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UNITARY CHARACTER OF THE
COMMUNITY TRADE MARK

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Working Party on the Community Trade Mark

- I. At the first meeting of the Working Party on the Community trade mark, the question was raised whether the principle contained in the 1964 Preliminary Draft and also put forward in the Commission Memorandum whereby the Community trade mark could be applied for and registered only so as to be effective in all Member States should be retained.

The following arguments were advanced in support of restricting the territorial scope of the Community trade mark :

1. It would be difficult to acquire, or enforce rights arising under, an EEC trade mark if the proprietors of prior rights could, by entering opposition, prevent the registration of an EEC trade mark or have an already registered EEC trade mark declared void. A solution which would allow the applicant for a trade mark to be granted an EEC trade mark, for example, only in respect of eight Member States would therefore be preferable. A similar principle was laid down in the Luxembourg Community Patent Convention, which provided in Article 37 and Article 57(1)(f) that where a prior right existed, the Community patent could be declared void to the extent that it encroached on the scope of that right.
 2. The abandonment of the "unitary character" principle would be of advantage also in bringing about the free movement of goods. If by reason of a prior existing national right, an applicant could not obtain a Community trade mark, then third parties in other Member States could apply to have the trade mark registered as a national trade mark. This could lead to more extensive dividing up of the market than if the Community trade mark were to be registered to have effect in part of the territory of the Community only.
 3. Further, such a case would give rise to conciliation proceedings as registration of a Community trade mark would not be refused where opposition thereto was based on a prior existing national trade mark.
- II. The following reasons are advanced in favour of the "unitary character" principle :

1. It is not at all certain that if the unitary character is maintained, irremovable obstacles are thereby placed in the way of obtaining a Community trade mark. It might well be that by means of the introduction of a user requirement, and an assessment of the actual need for protection taking into consideration the danger of confusion of trade marks and goods, as well as having regard to the tasks of the proposed conciliation board, the registration of a Community trade mark will in many cases be made possible.
2. The attractiveness of the Community trade mark would be jeopardized if in numerous cases Community trade marks were to be permitted to be effective only in part of the common market. It would be doubtful if the Community trade mark would still present substantial advantages over a trade mark registered internationally under the Madrid Trade Marks Agreement or the Trade Mark Registration Treaty if, whenever prior rights existed, the Community trade mark remained ineffective to the extent that it encroached on the scope of those rights.
3. Abandoning the "unitary character" principle would also mean abandoning one of the main objectives of the Memorandum, namely that more and more trade marks having effect in all Member States should be in the hands of one individual. Rather would it mean that situations in which identical or similar trade marks not having the same origin are owned by different persons would be perpetuated.
4. Such a solution would have an extremely detrimental effect on the free movement of goods. The point of creating a Community trade mark is precisely to avoid such situations of conflict. Restricting the territorial scope of the Community trade mark would make it considerably less attractive for an applicant seeking Community trade mark protection to attempt to reach a settlement with the proprietor of the prior right. The solution envisaged under the 1964 Preliminary Draft places the applicant under much greater compulsion to come to an amicable arrangement, since otherwise he would not obtain a Community trade mark at all. If the "unitary character" principle were to be abandoned, the applicant would not run such a risk, as he would be assured of obtaining trade mark protection, if only in respect of part of the common market.

5. The judgment of the Court of Justice in the Terrapin-Terranova case is based expressly on the proposition that exceptions to the principle of the free movement of goods are acceptable only in respect of Community law as it stands at present. A satisfactory solution with regard to the free movement of goods must therefore be found when creating the Community trade mark and carrying out the corresponding approximation of national laws. This means that situations where a national trade mark and an identical or similar Community trade mark owned by different persons exist simultaneously must be avoided. Thus, if a Community trade mark were for example granted only in respect of eight Member States because a prior right existed in the ninth, a provision whereby the proposed conciliation board was competent to act would have to be laid down as a minimum precaution for ensuring the free movement of goods. It cannot therefore be argued that the conciliation board would be superfluous if the "unitary character" principle were to be abandoned.
6. A solution to the problem of reconciling the protection of trade mark rights with the principle of the free movement of goods will hardly be possible if in addition to a wide gap in the area of effectiveness of the Community trade mark national territoriality were to be maintained. Such a solution would be far removed from the "unification" to which the Court of Justice draw attention in the cases Parke, Davis and Sirena; it might even persuade the Court to adopt once more the attitude which found expression in the Hag judgment. That would not be in the interest of those who regard this solution in theory as preferable.
7. Cases may certainly occur in which the abandonment of the "unitary character" principle will result in an increase in the free movement of goods (comp. I.2 above). However, this will not necessarily be the case, as an applicant will try to obtain national marks in those Member States in which there are no prior rights. It would also not apply in those cases cited by the supporters of a Community trade mark with territorial limits, in which the dividing up of the common market is intensified. For it is one of the main tasks of the proposed harmonisation of national trade mark laws to eliminate such cases of conflict between national trade mark laws, or at best to reduce them considerably.

If several national rights are in the possession of different owners - this situation can exist not only when the registration of a Community trade mark is refused - then the necessary steps must be taken, through the approximation of laws, to ensure the free movement of goods.

8. The reference to the provisions of the Luxembourg Patent Conference does not appear convincing. Where prior national patents exist, the granting of a Community patent is excluded absolutely. Only in those rare cases where a prior national patent application is not publicly disclosed until after the date of the application for the European patent does the Luxembourg Patent Convention provide for the partial nullity of the Community patent (Article 37, Article 57(1)(f)).
9. Abandoning the solution set out in the 1964 Preliminary Draft would lead to yet another problem. It has been said that although a "nine minus one" solution or a "nine minus two" solution could be considered, a "nine minus eight" solution could not. It would be difficult to justify granting a Community trade mark with limited territorial effect in cases where one or two prior rights existed, but not in other cases. In addition, the proprietor of such a restricted Community trade mark would run the risk of losing this right also, as a third unregistered prior right could be invoked in nullity proceedings.
10. Lastly, the "nine minus one" solution would inevitably give rise to practical difficulties. Information only about the existence of a Community trade mark would not suffice. Additional information would be necessary, such as, for instance, "effective in all Member States with the exception of the United Kingdom". A further problem would then arise if the registration of a Community trade mark were to be refused because of the existence of several prior rights in different Member States but the applicant later succeeded in having the obstacles to registration removed in these Member States by relying on an exception. The question arises whether and under what conditions the applicant may try to renew his application at a later date.