



EU Trademark Reform Proposal

MARQUES Commentary Part II

20 May 2013



- 2005 1st fee reduction
- 2008 compromise solution
 - 2nd Fee reduction
 - Regular biannual review by Commission
 - 50% renewal fees to NPTOs
 - 190 mio € reserve fund for OHIM
 - 50 mio € Cooperation Fund
 - “using the remaining surplus in the interest of the users” to be studied by the Commission
- 2013 package of proposals



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 - Tove Graulund
 - Emma Stopford
 - Alessandra Romeo
- **Anti-Counterfeiting & Parallel Trade Team**
 - Ian Lowe
- **Designs Team**
 - David Stone
- **Geographical Indications Team**
 - Miguel Angel Medina
- **Trademark Law & Practice Team**
 - Petra Goldenbaum
 - Jochen Höfeld
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- Foster innovation and economic growth
 - by making trademark registration systems all over the EU
 - more accessible and efficient for businesses in terms of
 - lower costs and complexity
 - increased speed
 - greater predictability
 - legal security

- Streamlining application and registration procedures for CTMs
- Increasing legal certainty by clarifying provisions and removing ambiguities
- Establishing an “appropriate framework for cooperation” between OHIM and national offices for promoting convergence
- Aligning the framework to Article 290 of the Treaty on the Functioning of the EU and adapting terminology to the Lisbon Treaty



Changes to OHIM practice and EU wide law

David Stone

Simmons & Simmons

Chair of MARQUES Designs Team

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Renaming

- European Trade Mark (ETM)
- European Union Trade Marks and Designs Agency (EUTDA? Or “the Agency”?)

Delegation of Powers

- New Recital 25 – Commission to carry out “appropriate consultations”

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Filing CTMs

- Filing CTMs at national offices to be abolished
- Graphical representation abolished
 - Subject to further rules (not a free for all!)
 - Should allow CAD files, musical recordings, videos etc.
- Fee to be required to obtain filing date
- Priority claims to be made easier
- Optional searches to be abolished
- Certification marks to be introduced

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Changes to Absolute Grounds

- OHIM will examine against foreign descriptive terms (all languages – not just 24 official EU languages)
- OHIM may no longer require a disclaimer of non-distinctive material

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Changes to Relative Grounds

- Prior designations of origin, GIs, protected traditional wine terms and plant varieties
- Bad faith relating to a TM protected outside the EU
- Article 8(5) amended to accommodate *Davidoff*
- Enforcement of OHIM costs made easier

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Changes to scope of protection

- Article 9(2)(a) analysis (double identity): limited to source of origin function
- Will include use as a trade or company name
- Will include right to prevent unlawful comparative advertisements
- Will include privately imported goods where consignor acting for commercial purposes
- Will include labels etc not attached to goods

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Changes to scope of protection (cont)

- Own name defence limited to humans
- Honest non-distinctive use does not infringe
- Honest referential use does not infringe
- Specific provisions for ®

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New provisions on intervening rights

- Article 13a – recommencing use of CTM A after 5 years of non-use does not give right against CTM B filed in the meantime

New provisions on genuine use

- Use in a differing form can still count as use, even if different form is also registered



IP TRANSLATOR - What next?

Jochen Höhfeld

KSNH Patentanwälte Klunker.Schmitt-Nilson.Hirsch
Chair of MARQUES Trade Mark Law & Practice Team

ECJ Judgment “IP Translator” (C-307/10)

- CTM Regulation (EU Trade Marks): Art. 28
- TM Directive (approximation of laws): Art. 40

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History

- OHIM Presidential Communication 4/03 (16.06.2003)
“class-heading-covers-all” approach
- also → BG, FI, GR, HU, IT, LT, AT, RO
- versus “means-what-it-says” approach
- ECJ Judgment IP Translator C-307/10 (19.06.2012)

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CTM Regulation Art. 28 (2)

TM Directive Art. 40 (2)

“The goods and services ... shall be identified ... with sufficient clarity and precision to enable ..., on that sole basis, to determine the extent of the protection sought.”

CTM Regulation Art. 28 (3)

TM Directive Art. 40 (3)

“General indications ... or other general terms may be used, provided that they comply with the requisite standards of clarity and precision.”

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only TM Directive Art. 40 (4) 2nd Sentence

“... the offices in cooperation with each other shall compile a list reflecting their respective administrative practices with regard to the classification of goods and services.”

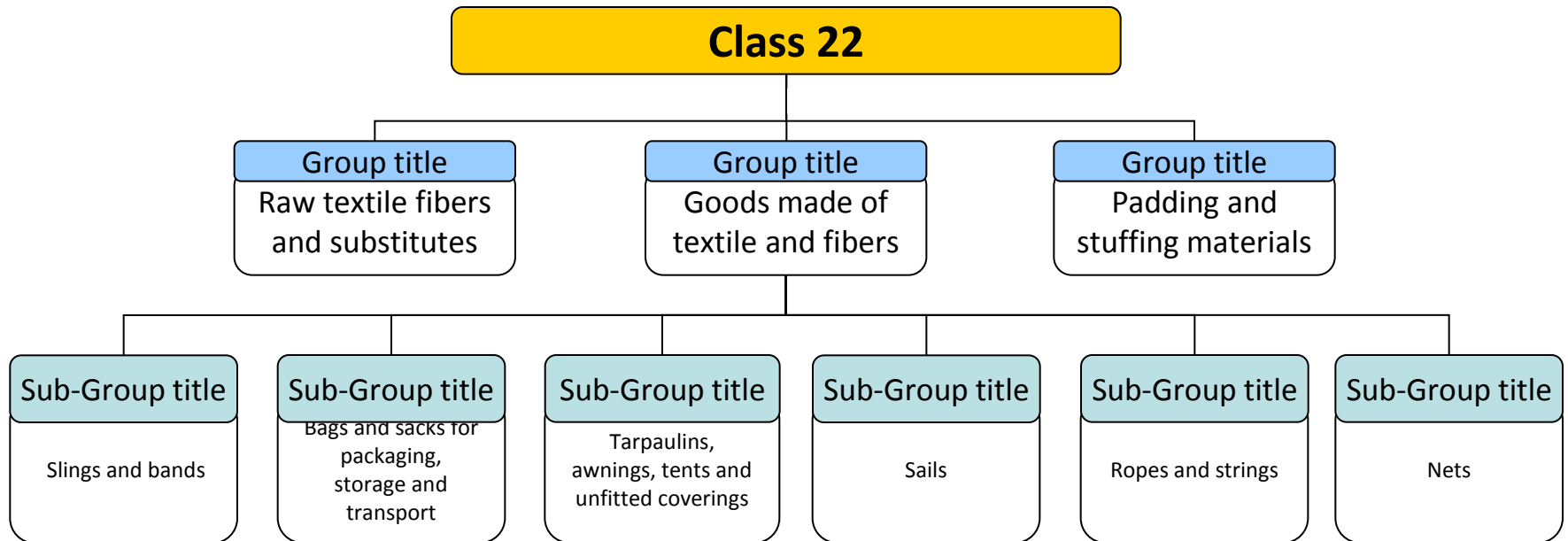
Convergence Programme initiated by OHIM

- CP1 – Harmonization of Classification
- CP2 – Convergence on Class Headings

CP1 – Harmonization of Classification

- Common “harmonized database” on accepted terms
- Translation of the database into all EU languages
- Establish Common Classification Practice
- Structuring the database hierarchically according to the Nice classification (“Taxonomy” – tree structure)

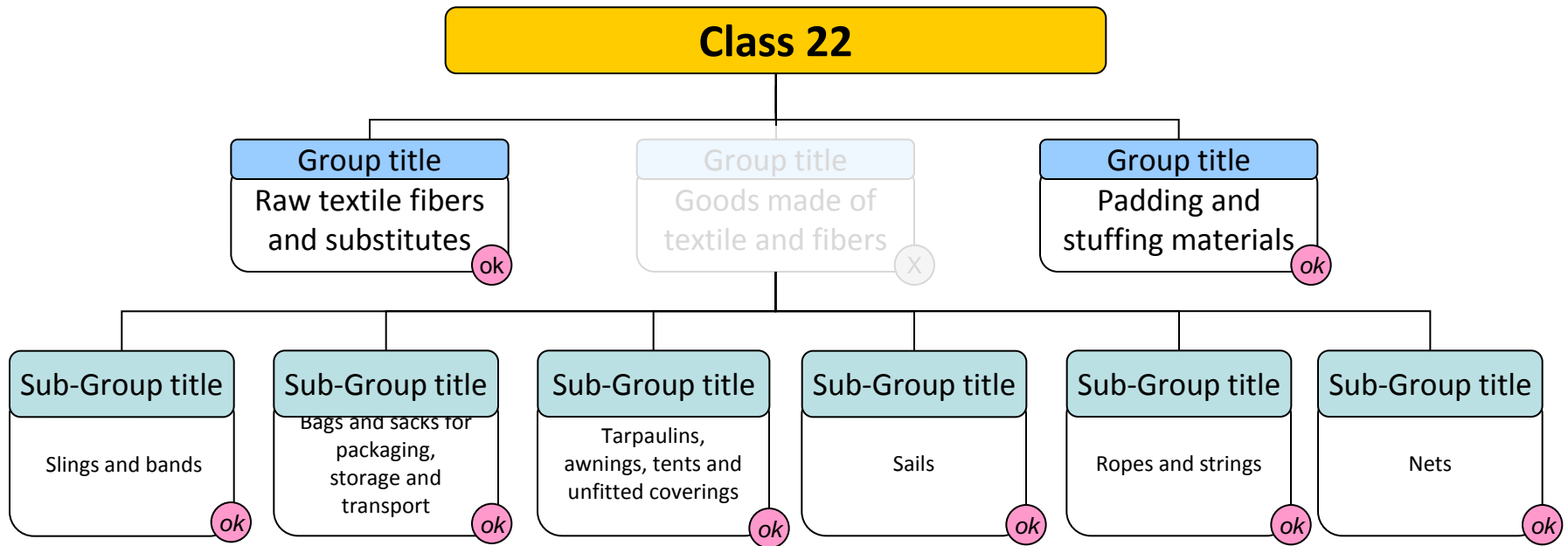
Taxonomy



CP2 – Convergence on Class Headings

- Establish Guidelines on a common interpretation of the acceptance of terms
- Agreement on 11 non-classifiable class heading terms
(goods of common metal - cl.6; machines - cl.7; etc.)
- Agreement on New Common Practice

New Common Practice: “Class Scopes” based on the Taxonomy



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Question

What happens with trade marks that were registered according to the old practice and recite an entire class heading?

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only CTM Regulation Art. 28 (8)

- Proprietors of CTMs filed before 22.06.2012 and registered for an entire class heading may declare an extension to some or all goods or services included in the alphabetical list for that class of the edition of the Nice classification in force at the date of filing.
- Term: 4 months from the entry into force of the Regulation

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Consequences

- good: clarifies the situation (only for CTMs)
- bad: CTM proprietor expectations are favoured over third party expectations
- good: OHIM is relieved of at least some liability
- bad: other parties may become liable instead
- Better leave it to the courts? (Controversial: e.g. Geoffrey Hobbs versus General Court)

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How will OHIM and the national offices interpret the scope of an „earlier“ CTM in oppositions or cancellation proceedings?

- OHIM will apply individual national practices.
- Some national offices will apply means-what-it-says to CTMs.
- Some national offices will apply class-heading-covers-all to CTMs.

A common communication will be sent out soon!

Goods in transit

Ian Lowe – Nabarro LLP

Chair Anti-Counterfeiting and
Parallel Trade Team

- *Class/Harmony C-405/03*
 - proprietor cannot prohibit any use in free-trade zones or prior to clearance for entry
- *Diesel/Montex C-281/05*
 - infringement only where goods placed under external transit procedure are subject to act of third party that necessarily entails their being put on the market in a Member State

Nokia/Philips - Joined Cases C-446/09 and C-495/09

- goods coming from a non-member State, brought into the customs territory of the European Union under a suspensive procedure, which are imitations of goods protected in the European Union by a trade mark right, may infringe that right and therefore be classified as ‘counterfeit goods’ where it is proven that they are intended to be put on sale in the European Union. For example:
 - the goods have been sold to a customer in the European Union; or
 - offered for sale or advertised to consumers in the European Union; or
 - where it is apparent from documents or correspondence concerning the goods that their diversion to European Union consumers is envisaged

- Max Planck Study
 - if the relevant shipment concerns clear counterfeit goods, it would amount to misuse if the argument of free transit is invoked
 - BUT right holder should not be given too ample opportunity to establish jurisdiction in transit countries for litigation that ought to be conducted in the country of origin or final destination
 - infringement in transit countries should therefore be narrowed down to obvious cases – limited to counterfeit goods

- new restricted act under Art 9 of the Regulation:
 - The proprietor of a European trade mark shall also be entitled to prevent all third parties from bringing goods, in the context of commercial activity, into the customs territory of the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorisation a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark
- new Art 14 of Directive

Changes to OHIM governance and fee proposals

Tove Graulund

Chair of Study Task Force

Honorary Member of MARQUES

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New Fees

- CTM fees due immediately on filing
- 1 class included in filing fee
- Filing 3 classes:
 - $775+50+75=€970$ *€970*
- Classes exceeding 3: $€150$ *€150*

- 1 class included in renewal fee
- Renewal in 3 classes:
 - $1000+100+150=€1250$ *€1350*
- Classes exceeding 3: $€300$ *€400*



- Basic fee for the application for an individual mark by electronic means and using the online classification database
 - €725 **€775**
- Equal treatment
- Impediment to product development and innovation
- €725 for all

- The Agency
- Budget Committee
- Administrative Board → Management Board
- Management Board
 - Representatives from EU countries
 - Executive Board
- Election of
 - Executive Director of the Agency
 - President of the Boards of Appeal
- User representation

- Mandatory cooperation between OHIM and national offices
- Projects of Union interest
 - Convergence of practices and tools
- Finance or co-finance projects with grants
- Total amount of grants may not exceed 10% of the yearly income of OHIM
- Beneficiaries: National offices
- European Trade Marks and Designs Network

- Commission to review level of fees
- if this review does not prevent the further accumulation of a significant surplus, it is proposed that the surplus accumulated after the review shall be transferred to the budget of the European Union

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- Financial independence of offices
- MARQUES is firmly opposed to transfer into general EU budget
- Commission must put forward a proposal for a proper and concrete system for the review of the level of fees
- Support to projects for increased harmonisation

Alignment of principal national procedural rules

Ian Lowe – Nabarro LLP

Chair Anti-Counterfeiting and
Parallel Trade Team

Principal features

- designation and classification of goods and services – class headings
- opposition procedure
- invalidity/cancellation procedure
- ex officio examination on relative grounds
- fees – 1 class

		Administrative Procedures			
	Class headings	Opp	Canc	Relative Grounds	Fees - classes
Malta					
Finland					
Estonia					
Sweden					
Benelux					
France					
Greece					
Lithuania					
Poland					
Romania					
Slovenia					
Bulgaria					
Hungary					
Italy					
Czech Republic					
Slovakia					
Latvia					
Spain					
Cyprus					
Ireland					
Portugal					
Austria					
Denmark					
Germany					
United Kingdom					

Source:

Commission Staff Working Paper –
Impact Assessment - 27/3/2013

SWD(2013) 95 Final



Other provisions

- compulsory protection for geographical indications and traditional terms
- bad faith ground for invalidation
- mandatory protection for marks with a reputation – Lithuania and Cyprus



The Trade Mark Owner's view

Emma Stopford

GlaxoSmithKline

MARQUES Council Member



Key Areas of interest

- Improving efficiency
- Budgets
- Scope of protection
- Enforcing rights

Improving efficiency

- Harmonisation of procedure across National Offices e.g.
 - Abolition of relative grounds examination
 - Opposition and cancellation procedures before TMOs
 - Application procedure
 - Madrid system

Costs

- Support breakdown of fees per class
- Electronic filing
- National Office fees
- Renewal fees
- Recovery of costs

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Scope of protection

- Graphical representation
- Linguistic considerations

Enforcing CTMs

- Customs procedures – goods in transit
- Intervening rights

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DISCUSSION

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- Conclusions
- Time line
 - Launch 27 March 2013
 - Negotiations with member states
 - Parliament elections
 - 1 year?
 - 2 years+



Thank you!

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www.marques.org/EuropeanCommissionStudy