



European Communities Trade Mark Association

12 September 2014

## **ECTA'S COMMENTS ON THE PROPOSALS, OF 18 JULY 2014, FOR A REGULATION AND DIRECTIVE ON THE COMMUNITY TRADE MARK**

### **1. Law Committee**

Comments on the Proposal for a Regulation of the European Parliament and of the Council, amending Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark ("CTM").

### **II. Recital 16**

Support the clarification of the relations between trademarks and company/trade names as indicated in Recital 16: "*Confusion as to the commercial source from which the goods or services emanate may occur when a company uses the same or a similar sign as a trade name in a way that a link is established between the company bearing the name and the goods or services coming from that company. Infringement of a European Union trade mark should therefore also comprise the use of the sign as a trade name or similar designation as long as the use is made for the purposes of distinguishing goods or services as to their commercial origin*"; and thus modifying art. 9(3) d) "*using the sign as a trade or company name, or as a domain name, or as a part thereof*" by adding "in the course of trade" which is in line with the Celine decision that only if a company name is used in a distinctive manner in trade, i.e. as a trademark, a conflict may arise. In addition, it was also observed that "in the course of trade" requirement is already part of the introductory part of Article 9 (2); thus, there should be no need to introduce it also in Article 9 (3)(d).

## I. Article 8(4)

Make sure that the Danish request to amend also Article 8(4) by deleting: "*of more than mere local significance*" to align it with new Article 8(4a) is not accepted. Deleting from 8(4) the local significance qualifier would allow any insignificant prior right to prevent registration of CTMs and would unnecessarily render more difficult to get EU wide protection for SMEs companies. In addition, it was also observed that the new Article 8 (4a) is deficient in not properly defining the relevant point in time to determine which right is earlier, and § (i) does not really belong to the "where and to the extent that ... " Also, it is unclear what is the relationship between existing Article 8 (4) and the new Article 8 (4a).

## III. Article 8(4)

Support introduction of UK, HR, DK, AT, BE, NL requests to add to art. 8(4), i.e. "*The proprietor of a European Union trade mark shall also be entitled to prevent the importing of goods pursuant to paragraph 3(c) into the Union where only the consignor of the goods acts in the course of trade*" the sentence "*unless those goods were manufactured with the express authorisation of the proprietor of that mark and are for the personal use of the intended recipient*" so as to allow that individual consumers may still acquire legitimate goods/services from outside the EU - imagine buying a pair of Levi's jeans in the US during the vacation and having the jeans seized at the EU first airport custom. In addition it was also observed that for reasons of coherence and consistency the rights of trade mark proprietors should apply vis-à-vis original goods not only in regular import situations, but also in transit cases (note that Article 8 (5) does not have an exception for genuine goods, as does the Customs Regulation), and in small quantities cases, Article 8 (4), and that private importations are not covered at all, contrary to what said above.

## IV. Article 25(8)

Draw the attention of the Council and Member States that the introduction of the qualifier "irrespective of when the trademark was applied for or registered" in art. 28(5) which reads "*The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood, irrespective of when the trademark was applied for or registered*". While eliminating a number of practical problems connected with distinction of the scope of protection drawn by OHIM between trademarks filed before and after the IP Translator, will have a serious impact on trade mark owner's rights. For instance TM owners who in the past filed for the class headings believing that all goods of a specific class were covered (according to the then existent Communication of the President of OHIM) and later – on such basis – filed extensive seniority claims surrendering/abandoning national registrations, may now lose such seniority claims because some terms covered by a surrendered national mark may not fall under the literal meaning of a class heading term. Therefore, ECTA would recommend

studying/adopting some provisional rule which may allow TM owners to take the appropriate measures to avoid such unfortunate consequences.

## V. Article 37 (2)

Support reintroduction of disclaimers (deleted by Article 37(2)) as a way to insure that TMD (trademarks of mass destruction, usually composed by descriptive elements or words in one language) may be used against later marks. In addition it was also observed that disclaimers are useless unless handled consistently throughout the EU in all Member States and at OHIM.

## VI. Article 41(3)

Support revision of art 41(3)(a) (formerly Rule 18(5) CTMR) which continues to provide refund of opposition fees, only if before expiry of the cooling-off period the application is withdrawn or restricted to goods and services against which the opposition is not directed, or if the opposition is withdrawn in view of a partial restriction of the application deleting some of the goods and services against which the opposition is directed. Opposition fees should be refunded if the opposition is withdrawn in the cooling-off period, following an agreement between the parties, even if there is no express limitation of the goods/services of the application.

## VII. Article 50(2)

Decide to support or not revision of art. 50(2) on the surrender. Luckily the proposal has deleted the extension of this discipline to invalidity actions, but it still provides that the validity of the surrender of an EU trade requested after the filing of an application for revocation of that trade mark is conditional upon the final rejection or withdrawal of the application for revocation. This seems a compression of the exclusive rights which is not always justified. **In addition** it was also observed that the supposed "abus" of withdrawing/surrendering a mark which is attacked with a request for revocation needs proof/evidence. The resurrection of such a mark as a national mark would also need proof/evidence.

## VIII. Article 54(1) and (2)

Express contrariety on the change of art. 54(1) and (2) on acquiescence: the former text precluded the acquiescing party from both filing invalidity and opposing continuation of use. Under the new version the acquiescing party " *shall no longer be entitled on the basis of the earlier trade mark to apply for a declaration that the later trade mark is invalid in respect of the goods or services for which the later trade*". Nothing is said about opposing use and thus for reason of practical certainty this should be reintroduced. In addition it was also observed that the exclusion of the right to prohibit the use of the later mark is now found in Article 13a, thus, there should be no need to include it in Article 54.

## IX. Article 87(a)(5)

Request clarification on the new privacy clauses, among which art. 87(a)(5) according to which "*The party concerned may request the suppression of any personal data from the database after 18 months from the expiry of the trade mark or the closure of the relevant inter partes procedure*" and the second sentence of (new) art. Article 87b "*Online access to decisions*" according to which "*Any party to the proceedings that led to the adoption of the decision may request the suppression of any personal data included in the decision*" since it is unclear how can parties request so and how third parties' interests to maintain such data can voice their dissent.

## X. Article 123(c)

Monitor developments of Article 123(c) on the cooperation to promote convergence of practices and tools. In particular, keep an eye on how to reconcile the fact that "*The Office and the industrial property offices of the Member States and the Benelux Office for Intellectual Property shall cooperate with each other .... to promote convergence of practices and tools in the field of trade marks and designs*" when such cooperation will have to be "*on a voluntary basis*" Art. 123(c)(1). Furthermore, be alert to detect situations under 123c(5) according to which "*The industrial property offices of the Member States and the Benelux Office for Intellectual Property may restrict or temporarily suspend their cooperation in certain projects due to a lack of financial or staffing resources*".

## XI. Article 137(a)

Support the new mediation procedures, art.137(a). The proposal has eliminated any reference also to arbitration services and ECTA should support such deletion. In addition the proposal reflects the criticism expressed to the current mediation procedure only allowed after an appeal is filed. Now, "*in case of disputes subject to the proceedings pending before the Opposition Divisions, Cancellation Divisions or before the Boards of Appeal of the Office a joint request for mediation may be presented at any time after the lodging of a notice of opposition, an application for revocation or an application for a declaration of invalidity or a notice of appeal against decisions of the Opposition or Cancellation Divisions*", art.137a(4). Some doubts about the language (if the invalidity action is based on, say, lack of distinctiveness one may argue it is a matter of public interest which should prevail over the parties interest to a mediated solution); that said, since this section is entirely new, the LC shall have to undertake a project to review it in detail.

## XII. Article 144

Change in fees (art. 144). Notwithstanding ECTA's request that fees were kept separate, the proposal includes them in the text of the Regulation as an Annex. ECTA should continue oppose such inclusion, given that such a method prevents a greater flexibility and/or quick adjustments in the future which would be instead allowed by having a separate Commission's Fees Regulation. That said, the proposal now provides for an individual fee for the first class and increments to the second and third, capped at 150 from the fourth



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onward. The same for renewals. Also note limited increases (20/30 euros) in oppositions, invalidity, revocation and appeal fees. In addition it was also observed that perhaps there are differing versions since the 18 July 2014 text actually has reduced fees for opposition, cancellation (revocation, invalidity), and appeals.

### **XIII. Additional matters**

In addition, it was also observed that ECTA may wish to take position on other two matters: Candidates (selection): The unintelligible multiple references to delegated acts; the even less understandable repeated empowerment of the President of the Office to do certain things (e.g. Article 30 (2)). Why can this not be done in the delegated acts? In any event the nature of such “determinations” should be defined – is this “legislation”? Is it binding? And also the obligation to make priority claims together with the application (Article 30).

## 2. Geographical Indications Committee

Legislative Package, comments on the GI-related aspects of the new Presidency Compromise proposal.

This paper is to be read in conjunction with (1) the detailed comments of ECTA regarding the original proposals of the Commission (Regulation and Directive), made available on 10 September 2013, and with (2) the comments of ECTA regarding the first compromise proposal of April 2014. Therefore, we solely focus here on the impact of the amendments proposed.

As far as GIs are concerned, the amendments are numerous, and have a relevant impact. We will review them synthetically, in accordance with the following scheme:

I. Summary

II. Ex officio protection of GIs

III. Ex officio protection of traditional terms and traditional specialties guaranteed

IV. Explicit reference to GIs as relative grounds for refusal

V. Registration of GIs as European collective and/or certification marks

### **I. Summary**

ECTA has a mixed feeling about this new proposal, which contains one very good news, and one very bad news. Indeed:

**The good news has to do with the opposability of GIs as relative grounds for refusal. The deficient wording of the Directive is corrected, and now Article 5.3d refers to the prohibition of “use” (and not “registration” as in the previous draft) of a subsequent trade mark.** This makes a major difference and is very much welcome.

**The bad news concerns the express exclusion of geographical terms from the new certification scheme, in the draft Regulation.** ECTA was much more favourable to the original proposal of the Commission, in this area. This is regrettable, and not consistent with the draft Directive, which allows Member States to register marks that will certify the geographical origin of goods and services.

Lastly, ECTA supports the introduction of a formal distinction between traditional terms for wine, and traditional specialties guaranteed, in the absolute grounds for refusal (both Regulation and Directive).

## II. Ex officio protection of GIs

### 1. Proposals of the Council

#### Regulation

No modification with respect to the previous proposal.

#### Directive

##### *Article 4 (1) (i)*

##### *Absolute grounds for refusal or invalidity*

*The following shall not be registered or, if registered, shall be liable to be declared invalid: [...] trade marks which are excluded from registration pursuant to Union legislation, national legislation **in the Member State concerned**, or international agreements to which the Union or the Member State concerned is party, providing for protection of designations of origin and geographical indications;*

### 2. Assessment

The new wording of the Directive makes no real difference with respect to the first council compromise proposal. We refer, therefore, to comments already made as mentioned in our introduction.

## III. Ex officio protection of traditional terms and traditional specialties guaranteed

### 1. Proposal

#### Regulation

##### *Article 7*

##### *The following shall not be registered (...)*

*'(k) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of **traditional terms for wine**;*

***(ka)** trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of **traditional specialties guaranteed**;*

## Directive

### Article 4 (1)

The following shall not be registered or, if registered, shall be liable to be declared invalid:  
[...]

*(j) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional terms for wine;*

*(ja) trade marks which are excluded from registration pursuant to Union legislation or international agreements to which the Union is party, providing for protection of traditional specialities guaranteed;*

## 2. Assessment

For the first time a proposal distinguishes between traditional terms (TTs) and Traditional Specialities Guaranteed (TSGs). This was one of the initial points raised by ECTA, and accordingly this distinction between (k) and (ka) (regulation), and between (j) and (ja) (Directive) is welcome.

## **IV. Explicit reference to GIs as relative grounds for refusal / cancellation**

### 1. Proposal

#### Regulation

##### Article 8

*4a. Upon opposition by any beneficiary of the protection of a designation of origin or a geographical indication, the trade mark applied for shall not be registered where and to the extent that, pursuant to Union legislation or the law of a Member State providing for the protection of designations of origin or geographical indications:*

*(i) an application for a designation of origin or a geographical indication had already been submitted according to Union legislation or the law of a Member State prior to the date of application for registration of the European Union trade mark or the date of the priority claimed for the application, subject to its subsequent registration;*

*(ii) that designation of origin or geographical indication confers on its beneficiary the right to prohibit the use of a subsequent trade mark.*

#### Directive

##### Article 5 (3) (d)

*Relative ground for refusal or invalidity*

*A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:*



where and to the extent that, pursuant to Union legislation or the law of the Member State concerned providing for protection of designations of origin and geographical indications :

(i) an application for a designation of origin or a geographical indication had already been submitted according to Union legislation or the law of the Member State concerned prior to the date of application for registration of the trade mark or the date of the priority claimed for the application, subject to its subsequent registration;

(ii) that designation of origin or geographical indication confers on its beneficiary **the right to prohibit the use of a subsequent trade mark.**

Article 45

### **Opposition procedure**

1. Member States shall provide for an efficient and expeditious administrative procedure before their offices for opposing the registration of a trade mark application on the grounds provided for in Article 5. Any Member State may, in addition, provide that the registration of a trade mark application may be opposed on the grounds provided in Article 4.

2. The administrative procedure referred to in paragraph 1 shall at least provide that the proprietor of an earlier right referred to in Article 5(2) and (3) (a) and (d) shall be able to file a notice of opposition.

## **2. Assessment**

Regarding, first, the amendments to the Regulation: as already mentioned in several occasions there was no need to re-draft article 8.4, which has functioned efficiently so far for the protection of GIs. In any event, this proposal is reasonable insofar it opens the opposition to “beneficiaries” of the GI, and not to any authorised user of a GI (this second option was proposal in the first compromise text). Still, the notion of “beneficiary” will need some interpretation.

Second, the new wording of the Directive is very much welcome: it refers to the right to prohibit the use, and not the registration, of a subsequent trade mark. This is a major progress as it aligns the protection granted to GIs under the Regulation, and it provides a satisfying distinction between absolute grounds for refusal and relative grounds for refusal. With a reference to the prohibition of “use” of a subsequent trade mark, the Directive offers potentially a much wider, and much more appropriate, scope of protection to GIs.

## **V. Registration of GIs as European collective and/or certification marks**

### **1. Proposal**

#### **Regulation**

Article 74b

#### **European certification marks**

1. A European Union certification mark shall be a European Union trade mark which is described as such when the mark is applied for and is capable of distinguishing goods or



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*services which are certified by the proprietor of the mark in respect of material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics, with the exception of geographical origin, from goods and services which are not so certified.*

(...)

**Directive**

No amendment with respect to previous proposal.

**2. Assessment**

As anticipated in the previous proposal, GIs are now excluded *de facto* from the new certification scheme in the Regulation. ECTA is strongly opposed to this modification: indeed, the certification scheme is probably the most appropriate one for the protection of a GI through a trade mark registration.

Besides, the Directive is not modified in this respect: the proposal still allows (decision to be made by the member States) the registration of marks certifying the geographical origin of goods or services.

This will generate inconsistency between the regulation and some of the national laws, which is quite regrettable.

## **3. Harmonization Committee**

Comments on the Proposal for a Directive of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks (Recast).

### **I. KEY OUTSTANDING ISSUE “A”**

Regarding KEY OUTSTANDING ISSUE “A” identified by the Council Presidency we believe that the Permanent Representatives’ Committee can agree on the texts of the draft Directive and on mandating the Presidency to explore with the European Parliament the possibility of reaching an early second reading agreement on the whole package. In general our preference remains that of the text proposed by the Commission.

### **II. KEY OUTSTANDING ISSUE “B”**

Regarding KEY OUTSTANDING ISSUE “B” identified by the Council Presidency we believe that the Permanent Representatives’ Committee can agree on the texts of the draft Directive and on mandating the Presidency to explore with the European Parliament the possibility of reaching an early second reading agreement on the whole package.

### **III. Article 26**

We are concerned about the deletion of the provisions allowing exclusive licensees (and non-exclusive licensees with the agreement of the proprietor) to take proceedings for infringement, and enabling a licensee to intervene in infringement proceedings for the purpose of obtaining compensation. There was good justification for including (3) and (4) in the Commissions 2013 proposals. We would urge that these be restored.

### **IV. Article 32(2)**

This provision in the original Commission proposals allowed refusal of an application to register a collective mark where the public is liable to be misled as regards the character or the significance of the mark. In the compromise proposals this has been omitted. We would propose its restoration.

## VI. Article 36

The original Commission proposals provided, in sub-para (b), a provision to the effect that a collective mark might be revoked if it had been used in such manner to make it liable to mislead the public in the manner referred to in Art. 32(2). Again, we would propose restoration of this provision.

## VII. Article 42

Surely, in the interests of national justice, an applicant must be allowed to see the 'observations' of third parties. A provision to this effect is contained in the proposals for the Regulation, as Art. 40(4), and was also included in Art. 40 of the current Regulation. We would strongly propose the inclusion of a similar provision in Art. 42 of the Directive.

We would also like to point out that the provisions of the proposed recast Directive, in Art. 26 (rights of licensees), Art. 32 (refusal of application for a collective mark) and Art. 36 (revocation of a collective mark) that have been deleted from the original Commission proposals of 2013 have been retained in the proposed amended EUTM Regulation, in Art. 22, 74d and 74i respectively; the provisions regarding licensees are already in the current CTMR, Art. 22. There seems to be no good reason for omitting similar provisions from the recast Directive.

Finally, we repeat our proposal for including recognition of the right to use a validly registered trade mark (see the attached note). This is highlighted by the inclusion, in the proposed recast Directive, of provisions regarding registered trade marks as objects of property. We believe that such recognition could be added to the Recitals, and that this would be sufficient.