

# TRADEMARK TALK

## Monaco trademark lacks distinctive character



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What is the legal framework of indicating a geographical name in a brand? **Georg Pintz** and **Marton Csirik** review

**In January 2015, the Court of First Instance of the EU rendered a judgment in case T-197/13 [*Marques de l'État de Monaco (MEM) v OHIM*], in accordance with its practice regarding lack of distinctive character.**

The Principality of Monaco applied for an international trademark where the sign was the word 'Monaco' in itself. The World Intellectual Property Organization (WIPO) forwarded the application to the Office for Harmonization in the Internal Market (OHIM). The OHIM issued a refusal *ex officio* with respect to classes 16, 39, 41, and 43.

The cited laws were points b) and c) under Article 7 (1) of Council Regulation 207/2009 on the Community trademark (CTM). These rules provide that a sign cannot be registered if it is devoid of any distinctive character [b], or if it consists exclusively of signs or indications which may serve to designate the geographical origin of the goods or services [c].

The appeal filed by the applicant (MEM) was refused by OHIM's Board of Appeal (BoA). The BoA argued that the applicant did not have any particular legitimization (*légitimité particulière*) for registering such a trademark, meaning just because Monaco is a state, it does not entitle such an entity *per se* to own such a trademark. The only relevant issue in the case – according to the BoA – is

whether the sign falls out of the scope of points b) and c) of Article 7(1). In other words: whether it has enough distinctive power to function as a trademark. The Fourth Chamber argued that point c) of Article 7 (1) should be interpreted narrowly, though in this case this rule is nevertheless applicable. MEM filed a

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motion for judicial review asking the Court of First Instance to annul the decision of the BoA. The legal grounds for the motion from the applicant were threefold, but only two grounds are relevant. First, the applicant claimed that the OHIM did not comply with the obligation of proper reasoning, thus violating the Lisbon Treaty and the European Convention of Human Rights. On the other hand, the applicant claimed that the Board of Appeal did not properly apply points b) and c) of Article 7 (1) of the Regulation.

Regarding the first ground, the court (with reference to its previous practice), claimed that the BoA cannot be required to provide an account that follows exhaustively and one by one, all the lines of reasoning articulated by the parties before them. The reasoning may therefore be implicit, on condition that it enables the persons concerned to know the reasons for the BoA's decision and provides the competent court with sufficient material for it to exercise its power.

The second ground for the motion consisted of two parts. First of all, according to the applicant, as the territorial scope of the regulation is the European Union, the previously mentioned rules do not apply to him as a third state. And secondly, since the official name of the state is 'Principality of Monaco', the trademark 'Monaco' does not consist

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exclusively of signs indicating the geographical origin of the goods and services.

The Court of First Instance dismissed these arguments too. It explained that when the applicant sought trademark protection in the European Union, Monaco willingly put himself under the scope of the Regulation. Regarding the sign as a geographical indication, the court claimed that whether it is able to establish a strong connection with the consumers, its fame must be based on the knowledge of the relevant consumers, whether it is a large or a small area and based on its general reputation. The court declared that the average European consumer, taking into view the goods and services in this case, will probably make that connection with the Principality of Monaco, thus the sign 'Monaco' falls under the scope of point c) Article 7 (1) of the Regulation. Based on the above mentioned findings of the court, the motion for annulment was rejected in its entirety.

What consequences can we deduce from this case? What is the legal framework of indicating a geographical name in a brand? What factors should we keep in mind when advising on a name of a new brand?

### Geographical signs in trademarks

The OHIM's general practice in short, is that a sign is descriptive if the relationship between the sign and the specific goods and services for which trademark protection is sought is direct and concrete. The question is whether the geographical term applied for designates a place which is currently associated with the claimed goods or services in the mind of the relevant public, or if it will reasonably be associated in the future.

For example, whereas the North Pole and Mont Blanc are commonly known geographical terms, in the context of ice cream or sports cars, they would not be understood as a possible place of production, but as a merely suggestive and fanciful term.

On the other hand, there are some geographical terms which may be refused, merely due to their widespread recognition and fame for the high quality of the products or services. For example, 'Milano' is almost certainly to be refused for clothing, 'Zürich' for financial services and Islas Canarias for tourist services.<sup>1</sup>

A well-known geographical term like 'Monaco' will likely be refused regarding almost any goods or services, since it could reasonably indicate geographical origin of those for an average consumer.

Next, we will discuss what specific criteria should be kept in mind when advising on naming a product or service.

### The art of choosing a name

Naming a product is a distinct branch of law and business in many countries, where lawyers, linguists and marketing experts provide assistance in finding a suitable name. In case of setting up a company, creating a new product or service, or simply re-positioning an existing product, the following criteria are to be observed.

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### The name must harmonise with the corresponding product

This aspect is of great importance in case of logos and figural trademarks. Just imagine trying to sell cosmetics for men with a trademark depicting a pink cat! It would be also strange in case of word trademarks, to have a disharmonious brand name for our product, such as Black & White or Kaputt (German word for kaput) for a new HD TV set. It is also advisable to choose a brand name in harmony with the company's name.

### The name must not be descriptive (it may be telling, though)

In case you insist on using descriptive words, the only available option is to embed the word in a figure. Merely writing the word with a special font is not enough, you need to use it jointly with a distinctive figure, in which case you will have a figurative trademark, a logo. The approving authority will approve

of the registration due to the distinctive nature of the figure. On the other hand, your competitors will become confused and, after a corresponding request, they will usually cease using the trademark. In the course of a possible court procedure, the legal approach toward such trademarks is complicated enough to compel other companies to prefer other words in their business communication.

### The domain must be available

Not a procedural but a practical point of view, to choose such a name that can be obtained as a generic-Top-Level-Domain. Though it is possible to obtain a domain based on a trademark, it can be a long and cost consuming procedure. On top of that, a company can suffer irreparable damages if counterfeit or low quality products are sold on a domain which is identical with the trademark.

### Comprehensive and useful manual

The authors of this article strongly recommend the use OHIM's official manual dedicated to trademark registration issues, available online on OHIM's website:

“The purpose of the guidelines on CTMs and the guidelines on RCDs is to improve the coherence, predictability and quality of the office's decisions. The guidelines are designed to bring together, systematically, the principles of practice derived from the jurisprudence of the Court of Justice of the European Union, the case-law of the office's Boards of Appeal, the decisions of the office's operations. They provide a unique source of reference on office practice with regard to CTMs and RCDs and are intended to be of practical use both to office staff in charge of the various procedures and to users of the office's services.”<sup>2</sup>

Of course, these words would not mean anything if there was no actual practice behind it. However, the authors who handle hundreds of CTM cases per year deem that the manual is actually applied and followed by office examiners. However, a useable manual is not available in all countries.

### Footnotes

1. Guidelines For Examination In The Office For Harmonization In The Internal Market (Trade Marks And Designs) Part B, Examination.
2. Guidelines For Examination In The Office For Harmonization In The Internal Market (Trade Marks And Designs) Editor's Note And General Introduction.