

17 September 2013

MARQUES comments to the draft reports of the Rapporteur of the Committee on Legal Affairs of the European Parliament

Includes comments on the draft opinion of the Committee on the Internal Market and Consumer Protection, cf. item 22)

MARQUES appreciates the opportunity for continuing dialogue on the Commission's proposals for the reform of the European trademark systems and offers the following comments on the amended proposals:

1) OHIM Governance

MARQUES supports the removal for the proposals for an Executive Board as per Amendment 53/Regulation.

2) "Significant surplus"

MARQUES opposes transfer of OHIM funds to the EU general budget and agrees with the comments put forward in the Explanatory/Regulation and in connection with Amendment 61/Regulation.

3) Terminology and definitions

MARQUES supports the consistent use of the "European Union" as put forward by the Rapporteur.

4) Cooperation on projects in the interest of the Union

The Rapporteur is proposing to remove the requirement for common projects to be mandatory, cf. Amendment 7 and 48/Regulation. Furthermore, in amendment 49/Regulation the Rapporteur is proposing to increase the maximum funding from 10% to 20% of the annual income.

MARQUES is in favour of projects being run to create increased harmonisation of laws, practices and procedures and is actively involved in projects run by the Cooperation Fund as well as in the convergence program.

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MARQUES previously supported the proposal from the Commission to make the projects mandatory, however, we also see the inconveniences in a mandatory requirement and understand the points being made by the Rapporteur. We would have no objections to the proposed increase the funding to 20%, provided the funding is project led and that the 20% is indicative of the maximum spend and not a compulsory spend.

It is important that the funding will continue to be spent on projects operating under strict and transparent KPIs and timelines. We also request that OHIM will continue to work with users and Offices to agree on projects and their terms, including the financial criteria for funding and the measurement of the outcomes to ensure that such "common projects" are of practical benefit for both users and Offices.

MARQUES supports amendment 47/Regulation.

5) Fees structure

We note that the Rapporteur is proposing to regulate the fees structure directly in the Regulation and leave the fees to delegated acts.

We are not entirely persuaded that this is ideal since it is likely to make future amendments of fees less flexible, and in this connection we would like to recall the September 2008 agreement which provided for a bi-annual review of fees. The main point for **MARQUES** however, is that the fees and the fees structure are reviewed in an open and transparent manner in dialogue with the interested parties, including the users.

MARQUES continues to ask for a reduction of the renewal fees so that the renewal fees do not exceed the filing fees.

MARQUES is not in favour of differential fee treatment as a matter of principle. The same basic fee for applications for an individual mark should apply equally to applications by electronic means. It is in the interest of all users to describe goods and services by the most appropriate terms even if the terms are not listed in a special database, and this should not be discriminated by paying a higher basic fee.

MARQUES supports the Commission's proposal to abolish national searches of a CTM application and assumes that the €12 search fee on page 52/Regulation is included in the list by mistake.

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6) Absolute grounds of refusal

After further review of its initial reasoning **MARQUES** supports the Rapporteur's proposal (amendment 17/Directive) to maintain the examination of national applications to include only languages which are generally understood by the consumers in the country of the national application.

7) Relative grounds of refusal

MARQUES is pleased to note that the Rapporteur supports the abolishment of ex-officio examination of relative grounds by all offices in the EU. We view this as an important step towards increased harmonisation.

MARQUES supports maintaining the free choice of the offices to supply a search report to the application or not (amendment 7 and 34/Directive). We believe that such search reports and notifications may be relevant in some countries as an educational tool toward the SMEs and to raise the awareness of the effects of the procedure.

MARQUES takes the opportunity to mention that **MARQUES** does not favour the proposed amendment 3 and 9/Directive in the draft opinion of the Rapporteur of the Committee on the Internal Market and Consumer Protection for the Committee on Legal Affairs.

8) Goods-in-transit

MARQUES continues to favour the proposal as originally drafted so that any counterfeit goods in transit could be prohibited regardless of their source or destination. Nevertheless, we recognise that some moderation of this strict position may be appropriate. If, however, it is necessary for the trademark to be validly registered in the country of destination, then it is essential that the declarant or owner of the goods is required to prove what is the final destination.

We therefore suggest as a fallback that the wording of new Article 9(5) of the Regulation (and proposed Article 10(4) of the Directive) should be amended by deleting the words "**on condition that the proprietor proves that the trade mark is also validly registered in the country of destination**" proposed by the Rapporteur, and substituting:

"unless the declarant or the holder of the goods furnishes proof that the final destination of the goods is either a Member State where the goods would not be subject of an action infringing the trade mark under the law of the Member State or is a third country where the trade mark is not validly registered."

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MARQUES believes that the additional words in italics may be necessary to deal with the circumstances that arose in the *Diesel v Montex* case.

9) Administrative opposition and cancellation procedures

MARQUES is pleased to note that the Rapporteur supports the proposals of the Commission.

MARQUES supports amendment 39/Directive which clarifies that the grounds of non-use of a trademark can be applied wither in an administrative procedure or in a court proceeding.

10) Implementation of IP Translator

MARQUES continues to be in favour of the deletion of Article 28.8 of the Regulation.

Article 28(8) protects solely the interests of those users who relied on OHIM's practice that the use of an entire class heading would cover all goods/services in that class, whereas all those users, who relied on the practice of their national offices that the scope of protection conferred by the class heading terms is limited to their literal meaning, are discriminated. It should be noted that said OHIM's practice is not only against the gist of the IP Translator decision of the ECJ ("clarity and precision") but likewise against the practice of the majority of the national offices.

If Article 28.8 is maintained in its present form, then special opposition and cancellation proceedings and/or, preferably, provisions for intervening rights should be provided. Also, if Article 28.8 is maintained, it is not understood why a similar provision is not included in Article 40 of the Directive. A harmonized approach would be desirable.

11) 5 year term to provide evidence of use in opposition and invalidity proceedings

MARQUES continues to ask for harmonisation of the relevant term for which evidence of use has to be submitted. In most member states it is limited to a well-defined limited period whereas in other member states the term is a moving target such as in Germany.

12) Grace period of use

MARQUES supports amendment 28/Directive in providing clarity on the calculation of the 5 year use period.

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13) Non-enforceability of non-distinctive trademarks

MARQUES continues to call for the wording 'signs or indications which are not distinctive' to be clarified to 'signs or indications which are used in a descriptive manner' – Article 12 (1) (b) of the CTM Regulation.

14) Application and filing date

MARQUES continues to ask for the maintenance of the current regime at OHIM where payment of the basic fee is possible within one month after the filing. Instead we suggest that the examination procedure should be postponed until payment has been made. *MARQUES* is opposed to Amendments 24 and 25/Regulation.

15) Infringement of rights

MARQUES supports amendments 21 and 22/Regulation and amendments 26 and 27/Directive. The proposed language is more clear.

16) Double Identity

After consultation with its members *MARQUES* has revised its initial reactions to the Commission's proposals.

We support the deletion of recital 19, cf. amendment 4/Directive, as well as amendment 23/Directive.

17) Grouping of goods and services

MARQUES is opposed to amendments 33/Directive and 26/Regulation.

An applicant should be able to file the application listing its goods/services without indicating the classes. Indeed an applicant should not have to have any knowledge of the Nice classification or of its existence and should not have to be an expert. We believe that this is an important point in relation to the SMEs' access to the trademark systems.

18) Consents

MARQUES supports amendment 20/Directive. If two trademark owners agree to coexist, the office should accept such agreement.

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19) Recordal of transfers

MARQUES supports amendments 29 to 31/Directive.

20) Opposition based on several rights

MARQUES supports amendment 35/Directive.

21) The EU in the Madrid Protocol

MARQUES is pleased to see that the Rapporteur supports the reduction of the 6 months period to 1 month. We support amendments 64 and 66/Regulation.

22) Acquired distinctiveness – shifting of filing date

The draft opinion of the Committee on the Internal Market and Consumer Protection for the Committee on Legal Affairs by the Rapporteur Regina Bastos proposes amendments to Articles 4(5) and 4(6) of the Directive as follows:

Text proposed by the Commission:

"5. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, **before the date of application for registration or after the date of registration, and following the use which has been made of it**, it has acquired a distinctive character.

6. **Any Member State may provide that paragraph 5 shall also apply where the distinctive character was acquired after the date of application for registration and before the date of registration"**

Amendments proposed by Rapporteur Regina Bastos:

"5. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if it has acquired a distinctive character **at the date of registration**.

6. **[deleted]"**

MARQUES cannot support the proposed amendments.

With the first amendment it would become impossible for a trademark proprietor to defend his registration against an attack for lack of distinctive character by proving that the trademark, while it might have lacked distinctive character at the date of registration, has acquired distinctive character in the meantime. It is the position of *MARQUES* that such defence should be possible because a trademark, which has acquired distinctive character through use, is a well-established trademark and has an enormous economic value.

The situation is similar with the second amendment. That is, an applicant should be able to rely on acquired distinctiveness during the course of the registration procedure, if necessary. It is often not

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possible for the applicant to provide evidence for acquired distinctiveness for the time prior to the filing date, simply because respective surveys are often conducted only after the office has refused registration by raising lack of distinctive character. It is the position of **MARQUES** that the applicant should not have to file a new application in such a situation. **MARQUES** would support a solution that in such a case the effective filing date of the application is shifted to the date for which acquired distinctiveness has been proven.

Compiled by the **MARQUES** Study Task Force

Please direct any questions or comments to studytaskforce@marques.org with cc cbar-nard@marques.org.

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 trademarks and to preserve the interests of trademark 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 trademarks 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.

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