AMICUS CURIAE BRIEF

(THIRD PARTY OBSERVATIONS)

RE: ***Referral by the Executive Director of the EUIPO to the Grand Board of Appeal on a point of law: withdrawal of an EUTM during the appeal period and impact on requests for conversion of EUTMs in countries where the ground for refusal applies***

Case No. R0497/2024-G

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ECTA has prepared this brief in relation to the referral by the Executive Director of the EUIPO to the Grand Board of Appeal of questions on a point of law.

Article 37 (6) of Commission Delegated Regulation (EU) 2018/625 of 5 March 2018 supplementing Regulation (EU) 2017/1001 of the European Parliament and of the Council on the European Union Trade mark, and repealing Delegated Regulation (EU) 2017/1430 ("EUTMDR") allows for intervention of interested groups or bodies in EUIPO appeal proceedings referred to the EUIPO Grand Board of Appeal.

A. BRIEF SUMMARY OF THE BACKGROUND TO THE REFERRAL

The referral to the Grand Board of Appeal by the Executive Director was decided as a reaction to a decision adopted by the fourth Board of Appeal in the NIGHTWATCH case[1]. In this proceeding, the Board annulled a decision of the Office which rejected the applicant's conversion request for the United Kingdom[2] because, as summarized by the fourth Board of Appeal, "*the EUTM application was refused by the Office on the basis of its descriptiveness and lack of distinctiveness in English in the refusal decision, and the applicant had not filed an appeal against the refusal decision*"[3].

The decision to refuse the conversion had been consistent with the current Guidelines of the Office, which state in particular that "*Where the applicant withdraws the EUTM application or the owner surrenders the EUTM, or where the holder renounces the designation of the EU before the decision becomes final (i.e. during the appeal period) and subsequently requests conversion of the*

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[1] EUIPO, 26/09/2022, R 1241/2020-4
[2] It is recalled that for the purpose of this matter the 'Brexit' was not yet effective at the date of the conversion request.
[3] Cf. R 1241/2020-4 at §29

mark into national trade marks in some or all of the Member States for which a ground for refusal, for revocation or invalidity applies, the request for conversion will be rejected for those Member States"[4].

The Board took a different approach. It considered in particular that, at the time when the EUTM was withdrawn, "*the decision of the Office had not yet taken effect pursuant to Article 66(1) EUTMR, second sentence. Thus, it was still possible for the applicant effectively to withdraw the application*"[5]. It added that "*the applicant had terminated the examination proceedings by withdrawing its EUTM application pursuant to Article 49(1) EUTMR. As a consequence of the withdrawal of the EUTM application, the examination proceedings had become without purpose. Therefore, the refusal decision of the examiner should not have become final. Since there is no final decision on refusal of the EUTM application, the Office should not have applied Article 139(2)(b) EUTMR*"[6]. The Fourth Board of Appeal also emphasized that it could not really "*see any reason why the applicant should be required to file an appeal against the refusal decision in order to be able to file its conversion request pursuant to Article 139(1)(a) EUTMR. There is no legal basis for this interpretation. Nor can it be seen as an attempt to circumvent the limitations of Article 139(2)(b) EUTMR or an abuse of process not to file an appeal but merely a withdrawal before conversion. Requiring an appeal to be filed would only complicate matters and be legally unnecessary. It would be detrimental to the economy of proceedings if a party to the proceedings were required to file an appeal merely for the purposes of requesting conversion after withdrawing an application*"[7]. Finally, the Board stressed that the practice of the Office is not binding on the Member States. It stressed that "*The national trade mark authorities are not obliged nor prevented from coming to the same conclusion as the examiner in its decision of 17 July 2019, which was issued prior to the withdrawal, on the basis of said authorities' own examination of the contents (01/12/2004, R 348/2004 2, BELEBT GEIST UND KÖRPER, § 27). Due to the withdrawal occurring during the appeal period, the refusal decision has not become effective*"[8].

[4] EUIPO Guidelines Part E – Register Operations - 4.3 Withdrawal/surrender after a decision has been rendered
[5] Pt. 40
[6] Pt. 42 & 43
[7] Pt. 45
[8] Pt. 49

B. RELEVANT LEGAL PROVISIONS

Article 66 EUTMR - Decisions subject to appeal:

1. An appeal shall lie from decisions of any of the decision-making instances of the Office listed in points (a) to (d) of Article 159, and, where appropriate, point (f) of that Article. **Those decisions shall take effect only as from the date of expiration of the appeal period** referred to in Article 68. The filing of the appeal shall have a suspensive effect.

Article 71 EUTMR - Decisions in respect of appeals:

3. The decisions of the Board of Appeal shall take effect only as from the date of expiry of the period referred to in Article 72(5) or, if an action has been brought before the General Court within that period, as from the date of dismissal of such action or of any appeal filed with the Court of Justice against the decision of the General Court.

Article 72 EUTMR - Actions before the Court of Justice:

5. The action shall be brought before the General Court within two months of the date of notification of the decision of the Board of Appeal.

Article 139 EUTMR - Request for the application of national procedure:

1. The applicant for or proprietor of an EU trade mark may request the conversion of his EU trade mark application or EU trade mark into a national trade mark application:

(a) to the extent that the EU trade mark application is refused, **withdrawn**, or deemed to be withdrawn;

(…)

2. **Conversion shall not take place:**

(…)

(b) for the purpose of protection in a Member State in which, in accordance with the decision of the Office or of the national court, grounds for refusal of registration or grounds for revocation or invalidity **apply to the EU trade mark application** or EU trade mark.

C. ECTA'S INTEREST IN THE CASE

ECTA presents itself here as an amicus curiae, a "friend of the court".

It does so through the Amicus Curiae Task Force (ACTF) and ECTA members contributing to the ACTF projects, which aims at providing neutral, fair, objective, legally sound opinion to the courts regarding key IP issues.

ECTA hereby acts in the interest of its members and of the IP community as a whole, and in particular the users of the EU trade mark system. The conditions under which applicants can convert, or not, EU trade marks that have been withdrawn have a significant strategic, operational and financial impact on users. Thus, ECTA believes that whether or not Article 139(2) EUTMR prevents conversion whenever a refusal is issued, even if it has not become final yet, is an important issue which has an impact on the way in which users can articulate the relationship between the Union and the national trade mark systems. Until the NIGHTWATCH case, this question had not been dealt with as such by the Boards or by higher instances[9].

And it is indeed very appropriate, on the part of the Executive Director, to refer this question to the Grand Board of Appeal. Users need full assurance of consistent interpretation of the law. They cannot remain in the uncertainty, as

[9] The OPTIMA case is often referred to in connection with this legal issue. However, the Grand Board of Appeal excluded this legal question from the scope of its ruling. See EUIPO, 27/09/2006, R 331/2006-G, pt. 16 and 17: "*It must be stressed that the present appeal is against the decision of the examiner not to accept this withdrawal. The appeal is not directed against the decision of the examiner to reject the mark applied for which is not challenged. Neither has the decision to reject the mark applied for been challenged in any other appeal procedure. It must therefore be considered, as from the expiry of the two-month appeal period, to be a decision that should remain in the files.* ***The possible effects of such a decision of refusal on an applied-for mark which has later on been withdrawn are outside the scope of the present appeal****. Therefore, the present decision can only deal with the substance of the appeal and remedy can eventually only be granted for the requests made by the applicant. In this case, the Office's position which is stated in the letter of 18 January 2006 is that 'following the rejection of the CTM application, there is nothing left to be withdrawn'. No further explanations or arguments are put forward by the examiner on this point. In its second paragraph the letter refers to Article 57(1) CTMR which states that an appeal has a suspensive effect and that since no appeal has been filed, the request cannot be accepted. It is not specified to which decision this refers nor which conclusion could have been drawn by the examiner had an appeal been lodged. It should be noted that if the Office had informed the applicant within a reasonable time after receiving the withdrawal of the application on 18 July 2005, the latter would have had the opportunity and sufficient time (until 17 August 2005) to file an appeal against the decision in substance. The attitude and the reasoning of the Office, if accepted, leads to the conclusion that the applicant would have been deprived of the possibility of appealing in conditions that would have given it a real possibility of obtaining the remedy sought.*"

to whether a particular Board of Appeal will support, or not, the current practice as enshrined in the Guidelines.

ECTA believes that the fourth Board of Appeals was correct in its decision. There is no legal basis for the Office's practice to refuse conversion if an appeal has not been filed, but to allow the conversion after an appeal has been filed and then withdrawn. As stated by the Fourth Board of Appeal in its decision, the current practice of the Office is "*legally unnecessary and detrimental to the economy of proceeding*"[10] at §45. Conversion simply allows an applicant who withdraws an EU application (or an earlier EU registration as the case may be) before a decision has become final, to "shift" it to national applications and thus given that the EUTM system is autonomous and runs in parallel with the national systems, as better explained below, interfering with it basically amounts to interfere with national systems.

D. ECTA'S ANALYSIS

We will address in turn each question raised by the Executive Director:

1. Does the expression 'the decision of the Office' in Article 139(2)(b) EUTMR include decisions of the Office containing grounds of refusal of an EUTM application, where no appeal is brought under Article 66 EUTMR but where the EUTM is withdrawn during the appeal period set out in Article 68(1) EUTMR?

NO.

In this situation the decision is not final. It does not produce legal effects, as is expressly indicated in Article 66(1) EUTMR which unambiguously states that "**decisions shall take effect only as from the date of expiration of the appeal period"**. In other words, Art. 66(1) EUTMR allows applicants to decide, if they do not agree with the Office, to appeal and their rights will be preserved. It does not follow from the textual and literal wording of Art. 66(1) that applicants would not be allowed also to withdraw their application (or registration as the case may be) until the date of expiration of the appeal period[11].

[10] Pt. 45.

[11] Also, the reference by the ED to the distinction between a „decision" and a „final decision", at pt. 24(e) of the referal, does not modify the notion of „decision". Simply, by referring to a „final decision" at Article 139(6) EUTMR, the legislator simply helps users calculating the three months period to request the conversion.

There is also a pragmatical rationale for this interpretation. The Office has consistently held, for nearly three decades now, that it is not bound by the practice of the Member States[12]. The same is true the other way round: in spite of a significant and necessary degree of harmonization of the laws and practices in the European Union, through numerous initiatives[13], the fact remains that Member States and the EUIPO have their own practices, and the outcome of identical cases is not necessarily the same[14]. The EUTM system is autonomous and runs in parallel with the national systems.

As correctly stated by the Fourth Board of Appeal in the NIGHTWATCH decision, it makes no sense to oblige users to lodge an appeal before withdrawing their trade marks, and only thereafter to allow them to request the conversion in those Member States where the ground for refusal initially applied. This implies unnecessary costs, administrative work and delays.

Also, allowing the conversion of a withdrawn EUTM in a country, where a ground for refusal applied, may, in certain cases, be perceived as unbalanced, particularly in *ex-parte* proceedings, but is not *per se* an abuse of law. Much higher standards apply for a finding of an abuse of law[15]. Here, the possibility to convert after a withdrawal and to obtain a favorable decision by national IPOs is a consequence of the limits of the harmonisation of trade mark laws within the Union. This is how the system works. As stated above, national IPOs do not necessarily follow the same practice as the EUIPO, and vice versa. Users know

[12] For example: EUIPO, 15/03/2024, R 10/2023-5, pt. 100 & 101: „*the Board recalls that decisions of national Courts or Intellectual Property Offices do not have a binding effect on the Office. According to case-law, the European Union trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it and applies independently of any national system. Accordingly, the registrability of a sign as a European Union trade mark is to be assessed on the basis of the relevant legislation alone (13/09/2010, T-292/08, Often, EU:T:2010:399, § 84; 25/10/2006, T-13/05, Oda, EU:T:2006:335, § 59) and decisions adopted in a Member State or in a state that is not a member of the European Union can under no circumstances call in question the legality of the contested decision (25/10/2007, C-238/06 P, Plastikflaschenform, EU:C:2007:635, § 65-66; 24/03/2010, T-363/08, Nollie, EU:T:2010:114, § 52; 28/03/2019, T-562/17, ALBÉA (fig.) / Balea, EU:T:2019:204, § 44). In other words, decisions adopted in other jurisdictions are factors which may merely be taken into consideration, without being given decisive weight. There is no obligation for the Boards of Appeal to draw the same conclusions as national courts or authorities in similar circumstances (12/01/2006, C-173/04 P, Standbeutel, EU:C:2006:20, § 49)*".

[13] Harmonization Directives, case law of the Court of Justice, convergence programs, consistency reports, etc.

[14] Even if anecdotal, a simple illustration of that is the fact that the UK IPO did register the trade mark NIGHTWATCH resulting from the conversion of the EUTM, without raising any ground for refusal. See UK trade mark no.00003921955.

[15] See EUIPO, 11/02/2020, R 2445/2017-G, which in turns refers to 28/07/2016 C-423/15, Kratzer, EU:C:2016:604.

this, and they adapt their filing and enforcement strategy accordingly: applicants always get a second chance by filing a national trade mark application, and often applicants even do so in parallel with the EUTM application.

2. Does the answer to question 1 differ where an appeal against the grounds of refusal is brought under Article 66 EUTMR but where the EUTM is withdrawn prior to a final dismissal of that appeal?

NO.

The consequence of a withdrawal of an EUTM before a decision becomes final and before it produces its effects, is the same. In addition to differentiate the two situations would have the practical effect to prevent applicants from appealing Office decisions (given that in such a case conversion would become prohibited).

3. Should Article 71(3) EUTMR be interpreted to mean that Article 139(2)(b) EUTMR includes decisions of the Boards of Appeal containing grounds of refusal of an EUTM application where no action is brought under Article 72 EUTMR but where the EUTM is withdrawn during the period set out in Article 72(5) EUTMR?

NO.

As indicated in the answer under 2, and in compliance with the provisions of the Article 71(3) EUTMR which expressly states that "*The decisions of the Board of Appeal shall take effect only as from the date of expiry of the period*" to launch a claim before the General Court, to decide otherwise would unnecessarily and unjustifiably compress the right of defense of applicant against the Office and its Board of Appeals decisions.

4. Does the answer to question 3 differ where an action against the grounds of refusal is lodged under Article 72 EUTMR but where the EUTM is withdrawn prior to a final dismissal of that action?

NO.

This is consistent with the above findings and clearly follows from the Regulation itself. Article 71(3) EUTMR provides that "*The decisions of the Board of Appeal shall take effect only (…), if an action has been brought before the General Court (…), as from the date of dismissal*".

5. Does the answer to questions 1 to 4 differ where the relevant decision is rendered in *ex parte* or *inter partes* proceedings? If so, to what extent?

NO.

There is no legal basis to discriminate between *ex parte* and *inter partes* proceedings, in the EUTMR or elsewhere, as far as the conditions for conversion are concerned. Should there be reasons for such discrimination, then the Office would have to adapt its practice in proceedings based on relative grounds for refusal: it would have to rule on each and every earlier right involved.

E. CONCLUSION

ECTA welcomes the initiative taken by the Executive Director of the EUIPO to refer a number of questions on points of law to the Grand Board of Appeal. This is necessary here in view of the discrepancy between the Office practice and the opinion expressed by the Fourth Board of Appeal in the NIGHTWATCH case.

ECTA appreciates the endeavor of the EUIPO to strive for consistency between its practice and that of the Member States.

However, the fact remains that the decision adopted by the Fourth Board of Appeal in the NIGHTWATCH case has a strong legal basis and should be supported. This is the direct consequence of the coexistence of independent, autonomous national and Union trade mark systems. We, the users, are well aware of this situation and are adapting our strategy accordingly.

Therefore, ECTA hereby asks the Grand Board of Appeal to respond negatively to all the questions raised by the Executive Director.

ECTA Amicus Curiae Task Force

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ECTA, which was formed in 1980, is an organisation concerned primarily with trade marks and designs. ECTA has approximately 1,300 members, coming from all the Member States of the EU, with associate Members from more than 50 other countries throughout the world.

ECTA brings together those practicing in the field of IP, in particular, trade marks, designs, geographical indications, patents, copyright and related matters. These professionals are lawyers, trade mark and patent attorneys, in-house lawyers concerned with IP matters, and other specialists in these fields.

The extensive work carried out by the Association, following the above guidelines, combined with the high degree of professionalism and recognised technical capabilities of its members, has established ECTA at the highest level and has allowed the Association to achieve the status of a recognised expert spokesman on all questions related to the protection and use of trade marks, designs and domain names in and throughout the European Union, and for example, in the following areas:

- Harmonization of the national laws of the EU member countries;
- European Union Trade Mark Regulation and Directive;
- Community Design Regulation and Directive;
- Organisation and practice of the EUIPO.

In addition to having close links with the European Commission and the European Union Intellectual Property Office (EUIPO), ECTA is recognised by WIPO as a Non-Government Organisation (NGO).

ECTA does also take into consideration all questions arising from the new framework affecting trade marks, including the globalization of markets, the explosion of the Internet and the changes in the world economy.

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