5 (defining the rights conferred by a CTM).} the rights conferred by a CTM,\footnote{See id. art. 12, at 6 (repeating the content of Article 6 of the Trade Mark Directive).} the limitations on the rights of CTM holders,\footnote{See id. art. 13, at 6 (repeating the content of Article 7 of the Trade Mark Directive).} the exhaustion of rights conferred by a CTM,\footnote{See id. note 6, at 25 (noting that the Trade Mark Regulation does "not abolish national trademark protection, rather, it creates a [mark] that co-exists with national trademarks").} and
the requirement that the trade mark holder use the mark in commerce. The vast majority of the remainder of the 143 articles set forth the procedural provisions that govern the granting and enforcement of CTMs.

There are several distinct steps in the process of obtaining a CTM. The first step is the application process. An application must: (1) identify and graphically represent the subject mark; (2) identify the goods or services in respect of which the registration is requested; (3) identify the applicant; (4) be accompanied by the proper payment fee; (5) declare any priority claimed due to the existence of a previous application for a national or international trademark; and (6) declare any seniority claimed based on the existence of a valid registered national or international mark. The application may be filed in any of the official languages of the European Community, but must designate a second language, which is required to be one of the official languages of the OHIM. It may also be filed in Alicante with the OHIM, or in any of the national trademark offices, including the Benelux office. Although the CTM is an “open” system, meaning even non-European Union citizens can apply for CTM registration, the Trade Mark Regulation provides that any non-European Union domiciled applicant must appoint a “professional representative[]” to represent the applicant in any proceedings before the OHIM other than the mere filing of an application.

Once OHIM has received the application, it scrutinizes the appli-
cution for completeness and for absolute grounds of refusal—for example, lack of distinctiveness, as governed by Article 17 of the Trade Mark Regulation. This is known as the examination phase of the registration. The OHIM then searches among other CTMs for similar marks and prepares a search report for the applicant, identifying those CTMs that might impede the registration. The OHIM then transmits a copy of the application to the national trademark offices of the member states so that they may search their records for potentially problematic previously registered marks. The results of these searches are also transmitted to the applicant, but purely for informational purposes. No application is refused on the basis of prior conflicting marks. After the applicant has received the results of the searches, she has one month to decide whether or not to move forward with the application. It is in the applicant’s best interest not to pursue an application for registration if there is a strong likelihood that the mark would be denied registration on relative grounds based on the existence of a similar prior mark; such denial can only come about, however, pursuant to the opposition procedure discussed below. In essence, it is “up to the owners of the earlier rights to initiate proceedings for their protection,” and opposition “constitutes the only means of protection of earlier rights before the potential registration of CTM applications.”

Once the one-month time period has elapsed, the OHIM publishes the CTM application in the Community Trade Mark Bulletin.

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181 See id. art. 38, at 11 (providing for “[e]xamination as to absolute grounds for refusal”).
182 See Durín, supra note 76, at 495 (describing the two-step examination procedure as one that requires that the application is in order and then examines the proposed mark on absolute grounds).
183 See Trade Mark Regulation, supra note 161, art. 39(1), at 11 (stating that a search of other CTMs will be conducted).
184 See id. art. 39(2), at 12 (calling for the OHIM to submit the application to each member state for a search).
185 See id. art. 39(5), at 12 (requiring the OHIM to submit search results to the applicant).
186 See id. art. 39(6), at 12 (setting a one-month time limit for the applicant to act).
187 Opposition Proceedings, OAMI NEWS (OAMI, Alicante, Spain), Issue 4, 1999, at 1, 2, available at http://www.oami.eu.int/oaminews/Oami4-99.pdf. This system has been called a system which has “achieved the worst of all worlds” as it entails the cost and delay of a search procedure without the certainty provided by the conclusive examination accompanying the registration of a mark. Richard Jenkins, To Examine or Not to Examine for Prior Rights in the Community Trademark Office, TRADEMARK WORLD, May 1992, at 50, 53.
188 See Trade Mark Regulation, supra note 161, art. 40(1), at 12 (governing publica-
Within three months of the publication of the proposed mark, those who wish to oppose the application must file a notice of opposition.\textsuperscript{189} If three months pass without a notice of opposition being filed (or if the opposition is ultimately denied), then the proposed mark is registered as a CTM for a period of ten years.\textsuperscript{190} If an opposition is filed, the applicant is informed, and then a two-month "cooling off" period ensues during which the parties involved are encouraged to resolve their differences and reach an amicable settlement.\textsuperscript{191} If such a settlement is reached, the application is withdrawn and notice of the withdrawal is published by the OHIM.\textsuperscript{192}

If the opposition is contested, then the case is heard by the Opposition Division of the OHIM, which is divided into twelve units, each consisting of "three legally qualified members" of differing nationality.\textsuperscript{193} If the Opposition Division rejects the opposition, then the application is registered as a CTM.\textsuperscript{194} If, however, the Opposition Division finds that the proposed mark cannot be registered on the basis of "likelihood of confusion" with a prior existing national or international mark, then the application is rejected.\textsuperscript{195} Once an application is

\textsuperscript{189} See id. art. 42, at 12-13 (governing requirements for filing of opposition).
\textsuperscript{190} See id. arts. 45-46, at 13 (governing registration and the duration thereof).
\textsuperscript{191} See Office for Harmonization in the Internal Market (Trade Marks and Designs), Questions on Opposition, FREQUENTLY ASKED QUESTIONS CONCERNING THE COMMUNITY TRADEMARK SYSTEM, 8.13, at http://www.oami.eu.int/en/faq/faq08.htm (last modified Aug. 25, 2000) (noting that after the applicant is advised of the opposition, a two-month period commences in which both parties can contact one another to try to make a friendly settlement). The opposition must be filed in either the first or second language indicated by the application, but "it also must be one of the five languages" of the OHIM. Florent Gevers & David Tatham, The Opposition Procedure in the Community Trade Mark System, 20 EUR. INTELL. PROP. REV. 22, 25 (1998). Therefore, applicants wishing to ensure that the opposition will be in the language of their choice have developed a common practice: file in one of the six European Union languages that are not languages of the OHIM (Danish, Dutch, Finnish, Greek, Portuguese, or Swedish). This practice forces the party to file the opposition in the language selected as the alternate language. Id.
\textsuperscript{192} See Trade Mark Regulation, supra note 161, art. 44, at 13 (setting forth withdrawal procedures for CTMs).
\textsuperscript{194} See Office for Harmonization in the Internal Market (Trade Marks and Designs), General Questions, FREQUENTLY ASKED QUESTIONS CONCERNING THE COMMUNITY TRADEMARK SYSTEM, 1.9, at http://www.oami.eu.int/en/faq/faq01.htm (last modified Aug. 25, 2000) ("Where the outcome of opposition proceedings is positive for the applicant . . . the CTM will be registered.").
\textsuperscript{195} Opposition Proceedings, supra note 187, at 2.
rejected, the applicant has the option of having the application converted into national trademark applications for any member states in which the holder of the prior mark does not have priority.\footnote{\textit{See} Trade Mark Regulation, \textit{supra} note 161, art. 108, at 27 (governing requests for the application of national procedure). These applications will have the benefit of any priority or seniority claimed in the CTM application. \textit{See id.} art. 108(3), at 27.}

Once a CTM is registered, it may still be subject to revocation or invalidity proceedings. If, for example, a rightful trademark holder initially fails to file an opposition, but later asserts her rights, then the Cancellation Division of the OHIM can declare the CTM invalid.\footnote{\textit{See id.} art. 51, at 15 (setting forth the absolute grounds for invalidity); \textit{id.} art. 52, at 15 (setting forth the relative grounds for invalidity); \textit{id.} art. 129, at 32 (establishing the Cancellation Division).} This means that a CTM rarely becomes incontestable.\footnote{If the prior mark holder knowingly acquiesced in the use of the GrlTM for a period of five successive years, she cannot then contest the claim. \textit{See id.} art. 53, at 15 (announcing a limitation in consequence of acquiescence).} The Cancellation Division may also revoke a registration if the CTM is abandoned through non-use or if the mark has "become the common name in the trade for a product or service."\footnote{\textit{Id.} art. 50, at 14.}

If the applicant or CTM holder who has received an unfavorable decision from the Opposition Division or Cancellation Division wishes to contest that ruling, she can claim a right to an appeal.\footnote{\textit{See id.} arts. 57-63, at 17-18 (governing qualifying criteria and procedure for appeals).} The three-member Board of Appeals is empowered to "exercise any power within the competence of the department which was responsible for the decision appealed,"\footnote{\textit{Id.} art. 62(1), at 17.} and its decisions are binding upon those departments.\footnote{\textit{Id.} art. 63(2), at 18 (setting forth the possible grounds for actions brought before the ECJ against decisions of the Board of Appeals).} If another unfavorable decision is received from the Board of Appeals, the applicant or CTM holder can claim a further right to appeal to the ECJ.\footnote{\textit{Id.} art. 63(1), at 18 (noting that actions "may be brought before the Court of Justice against decisions of the Boards of Appeal on appeals").}

Once a CTM has been registered, the proprietor of the CTM can enforce his rights in special CTM courts, which are to be established in each member state of the European Union.\footnote{\textit{Id.} arts. 91-92, at 23-24 (mandating the creation of "Community Trade Mark courts," which will have exclusive jurisdiction for all infringement actions regarding CTMs).} These "Community Trade Mark Courts" will also have exclusive jurisdiction to hear ac-
tions for declarations of noninfringement, invalidity, or revocation.205

The Trade Mark Regulation also has provisions setting forth the “Powers of the [OHIM] President,”206 setting CTM costs,207 and providing for the adoption of an “Implementing Regulation” to set the CTM system in motion.208 As demonstrated by the preceding discussion, the Trade Mark Regulation is broader in scope and significantly more detailed than the Trade Mark Directive.

C. The CTM in Practice: Early Returns, Early Concerns

The CTM has proven to be enormously popular, and the number of CTM applications exceeded all projections from the moment registration became possible in early 1996.209 The bulk of these applications have come from the European Union (61%), although a significant number of applications have been filed by American trademark holders (28%).210 For the first two years, fully a quarter of the applications were based on claims of seniority, although that rate has fallen to about 10%.211 It takes about seven months “on average from filing to publication of the application.”212

Approximately 18.6% of the applications filed have been opposed,213 and in 60% of the cases in which the application was subject

205 See id. art. 92, at 24 (governing jurisdiction of Community Trade Mark Courts over infringement and validity).
206 Id. art. 119, at 30.
207 See id. arts. 81-82, at 21 (governing costs associated with the CTM system).
208 See id. art. 140, at 33 (establishing European Community implementing provisions).
209 See Editorial, OAMI NEWS (OAMI, Alicante, Spain), Issue 5, 1998, at 1, 1, available at http://www.oami.eu.int/oaminews/Oami5-98.pdf (noting that by the beginning of 1998, there was a backlog of 86,000 applications in the CTM office and this “impressive number of Community trade mark applications . . . demonstrates clearly that the Community trade mark System meets a real need from industry”). Apparently, 46,000 applications quickly poured in during 1996, while “only 15,000 applications were expected.” Stathis Koutsochinas, Jurisdiction and Procedure in Legal Actions Relating to Community Trade Marks, 115 TRADEMARK WORLD 31, 31 n.1 (1997).
211 See Gevers & Tatham, supra note 176, at 228 (noting the percentage of applications based on claims of seniority). Gevers and Tatham report that some commentators assign responsibility for the “avalanche of applications” in the first months of 1996 to the rush to register seniority claims. Id.
213 See Opposition Proceedings, supra note 187, at 2 (discussing the benefits, grounds,
to opposition proceedings, the opposition was rejected. English was the language of the opposition proceedings in the vast majority of the cases (77%), followed by German (11%) and French (6%). Approximately 40% of the oppositions were settled during the “cooling off” period before any opposition proceedings could be held. More than 800 decisions of the Opposition Division have been appealed to the Board of Appeals, of which almost 700 are still pending. Over 60% of the decisions rendered by the Board of Appeals confirmed the ruling of the Opposition Division. As of May 2000, two decisions of the Board of Appeals had been appealed to the Court of First Instance of the ECJ, where the decision of the Board of Appeals was annulled in one case, and upheld in the other.

Fewer than 60 requests for cancellation have been made, and only 2 of those have resulted in a decision by the Cancellation Division. As of yet, there have been no infringement proceedings published by any of the CTM Courts. The OHIM has been able to generate revenues in excess of its budget, largely due to the receipt of a large number of application, registration, and opposition fees. It is still early in the life of the CTM, but thus far, it is safe to say that the introduction of the CTM as a unitary trademark system governing the European Union has been a success.

Some commentators, however, have expressed certain concerns about the CTM. Perhaps the most far-reaching concern arises out of the right granted to parties to appeal the decision of the Board of Appeals to the courts of the ECJ. The OHIM estimates that “more than

\[214\] Id.
\[215\] Id.
\[216\] Id.
\[217\] See Statistics (Situation at the Beginning of October 1999), supra note 210, at 3.
\[218\] ANNUAL REPORT: 1998, supra note 212, at § 2 (noting that 45 out of 70 decided cases had been confirmed).
\[221\] See ANNUAL REPORT: 1998, supra note 212, at § 2.
\[222\] See id. § 7.4 (reporting that the 1998 budget was EUR 68,529,200, and 1998 revenues amounted to EUR 68,741,221).
\[223\] See Koutsochinas, supra note 209, at 31 (noting that Article 63 of the Trade Mark Regulation provides that actions may be “brought before the ECJ against deci-
400 actions" of such appeal will be brought before the Court of First Instance annually, a workload that "could exhaust the CFI's capacities." Eventually, this daunting workload would work its way to the ECJ itself, and this "load of cases may prove to be unbearable for the Community courts." In effect, the Trade Mark Regulation may have turned the ECJ into a Community Trade Mark Court. Perhaps at some point, the ECJ will need to institute an independent specialized court, similar to the Federal Circuit in the United States, to deal exclusively with CTM issues.

Another concern arises out of the fact that the Community Trade Mark Courts established in each member state are, in essence, national courts, and it is certain that differences in interpretation of the terms of the Trade Mark Regulation will arise. This problem may eventually resolve itself as the ECJ is set as the final interpreter of the provisions of the Trade Mark Regulation, but those who look at the Sabel v. Puma case as a decision that "lack[s] clarity," fear that "national courts will continue to find ways of determining cases in the way in which they have previously." Only upon the first round of decisions by Community Trade Mark Courts in infringement proceedings, and subsequent scholarly analysis of those results, will it be clear whether this concern materializes.

Another unanswered question asks what the nature of the relationship will be between the protection afforded to the CTMs and the protection afforded to the various national trademarks that will continue to exist. In addition, it remains to be seen how the Community Trade Mark Courts will treat these two separate systems. Because the Community Trade Mark Courts are, in essence, national courts, it is possible that they will treat the rights conferred by the CTM in a different manner than those rights acquired by the registration of a national trademark. Many commentators are therefore advising that national marks not be allowed to lapse even after the registration of a CTM for the same sign. If this becomes a widespread or perpetual

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224 Id. at 32.
225 Id.
226 See id. at 34 (arguing that the Benelux courts will be seen as more favorable to the CTM owner than the United Kingdom courts, with regards to the scope of rights granted by Article 9(1)(b) of the Trade Mark Regulation, because of the former's more expansive national interpretation of likelihood of association).
227 Id.
228 See, e.g., Gevers & Tatham, supra note 176, at 233 ("[T]he authors' suggestion that one should . . . wait at least two years after the registration of the CTM before allowing the national mark to lapse."). A main concern driving this suggestion is the
practice, the intrinsic value of the CTM will be undercut. Related to this concern, the planned expansion of the European Union presents unique questions as the national trademark systems of individual nations like Estonia and the Czech Republic would have to be integrated into the CTM system.\footnote{See EU Enlargement: Concerns on Trade Mark Rights, European Report, Feb. 26, 2000, No. 2478 (arguing that the national prior rights in the enlargement countries should be respected, even though this may lead to problems unless the national prior right is blocked so that it cannot extend to a CTM if it conflicts with prior CTM rights); see also EU Enlargement: Negotiations Resume with First Wave Candidates, European Report, Apr. 5, 2000, No. 2489 (discussing how the “Luxembourg Six” (Poland, Hungary, the Czech Republic, Estonia, Slovenia, and Cyprus) will integrate into the CTM system).}

Notwithstanding these reservations, the first three years of practice with the CTM have established not only its popularity, but also its promise in the world of trademark protection. It can be fairly confidently stated that the CTM is the most important development in trademark practice in the late twentieth century.\footnote{Gert Wurtenberger, Determination of Risk of Confusion in Trade Mark Infringement Proceedings in the European Union, 16 EUR. INTELL. PROP. REV. 302, 306 (1994).}

V. THE CTM AS A MODEL

The establishment of unitary trademark protection throughout the European Union provides us with a valuable model to study for several reasons: first, the European Union is a significant economic market;\footnote{See Tessensohn, supra note 108, at 220 (reporting that the European Union has 370 million consumers and, together with the United States, accounts for “nearly half the goods and services produced in the entire world”).} second, it encompasses both common law and civil law systems;\footnote{Professor Kenneth Port has suggested that one of the largest obstacles in creating a worldwide harmonization of trademark law is the difference between civil law and common law understandings about the nature of trademark rights. Port, supra note 9, at 38-39. Professor Port speaks even more broadly to the clash of “legal cultures” that harmonization foretells. Id. The European Union offers a prime chance to observe this interaction as the common law systems of the United Kingdom will have to coincide with the continental civil law systems.} third, it is multilingual;\footnote{There are eleven official languages of the European Union, see DINWOODIE, supra note 167, at 1680 (listing the official languages of the European Union), and other “semi-official” languages (like Irish Gaelic), id. at 1689.} and finally, it joins countries that have a history of political and economic strife.\footnote{One need not have too great a grasp on history to appreciate that tremendous rifts have historically existed between France, England, Germany, Spain, and other member states of the European Union.} The obstacles faced...
by the European Union are surely going to be present in any effort at creating a unitary transnational trademark system that encompasses many nations.

International efforts at the harmonization of international trademark law have made significant progress in establishing some substantive (witness the National Treatment Principle of the Paris Convention) and procedural (witness the one filing registration procedure of the Madrid Protocol) harmonization. However, in the European Union, harmonization, in the form of the Trade Mark Directive, was a precursor to a fully unitary and international (if regional) system of trademark protection. Although the verdict may still be out on the CTM, early returns mark it as a popular and successful system for the protection of trademarks. What lessons does the development and enactment of the CTM offer to those who contemplate the possibility of a worldwide unitary system of trademark registration and protection?

A. Harmonization as a Precursor to Unification

Implementation of the CTM has taught us that any attempt at creating a unitary transnational trademark system must be preceded by a substantive and procedural harmonization of the various and differing trademark laws of the jurisdictions to be covered. Lessening the differences in the national laws of the states intended to be joined in the unitary system will weaken the incentive to create "protectionist barriers to the free movement of goods and services and to distort competition, thereby undermining the single market." Some of this harmonization has already taken place in the form of the Paris Convention and the Madrid measures. It is clear, however, that exhaustive procedural and substantive harmonization must occur in order to set the stage for the creation of a unitary system.

Procedural harmonization must occur in much the same way it currently is being accomplished, through the development of international registration (like the Madrid Agreement) and application (like the Madrid Protocol) systems, as well as a system that unifies the maintenance of trademark rights (like the TLT). The steps that the international community has already taken with respect to the harmoniza-

235 See supra Part IIIA (discussing harmonization); supra Part IV.A (regarding procedural harmonization).
tion of procedural trademark law have laid the foundation for the next step of harmonization—substantive harmonization.

Substantive harmonization has been attempted on several occasions, and has most often ended in utter failure (one has only to recall the failed efforts at substantive harmonization by the committee of experts formulating the TLT to know how difficult this process can be). However, the Trade Mark Directive, and the way it set the stage for the development of the unitary CTM system, provides us with an example of how substantive harmonization can be achieved. If the goal of a truly open market is valued highly enough, substantive harmonization can even cut across multicultural and multilingual societies. The Trade Mark Directive also provides us with the cautionary lesson that any effort at substantive harmonization will take time.

It must be remembered that the first group met to discuss the establishment of a CTM in 1964, the Trade Mark Directive was not approved until 1988, and the CTM system was not in place until nearly a decade after that. In addition, the time frame for adherence to the Trade Mark Directive was extended once it became clear that the member states were not going to have their laws reformed to meet the deadline, and even then, not all of the countries met the revised deadline. This thirty-year time frame must be kept in mind by any who contemplate the creation of a unitary trademark system.

B. Consolidation to Create a Unitary System

After a harmonization effort has served to greatly narrow the gap between, and make substantially similar, the laws of the states in question, the creation of a unitary transnational trademark system will require the creation of a consolidated legislative, administrative, and judicial framework that can serve to manage the new unitary trademark. The experience in the European Union with the creation and development of the CTM is a valuable precedent to study, as it has given us a glimpse of the difficulties and obstacles that must be overcome in creating the necessary framework to administer the system.

The first element that must be present is some manner of legislative body that has the representational authority and competence to

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227 A severe substantive obstacle to the creation of a harmonized set of trademark laws will be the widely variant economic realities of the different countries party to any agreement. As it has been noted, "[a]ttitudes toward intellectual property tend to differ greatly between those countries that import intellectual property and those that export it." Morgan, supra note 7, at 797.

228 Refer to supra Part III.A for a more comprehensive treatment of this process.
establish regulations for the unitary system. Such a legislative body is necessary to escape the narrow justificatory bounds of nationalistic territoriality for the exercise of law.

Through the Treaty of Rome, member states of the European Union have, through representation in the European Council, bestowed representational legitimacy upon the directives and pronouncements of the Union. As the heated debate on the adoption of the substantive measures of the Trade Mark Directive illustrates, such representation ensures that each country governed by the final legislation has a voice in its enactment. Any worldwide system would need to originate in a political body that has similar representational legitimacy.

The WIPO already exists within the structure of the United Nations as a body that deals with intellectual property matters on a national level. Perhaps substantive measures of trademark law harmonization can spring from this (or a similar) body. The limited legislative nature of the WIPO, however, may not be sufficient to establish the requisite representational authority. The very creation of a body to represent the diverse needs and interests of the various countries is difficult to envision, but it is vital to any effort to create a unitary transnational system.

Once a legislative body is in place, an executive or administrative body will be necessary to manage the unitary trademark system. Creating this administrative body will prove to be difficult. The OHIM in Alicante, the body that administers the CTM, required years of debate and the overcoming of repeated stalemates to establish. In a worldwide setting, the difficulties in choosing an appropriate place for the headquarters (in a national setting, perhaps deciding on an appropriate set of places for regional headquarters) will prove to be exceedingly difficult, as the location of the office will bring jobs, visibility, and perhaps some level of authority to the territory selected (a key reason why Spain lobbied so hard to be the locale for OHIM). In ad-

259 One may note that the WIPO was the body largely responsible for promoting the changes introduced by the TLT and, more recently, in the TRIPS agreement. These "treaties," however, bind only member countries that chose to "sign on." What I am envisioning is legislation in the more classic sense—a negotiated law passed by a majority and then enforced against all parties represented in the body. The proper model for this is the passage of the Trade Mark Directive in the European Union. The failure of the WIPO to accomplish any substantive reform of international trademark law is evidenced by the failure of the substantive negotiations of the TLT. See supra Part I.E (discussing the terms and purposes of the TLT).

260 For a discussion of the political and procedural difficulties overcome while establishing the OHIM, see supra Part IV.A.
dition, although the OHIM has thus far taken in enough revenues to meet its budget, it could prove to be quite expensive to open and operate an administrative system that must be able to deal with a number of languages and have relations with many national trademark offices.

The next, and most important, element in any endeavor to create a unitary international trademark system is the creation of a hierarchical judicial system that can both successfully administer and conclusively interpret any harmonization legislation. This judicial system would have the dual tasks of maintaining the balance of power in the community and guaranteeing uniform application of the community law. The judges presiding in this judicial system, in order to carry out these tasks, will have to be carefully chosen for their political independence.

Even a fully harmonized, unified law, when left in the hands of different national courts, can be interpreted in various ways according to the "economic and social contexts" of the different nations. To reconcile these inevitable conflicts, a system of appeals, which will culminate in a supreme trademark court that has the authority to make final and binding interpretations of the relevant trademark law harmonizing statute, is necessitated. The ECJ provides this function for the European Union with respect to the CTM, and time will tell whether or not the judgments of the ECJ serve to "harmonize" the interpretation of trademark law in Europe. If it is successful in doing so, then, as a model, it may be exportable to a worldwide setting (although it remains unclear what body could serve as the final arbiter and interpreter of trademark issues as there is no world court of justice so situated at present).

Another key component to the establishment of the legislative, administrative, and especially the judicial institutions necessary for managing a unitary transnational system of trademark protection is the way in which those appealing to the system are perceived. For example, the idea that Community law in the European Union "constitutes a legal system of a new kind that recognizes as its subject, not only the Member States, but also their citizens," is an essential con-


242 See id. at 710 (noting that the judges applying Community law in the European Union are chosen for their political independence).

243 Dinwoodie, supra note 1, at 9.

244 Mengozzi, supra note 241, at 709.
cept in ensuring that each petitioner to the system is treated equally and is viewed as a citizen of the European Union rather than merely as a national of the country where the petitioner resides. Likewise, a transnational trademark system would be greatly aided if the administrative and judicial bodies of that system were able to consider those before it as “world citizens” rather than as nationals of a particular country. This would help ensure that all people subject to the system would be treated fairly, regardless of their nationality or the relative strength of their country’s economy. More importantly, it would help ensure that those subject to the system would be confident in placing their trust in the protection offered by the system. Realistically, however, the concept of world citizenship is a broad and demanding one that perhaps no governmental body is fully able to successfully embrace at this time.

C. Greater Difficulties

However, even if a worldwide system were to satisfy the need for representational legitimacy, pass a substantive and unitary trademark law, and devise a procedural system which fairly and efficiently allocates trademark rights, as well as a judicial system to conclusively and fairly apply that law, it would still face nearly insurmountable administrative obstacles that would jeopardize the creation of a unitary system for the protection of trademarks. The implementation of the administrative apparatus necessitated by such a system would provide numerous political difficulties: where to center an administrative office; what language to operate in; with whom to staff the operation; and many others. There is also the very real danger of “cultural expansionism” which would be inherent in any system seeking to apply “one trademark law... equally and consistently around the world” and the concurrent danger that this would pose to world diversity. Some be-

245 Recall the difficulties which delayed the implementation of the Trade Mark Regulation in Europe. The political obstacles faced there would be much more difficult to overcome in a worldwide setting. See Leaffer, supra note 6, at 29 (stating that “[t]here are simply too many irreconcilable differences in language, legal culture, and judicial systems among nations” for there to be unification of trademark law “in the strict sense”).

246 See Port, supra note 9, at 42-43 (arguing that harmonizing substantive trademark law and its application would necessarily require a choice about the correct legal culture, and that any answer to that question would create the danger of a less diverse and interesting world); see also Backer, supra note 12, at 200, 209 (arguing that the power of centrality, enforced through the courts, invests the transnational authority with the power (and the responsibility) to settle values and cultural conflicts without regard to
lieve that in a world of unequal power, harmonization through international bodies "provides a vehicle for the imposition of the norms of dominant states on those with less power," and therefore, "harmonization can be considered the ultimate act of subordination." This is certainly an issue to be considered when a transnational system of trademark protection (or any transnational system of law, for that matter) is contemplated.

Another difficulty presents itself in that the substance of any binding supranational legislation may also have to be cut out of whole cloth as the Trade Mark Regulation provides a model that will probably not be feasible in the international setting. The European Union has created a system where national trademark rights and Community trade mark rights coexist (how peacefully remains to be seen). As discussed in Part IV.C, this coexistence has the potential of undercutting the entire unitary system of trademark protection. The European Union also "empowers" national rights in that a prior national right can invalidate a Community right—a problem encountered by a significant number of CTM applications. In a worldwide setting, the ability to find a mark or sign, which has no priority or seniority claim anywhere else in the world, will be greatly circumscribed by the vast number of registered (and valid unregistered) national marks. One could argue that allowing a "cooling off" period, such as the very successful one incorporated by the European Union in the Trade Mark Regulation, would allow the market to correctly allocate the rights to the marks in the world product and service market. This argument is largely speculative, however, and in the end favors those proprietors from wealthy and developed nations.

The tremendous difficulties (practical, theoretical, and moral) facing any attempt at the worldwide harmonization of trademark law and the creation of a unitary system of trademark protection are probably prohibitive. I believe, however, that the developments in the CTM system in the European Union should be closely followed and critically studied. The CTM is a monumental step forward in creating a unitary system of protection that bridges many of the cultural, linguistic, economic, and systemic divergences that have separated the countries of Europe for centuries. Its success or failure will hold many lessons for those who harbor the possibility of a system of unitary worldwide trademark protection.

the "state" or local entity and its unique culture and customs, a centralizing force which will "destroy the essence of those cultures").

Backer, supra note 12, at 213.
CONCLUSION

Although the difficulties facing any effort at the creation of a worldwide system for the unitary transnational protection of trademark rights may seem daunting (and even prohibitive), the same could have been said thirty years ago about the possibility of creating a unitary trademark system that would govern the countries of Europe. The development of the CTM in the European Union establishes that it is possible to create a unitary transnational trademark system, but cautions that any similar effort would be slow moving and resource intensive, and would demand numerous political, economic, and philosophical compromises. A close study of how the CTM is implemented and the success (or lack thereof) that it achieves is in order. Such a study would be invaluable to scholars, practitioners, governments, and international organizations that have an interest in developing further comprehensive harmonization, or even unification, of international trademark law.