



**MARQUES DETAILED COMMENTS  
ON MAJOR PROPOSALS FOR AMENDMENTS TO THE EU COMMUNITY  
TRADE MARK REGULATION AND TRADE MARKS DIRECTIVE**

**1) OHIM Governance**

**MARQUES** would suggest that the proposal to establish an Executive Committee of the Management Board be removed. **MARQUES** understands that the Committee is proposed as part of the streamlining of the Agencies, however, **MARQUES** believes that there is no need to make major amendments to the present structure.

If the proposal remains, **MARQUES** asks for clarification of the role and powers of the Committee and the role and powers of the Executive Director. **MARQUES** would like to receive confirmation that OHIM will remain an independent organisation alongside the national offices. **MARQUES** is in favour of offices that are responsible for their own management and that are financially independent.

**MARQUES** is concerned by the fact that the users are not mentioned in relation to the Committee; **MARQUES** thinks that users must continue to have participation in the Management Board and the Budget Committee, and if the Executive Committee is established, **MARQUES** would seek clarification of the role of the users in this Committee.

Finally, **MARQUES** proposes that a way is found to make user organisations' participation in the Management Board and the Budget Committee permanent. After a period of almost 4 years **MARQUES** believes that the user organisations have proved to add significant value to the discussions, and that it must be ensured that the users can continue to participate.

**2) Transfer of "significant surplus" to the EU general budget**

**MARQUES** opposes any transfer of funds to the EU general budget. **MARQUES** would seek clarification of what constitutes "significant surplus" as well as ask the Commission to specify how they will conduct a review of the level of fees. Generally, **MARQUES** welcomes the intention of the Commission to avoid a significant budgetary surplus. However, the surplus is users' money which has accumulated because the value of fees paid considerably exceeds the costs of running OHIM. As explained above, **MARQUES** has always been a strong supporter of

financially independent IP Offices. The trademark registration systems are meant to help develop and enhance creativity, innovation and trade and not to become a ‘taxation’ mechanism.

### **3) Terminology and definitions**

**MARQUES** is not in favour of using 'European' instead of 'European Union'. A number of important European markets are not members of the European Union, and there is significant risk of creating confusion, especially amongst SMEs, but also in larger companies. **MARQUES** recommends continued use of the term 'European Union'.

### **4) Mandatory cooperation on projects in the interest of the Union funded by grants that do not exceed 10% of the annual income**

**MARQUES** is in favour of projects being run to create increased harmonisation of laws, practices and procedures. **MARQUES** supports the proposal to make the projects mandatory, but only on the assumption that the proposals will be discussed and agreed in the Management Board and the Budget Committee. **MARQUES** believes that it will be possible to identify projects that meet with overall approval. **MARQUES** would prefer that projects be voted anonymously, and could be agreed by a majority of say 75% of the members of the Management Board. **MARQUES** proposes that the user organisations are not simply observers in these processes, but are also given voting rights .

### **5) New Fee Structure**

**MARQUES** supports the proposal in general and specifically the new structure of the fees. But **MARQUES** is not in favour of differential treatment (e.g.: when using the (harmonised) online database) as a matter of principle. **MARQUES** would be in favour of the renewal fees being decreased so as not to exceed the filing fees.

### **6) New provisions for absolute grounds of refusal**

Article 1 (10) (b) of the draft regulation provides for non registrability on absolute grounds of terms that would be descriptive if translated or transcribed into any script or official language of a Member State. Thus, Chinese characters, for example, that would be descriptive in China will now be blocked from registration in the EU to the extent such translated term would be descriptive in the EU as well. **MARQUES** generally supports harmonisation in the EU and therefore also supports refusal of protection for trademarks in cases where the grounds for non

registrability apply in another Member State of the EU (but not where they apply in any State outside of the EU).

#### **7) New provisions for relative grounds of refusal**

**MARQUES** supports the proposal to abolish the *ex-officio* examination on relative grounds. It is misleading for SMEs in particular and business people in general that there is a difference in treatment of applications, and **MARQUES** sees this proposal as an important step towards harmonisation. **MARQUES** realises that it will mean an increased need for communication about the effects of a trademark registration and the importance of trademark watching services to detect third parties' rights, but this is already a reality in many of the Member States, and as earlier mentioned, the fact that this has not been harmonised is causing problems for users. The IP Offices and the user organisations must join together in communicating the benefits of trademark registration whilst explaining what a registration is and what it is not.

#### **8) New provisions re goods in transit - Philips / Nokia**

After the *Philips/Nokia* decisions of the CJEU, goods, although obviously counterfeit products, which were sent into the EU and stopped on their way through the EU to the territory of a non-EU country, could not be seized under the customs procedure. The draft regulation reverses the effect of the CJEU's decisions. This is a good step forward for trademark owners and for consumers too and **MARQUES** supports the proposed provisions. On the basis of the suggested draft Regulation and Trade Marks Directive, counterfeit airplane or car parts or counterfeit pharmaceuticals, which have critical safety and health considerations, can be seized, thus preventing them from being shipped onwards to countries outside the EU, or being diverted into the EU. It is essential that the new provisions in both the Regulation and the Trade Marks Directive address counterfeit goods in transit, and not only goods that merely infringe under trade mark law, because the sign and/or the goods or services are similar and there is a likelihood of confusion. It is appreciated that the drafting incorporates the TRIPS definition of counterfeit goods to that end.

#### **9) New provisions on administrative opposition and cancellation procedures**

**MARQUES** is in favour of the proposals. Furthermore, it is important that true administrative procedures are established so that the national offices do not simply refer decision-making to the courts, as for example in Germany, but are the bodies that take the decisions themselves.

The administrative procedures should be optional. It should not be, as for example in Spain, where there is a "cut-off procedure" with respect to administrative cases that have reached and

been decided by administrative courts on appeal, such that these cases can no longer be brought before a civil court. **MARQUES** supports the need for businesses to be able to continue to take such disputes to a civil court.

#### **10) New provisions “implementing” IP Translator (new Article 28, Regulation)**

**MARQUES** agrees in general, but opposes the proposed '*period to correct the list of goods and services*' and is concerned as to the possible broadening of specification of trademarks that were registered before the IP Translator judgment of the CJEU.

The proposed new Regulation Article 28 (8) provides that proprietors of Community Trade Marks filed before 22<sup>nd</sup> June 2012 and registered for an entire class heading of any class of the Nice Classification 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).

This seems to be against the gist of the IP Translator judgement which states that the scope of protection must be clear from the register, which should be applicable also to already registered trademarks. Therefore, either the opposite must be defined in the CTM Regulation, i.e. that "earlier" registrations are limited to the literal meaning of the class heading terms, or the matter should be left to be decided by the courts. But clarification by the courts will take a long time and, already now, seems to be controversial, as witnessed by the recent decision of 2 May 2013 from the Appointed Person, Mr. Geoffrey Hobbs QC, in the IP Translator proceedings, after it had been remanded back to him by the CJEU, on the one hand, and the General Court's decision T-66/11 Babilu-BABIDU of 31 January 2013, on the other hand. In any event, **MARQUES** would suggest deleting the new Article 28 (8) in the Regulation.

#### **11) Harmonisation of the five-year terms for which to provide evidence of use in opposition and invalidity proceedings (new Articles 46 and 48, Trade Marks Directive)**

The proposed new Article 46 of the Trade Marks Directive mandates proof of use in opposition proceedings. A new Article 48 does the same for invalidity proceedings based on an earlier trademark. This, in effect, adopts the OHIM position for all Member States. A party challenged by a trademark that is vulnerable to revocation for non-use will be entitled to request proof of use of the right, without having to commence separate proceedings to invalidate the earlier trademark for non-use.

A problem arises where the initial five-year grace period of use or any later five-year period of non-use ends after the filing date, or priority date, of the later trademark in opposition proceedings or after the date of application for declaration of invalidity in invalidity proceedings.

In both cases, e.g. before OHIM, the defendant cannot rely on the non-use defence but has to file a separate request for revocation for non-use of the earlier trademark.

In Germany, this problem is tackled by a provision in the law that use of the earlier trademark can be challenged at any time during the proceedings and the proprietor of the earlier trademark then has to provide proof of use of the earlier trademark for the five year period before the decision is taken. While this avoids the need to file a separate application for revocation for non-use, it must be admitted that it is a complicated provision. For instance, this poses the problem that, if the use has been challenged once, the proprietor may have to continue submitting evidence of use during the course of the proceedings at appropriate times on his own motion, where the proceedings are long lasting.

The proposal for the Directive does not preclude Member States from implementing provisions similar to the above German provision. Therefore, in order to achieve proper harmonisation, the Directive should either make such a provision mandatory for all Member States (and also for OHIM) or forbid such a provision altogether.

## **12) Clarification of the beginning of the grace period of use in Member States with post-registration opposition procedures (Article 16(2), Trade Marks Directive)**

There has been a lack of clarity in terms of when the five year use period runs following registration. The previous language – “*the completion of the registration procedure*” – was unclear. A new Article 16 (2) provides:

*“Where a Member State provides for opposition proceedings following registration, the five years referred to in paragraph 1 shall be calculated from the date when the mark can no longer be opposed or, in case an opposition has been lodged and not withdrawn, from the date when a decision terminating the opposition proceedings has become final”.*

This language is, however, problematic where opposition proceedings are lasting longer than five years. If after such time the opposition is withdrawn (rather than terminated by a decision), the trademark would immediately be vulnerable to cancellation for non-use, e.g. in those cases where the trademark owner wanted to await the outcome of the opposition proceedings before starting use of the trademark. Article 16 (2) should, therefore, be re-worded as follows:

*“Where a Member State provides for opposition proceedings following registration, the five years referred to in paragraph 1 shall be calculated from the date when the mark can no longer be opposed or, in case an opposition has been lodged and not withdrawn, from the date when a decision terminating the opposition proceedings has become final are terminated. The date of termination has to be communicated to the parties and published in the register.”*

### **13) Unenforceability of non-distinctive trademarks**

The draft Regulation provides that CTM rights should “*not entitle the proprietor to prohibit the use of signs or indications which are used fairly and in accordance with honest practices in industrial and commercial matters*”.

According to the proposal, the limitation in Article 12 (1) (b) of the Regulation is extended to cover *inter alia* the use of non-distinctive signs or indications; “*signs or indications which are not distinctive*” remain free for third parties to use, even if registered as trademarks.

However, the wording “*signs or indications which are not distinctive*” should be clarified as follows: “*signs or indications which are used in a descriptive manner*”. This will avoid discussions as to whether the trademark as such is descriptive and should be left to the proceedings provided for this purpose, i.e. a trademark that has been registered must be taken as a distinctive sign or indication.

### **14) Application and filing date (Articles 38, 39, Trade Marks Directive)**

**MARQUES** supports the proposal with respect to the requirements to obtain a filing date. However, **MARQUES** wishes to maintain the current regime in OHIM, where payment of the (basic) fee is possible within one month after the filing of the application without losing the filing date. Instead of requesting immediate payment, **MARQUES** suggests instead that the offices would be free to postpone the start of the examination procedure until the fee has been paid by the given official deadline. This would be more flexible and in the interest of the users of the system.

### **15) Infringement of the rights of the proprietor by use of get-up, packaging or other means (new Article 11, Trade Marks Directive)**

**MARQUES** supports the proposal to include infringement by use of get-up, packaging and other means. **MARQUES** is in favour of increased harmonisation of laws and practices on the issue of look-alikes, and agrees that the proposal is going in the right direction. However, more needs to be done with respect to look-alikes which are a serious problem for many companies.

### **16) Issues that should have been addressed in the Regulation and Directive**

- **Pre-registration oppositions not mandated in Member States.**

Unfortunately, the recast Directive does not mandate pre-registration oppositions. **MARQUES** favours mandatory pre-registration oppositions in the European Union for reasons of consistency, clarity and fairness.

- **No provisions on precedents at OHIM.**

**MARQUES** would have preferred to see amendments to the Regulation to require OHIM to follow its own decisions by way of precedent in a similar way that precedence works before the Court of Justice. This would help in the consistency of decision making at OHIM. Where a series of trademark applications are filed by the same applicant, these applications tend to be passed to different examiners, often leading to different and inconsistent examination reports. This is particularly so, but not only, in relation to specifications. The same difficulty applies in respect of multiple oppositions against the same CTM application.

- **Specialised chamber of General Court.**

**MARQUES** is in favour of establishing a specialised chamber of the General Court to deal with intellectual property matters. This matter has been raised on several occasions before but has yet to be taken up.

Compiled by the **MARQUES** Study Task Force on 25<sup>th</sup> June 2013

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## About **MARQUES**

**MARQUES** is the European association representing brand owners' interests. The **MARQUES** mission is to be the trusted voice for brand owners.

Established in 1986 and later incorporated in the United Kingdom as a not-for-profit company limited by guarantee, **MARQUES** unites European and international brand owners across all product sectors to address issues associated with the use, protection and value of IP rights, as these are vital to innovation, growth and job creation, which ultimately enhance internal markets. Its membership crosses all industry lines and includes brand owners and IP professionals in more than 80 countries. The trade mark owners represented in the Association together own more than two million trade marks which are relied upon by consumers as signposts of genuine goods and services.

**MARQUES** is an accredited organisation before the Office for Harmonisation in the Internal Market (OHIM), appointed observer at the OHIM Administrative Board and Budget Committee, an official non-governmental observer at the World Intellectual Property Organisation and a registered interest representative organisation (ID 97131823590-44) in the Transparency Register set up by the European Parliament and the European Commission, which extends and replaces the former Register of Interest Representatives, opened by the commission in 2008.

An important objective of **MARQUES** is to safeguard the public interest by ensuring the proper protection of trade marks and to preserve the interests of trade mark proprietors with regard to the regime of trade mark protection. **MARQUES** attempts to achieve these objectives by advancing the cause of trade mark laws which protect the public from deception and confusion. Intellectual property rights are a crucial aspect of the global economy and trade marks play a significant role in free trade and competition in the marketplace.

More information about **MARQUES** and its initiatives is available at [www.marques.org](http://www.marques.org).