

Brussels, 10 September 2013

**Reform of the European Trade Mark system –
ECTA’s comments on the Proposal for a Regulation of
the European Parliament and of the Council amending Council
Regulation (EC) No 207/2009 on the Community trade mark and on
the Proposal for amending Directive 2008/95/EC to approximate
the laws of the Member States relating to trade marks**

The following reflects the opinion of ECTA¹ on the legislative package. There is no substantial change of opinion with respect to the preliminary comments, but each item was analysed more thoroughly by different teams of the Geographical Indications Committee.

Each analysis follows the same scheme: proposals of the Commission / proposals of the MPI / current legislation / assessment. In other words, the Directive and Regulation are analysed jointly.

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¹ The position paper has been prepared under the lead of the Geographical Indications Committee.

I. Summary

One of the major innovations, in the legislative proposal, has to do with GIs (both examination and registration) and related items (traditional terms and TSGs). Some were expected as a result of the report of the MPI (for instance for the introduction of certification marks), and others have come by surprise (complete re-drafting of Articles 7.1.j and k CTMR).

This reflects the growing importance of GIs in IP. This is true in the EU as such (we have three major GI Regulations, and a new one to come for hand crafted goods), but also on a worldwide scale: GIs are in the middle of the trade negotiations with the US, GIs are omnipresent in the trade agreements concluded with many countries worldwide, and important negotiations are currently conducted in the framework of the WTO (TRIPS) and WIPO (Lisbon system).

By and large, the GI Committee supports the proposals.

- This is certainly true with respect to GIs as such: while the current legislation (Articles 7.1.j and k CTMR) regulates directly the relationship between CTMs and GIs), the CTM proposal (new Article 7.1.j) simply makes reference to Union legislation on GIs. This implies a broader scope of protection, and ensures consistency between the CTMR and the GI Regulations. It is worth noting that the OHIM has anticipated this trend in its new practice.

- The new Article 7.1.k on traditional terms and TSGs is also welcome. Indeed, the regulations governing these signs do have a specific impact on trade marks. But this will need to be reviewed further to define how the specifications of goods will have to be drafted in order to comply with the protection of traditional terms.

- The proposals are also welcome insofar as they explicitly refer to GIs as relative grounds for refusal. This is especially true with respect to the Directive, which makes it mandatory to include GIs as a basis for opposition proceedings. We are concerned, however, by 1/ the lack of substance of the proposal concerning Article 8.4 of the Regulation (which makes express reference to Union legislation on GIs), as it brings no clarification to pending issues, and 2/ by the deficient wording adopted in the Directive.

- The proposals concerning the introduction of certification marks in the Regulation (optional in the Directive) are a huge and complex innovation. Actually, in the decades preceding the adoption of the CTMR, the introduction of a certification scheme was already discussed, and it was disregarded only early in the 90s, but with some modifications to the regime on collective marks. The GI Committee welcomes the introduction of a certification mark.

The main criticism of ECTA concerns the wording adopted in the draft Regulation and Directive concerning the concept of trade marks which are *“excluded from registration and*

shall not continue to be used” (proposed Article 7.1.j of the Regulation, Articles 4.1 (i) and 5.3.d of the Directive):

As far as the absolute grounds for refusal are concerned, the legislator must clarify what its intentions are: is the expression “and shall not continue to be used” superfluous (as we believe it is), or should it be re-drafted as “or shall not continue to be used”? This makes a huge difference in the practice of the Offices, which would have to take assess ex officio the reputation of GIs in order to define their scope of protection.

As far as relative grounds for refusal are concerned, there is in our understanding a clear clerical error: the expression in Article 5.3.d of the Directive should be “or shall not continue to be used”. This makes sense for an appropriate scope of protection of GIs, and would be consistent with the provision of Article 8.4 of the current Regulation. Please refer to the developments in Parts II, 2 and IV, 2.2 below for more details.

It is absolutely essential to clarify these issues with the relevant amendments.

II. Ex officio protection of GIs

A. Proposals

1. Proposals of the Commission

Regulation

Article 7

The following shall not be registered (...)

'(j) trade marks which are excluded from registration and shall not continue to be used pursuant to Union legislation or international agreements to which the Union is party, providing for protection of designations of origin and geographical indications;

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 and shall not continue to be used pursuant to Union legislation or international agreements to which the Union is party, providing for protection of designations of origin and geographical indications.

2. Proposals of the MPI

1. CTMR

a) Specific “reservation” of Regulation 510/2006

2.311 The specific “reservation” of Regulation 510/2006 in Article 164 CTMR should be replaced by a general clause referring to EU legislation in general.

b) Specific exclusions in the CTMR

2.312 The specific exclusions from registration in Article 7 (1) (j) and (k) CTMR should be aligned with the current law governing the protection of designations of origin and geographical indications for wines, spirits and foodstuffs and agricultural products. Article 7 (1) (j) CTMR should be amended to include trade marks filed either for “comparable” products or for other products if the use of the mark would exploit the reputation of the protected geographical indication. Article 7 (1) (k) CTMR should be amended to cover trade marks which are an imitation or evocation pursuant to Regulation 510/2006.

c) GIs as earlier rights

2.313 No proposals are made for the amendment of Articles 8 (4) and 53 (2) CTMR.

2. TMD

2.314 The same provisions which are already in the CTMR or proposed for the CTMR should also become part of the mandatory rules of the TMD

3. Current legislation

Regulation

Article 7

Absolute grounds for refusal

1. The following shall not be registered:

(j) trade marks for wines which contain or consist of a geographical indication identifying wines or for spirits which contain or consist of a geographical indication identifying spirits with respect to such wines or spirits not having that origin;

(k) trade marks which contain or consist of a designation of origin or a geographical indication registered in accordance with Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs when they correspond to one of the situations covered by Article 13 of the said Regulation and regarding the same type of product, on condition that the application for registration of the trade mark has been submitted after the date of filing with the Commission of the application for registration of the designation of origin or geographical indication.

Article 164

Compatibility with other Community legal provisions

This Regulation shall not affect Council Regulation (EC) No 510/2006, and in particular Article 14 thereof.

Directive

Article 3

3. Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

(a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Community;

Article 4

4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:

(iv) an industrial property right;

B. Assessment

1. Positive aspects

1.1 The proposal of the Commission is a great improvement with respect to the current legal framework. A mere reference to Union legislation on GIs, and to International agreements, is appropriate: in particular, it avoids updating the trade mark laws each and every time a GI Regulation is adopted or modified. ECTA will leave aside the debate as to whether it would in fact be necessary at all to refer to Union legislation, which (when it comes to Regulations, as is the case in the field of GIs) is in fact directly applicable. We are of the opinion that an express reference is indeed appropriate in order to avoid any misunderstanding and to enhance legal certainty.

1.2 We note with satisfaction that the current proposal is in fact a codification of a practice recently implemented by the OHIM, with the strong support of ECTA.

1.3 We are also very supportive of the introduction of identical provisions in the Directive, so as to achieve greater approximation of application throughout the Member States.

2. Improvable aspects

2.1 ECTA is specifically concerned about the expression “which are excluded from registration and shall not continue to be used pursuant to Union legislation or international agreements to which the Union is party, providing for protection of designations of origin and geographical indications”, used in both the Regulation and the Directive (Article 7 (1) (j) CTMR and Article 4 (1) (i) TMD).

While the reference to trade marks that are “*excluded from registration*” raises no difficulty, we believe that the expression “*and shall not continue to be used*” is either superfluous, or wrongly drafted. This expression can be subject to two very diverging interpretations, and the European legislator must clarify its intentions. For the reasons detailed hereinafter, it appears clearly that the current proposal should not be adopted as such.

2.2 For a better understanding of this duality of interpretations, it is necessary to refer previously to the existing GI Regulations. Basically, the three major GI Regulations foresee the refusal, cancellation and prohibition of use of trade marks that are potentially attempting against GIs (evocation, imitation, etc.), but they do not do so in the same manner:

- The Wine (Reg. 1234/2007) and Foodstuff (Reg. 1151/2012) Regulations, on the one hand, foresee a two step approach: a basic scope of protection is granted to all GIs covered by these Regulations, without any distinction, but solely against a limited category of products (respectively by reference to a list of products referred to in Annex Ib of the Wine Regulation (Article 118I), and by reference to the notion of “products of the same type” in the Foodstuff Regulation (Article 14)). A wider scope of

protection is available to the benefit of those GIs that enjoy a specific reputation (Article 118m of the Wine Regulation; Article 13 of the Foodstuff Regulation). Such wider scope enables the producer associations to prevent the **use** – not specifically the registration – of trade marks for potentially any good or service (subject to specific requirements which need not be analysed here). In practice, this wider scope of protection also prevents third parties from registering trade marks the use of which is thus prohibited; under the *current* CTMR, this has so far been achieved through oppositions initiated by the producer associations, on the basis of relative grounds for refusal (Article 8.4 CTMR).

- The Regulation on Spirits (Regulation 110/2008), on the other hand, is more “generous” insofar as it does not adopt the two steps approach. According to the wording of this Regulation (cf. Articles 16 & 23), the public administrations must refuse or cancel, *ex officio*, trade marks that can attempt against GIs, whatever the situation may be: this includes the “basic” protection, but also the enlarged protection for those GIs that enjoy a specific reputation. In practice though, we are not aware of trade mark offices conducting such a thorough examination *ex officio* in the field of spirits (this is certainly not so at OHIM).

2.3 This being said, the first possible interpretation of the expression “and shall not continue to be used” is that it is superfluous: if a trade mark is to be rejected because its registration is precluded (in accordance with the GI Regulations), then obviously it cannot be used either. Accordingly, this expression should be deleted – at least in case the legislator does not intend to go beyond the scope of Articles 118l of the Wine Regulation and 14 of the Foodstuff Regulation, as regards absolute grounds for refusal. This interpretation makes sense, because a majority of the Regulations – Wine and Foodstuff – have a two step approach as explained above: for the GIs covered by these Regulations, it seems that the legislator found appropriate to limit the *ex officio* examination to the “basic” scope of protection, and to leave the initiative to enforce the wider scope of protection to the producer associations, when the GI relied on enjoys a specific reputation. This is, for example, the current practice at OHIM.

The negative aspect of this interpretation, though, is that it does not correct the difference of treatment between GIs protected for wines and foodstuff (two steps approach), and GIs protected for spirits (which theoretically can enjoy *ex officio* a wider protection).

2.4 The second possible interpretation of the expression “and shall not continue to be used” is that it should in fact be understood as “**or** shall not continue to be used”. If this is the case, then the wording of Article 7 (1) (j) CTMR should be amended accordingly (should this interpretation prevail, it would even be better to amend this expression as follows: “*trade marks which are excluded from registration or the use of which is prohibited pursuant to Union legislation or international agreements to which the Union is party, providing for protection of designations of origin and geographical indications*”).

By introducing an alternative (reference to exclusion from registration or use), then the absolute grounds for refusal would extend to all the possible situations covered by Article 16 & 23 of the Regulation on Spirits, whilst going *beyond* the scope of Articles 118l of the Wine Regulation and 14 of the Foodstuff Regulation. In other words, there would be no longer any difference, in terms of scope of protection, between absolute and relative grounds for refusal.

We suspect that the initial objective of the legislator is not to go that far. Conferring an *ex officio* wider protection on those GIs which enjoy a specific reputation is technically difficult to handle for any trade mark office, as it presupposes to assess, without assistance of the relevant producer association, the reputation of each and every GI protected in the EU, and to define in each case a specific scope of protection (each case having to be assessed on its own merits, based on subjective elements).

Besides, why would the trade mark Regulation and Directive impose stricter standards of examination than the majority of the GI Regulation themselves? The two steps approach (basic level on absolute grounds, plus wider protection on relative grounds), as defined in the Wine and Foodstuff Regulations, and as implemented by the OHIM (dichotomy Articles 7 (1) (j) / (k), and 8.4), is probably the most consensual one. But not an ideal one of course, because of the inconsistency of legal regime with respect to the Regulation on Spirits.

2.5 To conclude, while ECTA is in principle favourable to the first interpretation (i.e. the expression "*and shall not continue to be used*" should be deleted), we believe that the legislator should at the very least clarify its intention. Indeed, the current proposal cannot be adopted as it stands.

2.6 Another issue is that of the limitation of scope of the examination provided for in Article 7 (1) (j) of the CTMR proposal to Union legislation and international agreements to which the Union is party. This excludes other instruments such as the Lisbon agreement for the Protection of Appellations of Origin and their International Registration. Indeed, while the Court of Justice has made it clear that the EU scheme on GIs is exclusive, uncertainty remains as to, for example, those appellations originating from a third country protected in a number of Member States by virtue of an international registration.

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

A. Proposals

1. Proposals of the Commission

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 and traditional specialties guaranteed;

Directive

Article 4 (1) (j)

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 or international agreements to which the Union is party, providing for protection of traditional terms for wine and traditional specialties guaranteed.

2. Proposals of the MPI

Nihil.

3. Current legislation

Nihil.

B. Assessment

1. Positive aspects

1.1 The whole initiative in respect of TTs and TSGs is very welcomed.

1.2 In particular, the general reference to the *“Union legislation or international agreements to which the Union is party”* is appropriate and allows a smooth coordination with the EU legislative framework and international treaties ratified by the EU. In this context, the Lisbon Agreement seems not to be worth mentioning apart, since it does not specifically deal with TTs/TSGs.

2. Improvable aspects

2.1 The practical impact of examination and the consequent ex officio protection under these new grounds for refusal are not of easy application and seem to call for:

a) an updated and reliable official database. This should be provided to and by the OHIM and the national offices. A reference to such common sources (such as E-Bacchus or Door) in the Regulation as well as in the Directive could help and give guidance to the examiners;

b) implementing examination provisions or guidelines which we should then further analyze.

2.2 In both the proposed Directive and the Regulation, TTs and TSGs should be separated, since they are different subjects. This will also prevent confusion in the implementation of the new Directive by the Member States.

2.3 With respect to TTs, we should exclude the specific reference to “*for wine*” because we should not rule out that in the future traditional terms related to goods other than wines shall be protected as well. In that case, a specific reference to wine in the Regulation and in the Directive would only narrow the effects of the ex officio protection and cause the need for further amendments in the future.

2.4 As regards TSGs as absolute grounds of refusal, there is a (temporary) shortcoming in the [DOOR database](#), since it does not say if protection under Article 13(2) of Regulation (EC) No 509/2006 has been requested or not. This will be changed only as of January 2023, so that TSGs without a reservation under Article 13(2) will expire as of 4 January 2023, but for the next decade there is the risk that a TSG could freely be used if Article 13(2) is not mentioned in the DOOR database.

3. Open questions / conclusion

3.1 Examination at the level of the national trade mark offices must be carried out by the offices themselves without “outsourcing” part of the examination to other public bodies or government departments (as for instance happens in Italy when the PTO consults the Agriculture Ministry). If examination under absolute grounds is enlarged to TTs and TSGs, then harmonization and consistency through first hand treatment becomes even more important.

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

A. Proposals

1. Proposals of the Commission

Regulation

Article 8 is amended as follows:

(b) in paragraph 4, the introductory phrase is replaced by the following: '4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to Union legislation providing for protection of designations of origin and geographical indications, or the law of the Member State governing that sign:'

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: [...] if it is excluded from registration and shall not continue to be used pursuant to Union legislation providing for protection of designations of origin and geographical indications.

2. Proposals of the MPI

1.26 Articles 4 (4) (b) and (c) TMD should become mandatory. It should always be possible for the owner of a prior right which is violated by the trade mark to oppose registration or request cancellation. With regard to the CTMR it is proposed that the right to oppose or invalidate a later CTM should be available only for proprietors of earlier rights with a nation-wide scope of protection.

3. Current legislation

Regulation

Article 8

Relative grounds for refusal

4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign:

- (a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;
- (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

Directive

Article 4

Further grounds for refusal or invalidity concerning conflicts with earlier rights

4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

- (b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

B. Assessment

1. Positive aspects

Once again, the Commission shows its willingness to fully integrate GIs in the trade mark Regulation and Directive, as absolute but also as relative grounds for refusal.

While we have doubts concerning the utility of the proposal concerning the Regulation, the new Article 4.3 of the Directive is welcome. Indeed, it opens the possibility to base oppositions on GIs.

2. Improvable aspects

However, we have serious doubts as to the necessity / accuracy of the proposals of the Commission dealing specifically with relative grounds for refusal. We must distinguish, here, between the Regulation and the Directive:

2.1 Proposal on Article 8.4 of the Regulation – earlier signs used in the course of trade

The proposal to refer expressly to Union legislation providing for protection of GIs is not necessary. First, it excludes potentially other signs used in the course of trade and protected by Union legislation. Second, it does not modify the current practice of the OHIM and of the Court of Justice: GIs protected under a European scheme are already granted protection through Article 8.4. Third, it does not bring any clarification to the real open question: should GIs protected through other instruments – in particular as appellations of origin registered through the Lisbon system – be granted protection under Article 8.4? Indeed, the proposal

also refers, still, to the “law of the member States governing that sign”, without any limitation in scope (which means that GIs are potentially included). While the Court of Justice has already held that the EU scheme on GIs is exclusive, some uncertainty remains, in particular for GIs of third countries protected through Lisbon. Besides, are the numerous trade agreements concluded with third countries included in the concept of Union legislation? These agreements provide for the protection of many GIs from outside the EU.

2.2 Proposal of new Article 4.3 of the Directive

We are surprised by the double requirement, “*excluded from registration and shall not continue to be used*”. This restrictive approach is not appropriate when dealing with relative grounds for refusal. The correct approach should be to allow the refusal of applications which are either excluded from registration, or that cannot be used. Indeed, relative ground for refusal should allow a wider scope of protection than absolute grounds, for example for those GIs which enjoy a great reputation. Such refusal should extend not only to “goods of the same type”, but to other categories of goods, and also to services. Such broad protection would be precluded if the current wording was to be adopted (as the cumulative reference implies that the relevant EU legislation on GIs must also foresee the refusal or cancellation of a trade mark, which is normally restricted to “goods of the same type”). We refer to paragraphs 2.1 to 2.5 above in this regard.

In other words, it is of the essence to modify the proposal as follows: Article 4.3. “*A trade mark shall not be registered or, if registered, shall be liable to be declared invalid: (d) if it is excluded from registration or shall not continue to be used pursuant to Union legislation providing for protection of designations of origin and geographical indications*” (It would even be better to amend this expression as follows: “*trade marks which are excluded from registration or the use of which is prohibited pursuant to Union legislation or international agreements to which the Union is party, providing for protection of designations of origin and geographical indications*”).

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

A. Proposals

1. Proposals of the Commission

Regulation

Article 74b

European certification marks

1. A European certification mark shall be a European trade mark which is described as such when the mark is applied for and is capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of geographical origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristic from goods and services which are not so certified.
2. Any legal person, including institutions, authorities and bodies governed by public law, may apply for European certification marks provided that:
 - (a) the legal person does not carry on a business involving the supply of goods or services of the kind certified;
 - (b) the legal person is competent to certify the goods or services for which the mark is to be registered.
3. By way of derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute European certification marks within the meaning of paragraph 1. A certification mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided the third party uses them in accordance with honest practices in industrial or commercial matters. A certification mark may not be invoked against a third party who is entitled to use a geographical name.
4. Titles I to VII and IX to XIV shall apply to European certification marks to the extent that this Section does not provide otherwise.

Directive

Article 28

Definitions

For the purposes of this section, the following shall apply:

1. 'Guarantee or certification mark' means a trade mark which is described as such when the mark is applied for and is capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of geographical origin, material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics from goods and services which are not so certified;

2. 'Collective mark' means a trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of an association which is the proprietor of the mark from the goods or services of other undertakings.

Article 29

Guarantee marks and certification marks

1. Member States may provide for the registration of guarantee or certification marks.
2. Member States may provide that guarantee or certification marks shall not be registered, or shall be revoked or declared invalid, on grounds other than those specified in Articles 3, 19 and 20 where the function of those marks so requires.
3. A guarantee or certification mark consisting of signs or indications which may serve, in trade, to designate the geographical origin of the goods or services shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters. In particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

Article 30

Collective marks

1. Member States shall provide for the registration of collective marks.
2. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for collective marks.
3. By way of derogation from Article 4 (1) (c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute collective marks. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters. In particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

2. Proposals of the MPI

Regulation

"The CTM system currently provides for the registration and protection of individual marks and collective marks. Compared to that, some national systems provide protection also for certification marks, and these are also covered by the Directive. Certification marks differ from collective marks primarily in their structure – collective marks require a holder whose members use the mark, whereas certification marks allow a certifying organisation or person to permit adherents to the certification system to use the mark as a sign for goods or services complying with the certification requirements. Thus, certification marks are signs of supervised quality, whereas collective marks do not imply a quality claim. The imbalance

between some national systems and the CTM system as regards certification marks could be remedied by providing in the CTMR for the registration of certification marks alongside collective marks. Current practise shows that there is a need for some public and private bodies which do not meet the conditions as an association eligible to create collective mark protection to offer them a system for protection of guarantee and certification signs on the Community level. It should therefore be considered to establish a Community system for certification marks which could be administered by OHIM. Details cannot be presented within the framework of this Study.”

Directive

“Collective marks (whether or not with elements of guarantee or certification) have proven a useful instrument for promoting goods or services with specific common properties, or satisfying particular quality standards. It is important that a uniform legal basis is provided for such schemes throughout the EU, on the Community as well as on the national level.

1.44 Member States should therefore be obliged to provide, and establish common rules, for the registration of collective marks. The relevant provisions should be aligned with those of the CTMR.

1.45 The introduction of guarantee and certification marks should remain optional.”

3. Current legislation

Regulation

Article 66

Community collective marks

1. A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks.

2. In derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

Directive

Article 15

Special provisions in respect of collective marks, guarantee marks and certification marks

1. Without prejudice to Article 4, Member States whose laws authorise the registration of collective marks or of guarantee or certification marks may provide that such marks shall not be registered, or shall be revoked or declared invalid, on grounds additional to those specified in Articles 3 and 12 where the function of those marks so requires.

2. By way of derogation from Article 3(1)(c), Member States may provide that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute collective, guarantee or certification marks. Such a mark does not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

B. Assessment

1. Positive aspects

1.1 ECTA welcomes the introduction of a certification scheme into the CTM system. Such a scheme was previously missing, and to date, applicants have struggled to know whether their certification marks should be protected as individual marks or collective marks. In fact, for many years, OHIM indicated that certification marks were to be filed as individual marks. However, currently applicants are encouraged to go through collective marks, which ECTA believes to be a more logical approach but still an incorrect one in view of the basic differences between collective marks and certification marks.

1.2 We do not expect the certification scheme to be very relevant in quantitative terms. However, these trade marks are of outstanding importance in a modern economy: every single product or service can be certified, and every economic operator should want to be certified. The public is more and more attentive and sensible to the presence of the distinctive signs which, in packaging or in places where services are offered, indicate compliance with a given standard of quality.

1.3 We have observed that the scheme follows largely the United Kingdom model. Given UK's tradition of Certification Marks for more than a century, we approve this approach and we anticipate that the UK experience (legislation, administrative practice and case-law) will be further used during the application of the European scheme.

1.4 We find it extremely important that the CTM system and the national systems provide for similar (and, if possible, identical) schemes, in order to continue moving towards a certain harmonization in trade mark/IP law practices within the EU, which will increase the feeling of legal certainty among right holders.

2. Improvable aspects

2.1 Collective Marks

2.1.1 The Commission should have taken advantage of the reform to better precise the current regime on collective marks. Indeed, the experience of the OHIM (influenced in this field by its Boards of Appeal) demonstrates that the legal regime of collective marks is far from being clear. This is true with respect to the definition of this title (use by the members of an association, but dichotomy of ownership, i.e. associations and public bodies), the nature of its use (it should be clear that use of a collective mark is not use as an individual mark, and vice-versa), and its enforcement (what is the concept of likelihood of confusion for earlier collective marks? The mere reference to the common origin of the goods and services is not appropriate).

This is true in the Regulation and in the Directive.

Actually, the historical background indicates that the legal regime of Community collective trade marks was adapted in order to provide it with some features that normally correspond to certification marks. This adaptation was apparently made as a consequence of the reserved attitude of some Member States, at that time, towards the provision of a certification scheme in the CTM Regulation. Such “confusing features” should now be removed, so that the situation becomes clearer.

2.1.2 The Directive foresees a mandatory scheme of collective marks, while up to now this has only been an option. If our understanding is correct, the proposal does not make it compulsory, for the Member States, to provide for the protection of terms which are geographically descriptive (as an exception to the absolute grounds applicable to individual marks). This is not consistent with the CTMR, which we find surprising.

2.2 Certification Marks

2.2.1 The legal regime on certification marks is, by and large, the competence of the Member States. Each country has its own set of rules with respect to the conditions under which a certification can be delivered. We wonder whether this may be an issue in a CTM system which, by definition, is autonomous and produces uniform effects in the EU. It should be clear that ownership of a certification mark does not necessarily imply the possibility to use said mark in each and every country. In addition to that or in the alternative, one may implement respective and clear provisions in the Directive.

2.2.2 As mentioned in 2.1 above, the proposal does not deal with the very important issue of enforcement: it is of the essence to determine what the scope of protection of a certification mark is: the concept of likelihood of confusion is not the same as with an individual mark.

2.2.3 Article 74b para. 2 lit. a of the proposed Regulation provides that any legal person, including institutions, authorities and bodies governed by public law, may apply for European certification marks provided that *“the legal person does not carry on a business involving the supply of goods or services of the kind certified”*. We wonder whether the wording covers all relevant entities that should be excluded from ownership; e.g., it could make sense to also exclude “producers” in addition to “suppliers” of such goods. Likewise, guidance will be needed with respect to the interpretation of legal persons “competent to certify”.

2.2.4 According to Article 74d para. 2 of the proposed Regulation, *“an application for a European certification mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a certification mark.”* The existence of this ground for refusal is not necessary, in our opinion (the same can be said about the equivalent provision concerning collective trade marks). Why not simply relying on the existing general ground for refusal concerning misleading trade marks, Art. 7.1.g? Alternatively, it could be advisable to delete the half sentence *“in particular if it is likely to be taken to be something other than a certification mark”*.

2.2.5 There is an inconsistency of wording in the proposals relating to the use by a third party of a geographical term *“in accordance with honest practices in industrial or commercial matters”*. While the current legislation (Articles 66.2 of the CTMR and 15.2 of the Directive), and the amendments proposed in the Directive (Articles 29.3.b and 30.3) include the following sentence, *“In particular, such a mark may not be invoked against a third party who is entitled to use a geographical name”*, in the equivalent provision of the draft Regulation (Article 74b para. 3), the expression *“in particular”* does not appear. This should be corrected.

2.2.6 As regards the wording of the German version of the proposed Regulation, the literal translation of the term “Genauigkeit” used in Article 74b para. 1 of the proposal indeed is “accuracy”. However, taking into account the precise meaning of this German term, use of this term in the present context appears to be rather confusing. To the contrary, the term “Fehlerfreiheit” could be accurate.

3. Open questions / conclusion

3.1 Change of nature of CTMs

The draft does not mention the possibility to modify the nature of a CTM, i.e., from an individual / collective CTM into a certification mark and *vice versa*. This, however, is of outstanding practical importance. At the very least, the Commission should make it clear that this issue will be handled in the implementing regulation.

As stated in paragraph 1.1 above, for many years the OHIM has indicated in its manual that certification marks should be filed as individual CTMs. This manual was then modified and applicants are currently encouraged to use the collective trade marks system. Actually, the European Union itself owns various Community collective marks that fulfil the function of a certification mark.

It is therefore absolutely necessary to allow CTM owners to request a change of nature of their trade mark. Now, this raises serious practical issues, beyond the payment of extra fees and the filing / adaptation of the regulations of use.

The first legal issue is: should this “bridge” be merely temporary, or permanent? Should it solely be made available to CTMs filed prior to the entry into force of the new certification scheme?

The second legal issue is: should we solely provide for a change of regime towards a certification mark, or should we also allow owners to switch from any nature to any nature (for example, from a Community collective mark to an individual CTM)?

The third legal issue is: a change of the legal regime is not neutral from the perspective of the nature of the use and of the enforcement. The use of an individual trade mark is not the same as the use of a collective trade mark. If we allow trade mark owners to switch from one regime to another, how will we assess “genuine use” if necessary (evidence to be filed in an opposition case or in a revocation action)? We take the view that a simple and justified solution has to take into account the legal regime of the respective type of trade mark (individual vs. collective vs. certification) when the request for evidence of use is formulated by a party.

3.2 Additional protection of GIs

The practice of the OHIM is to accept the registration of GIs per se, as collective trade marks. This is so thanks to the specific derogation introduced by Article 66.2 of the CTMR, which allows the registration as collective marks of signs which are descriptive of the geographical origin of the goods.

We will not enter, at this stage, in the debate of whether this practice conflicts with the GI Regulations (which foresee the refusal of trade marks under certain conditions, *irrespective of their nature, i.e. individual, collective, certification*: see Articles 118I of the Wine Regulation, 14 of the Foodstuff Regulation and 16 & 23 of the Spirit Regulation). However, we do believe that the legislator should have a close look at this issue.

Nowadays, if one refers to the current practice, it is not at all clear, or at least it is not expressly stated, how GIs should be (additionally) protected. The coexistence of a collective and of a certification scheme, which both can host GIs, will probably confuse some

applicants. In addition, one needs to take into account that many GIs have already been protected – and wrongly so – as individual CTMs.

But this is not a criticism towards the proposal. It is simply an issue that will have to be reviewed carefully by the applicants. Today, the very same GI can be protected through numerous – and cumulative – titles: PDO/PGI, Appellation of Origin (Lisbon), national protection (even if the EU schemes are supposed to be exclusive of national schemes), certification marks in some countries, Community collective marks, and future European certification marks.

This raises serious issues of global policy: some will severely criticize the fact that the Commission promotes trade marks in parallel to the GI scheme, while others will be happy to rely on an additional tool.

3.3 Manual on Certification Marks

Last, but not least, we encourage the OHIM to administer efficiently this new tool, once it is adopted. It is commonly known that the Office has not specifically promoted the collective trade marks scheme in the past. In particular, the Office is encouraged to issue a practical manual with recommendations on how to file such marks, and how to draft a regulation of use. For example, it should be made clear that a certification mark is to be registered in connection with the goods and services that are to be certified, and not in connection with “certification services” or the like.