

14 January 2014

## ***MARQUES* comments on the Lithuanian Presidency Compromise Proposal to the Trademark Directive of 19 November and JURI Report to the Trademark Directive and Community Trademark Regulation adopted on 17 December 2013**

*MARQUES* appreciates the opportunity for continuing dialogue on the reform of the European trademark systems and offers the following comments on the most pertinent issues:

### **1) OHIM Governance**

*MARQUES* is pleased to see that Rapporteur Wikström's proposals to delete the requirements for an Executive Board were adopted by the JURI Committee - Amendment 53 (CTMR). We find that such an additional layer would not add value, but only extra administration and less clarity for stakeholders.

### **2) Delegated Acts**

*MARQUES* is in favour of OHIM continuing to adopt guidelines on procedural issues. We believe that OHIM, which deals with these issues every day, is the most suitable authority to find appropriate solutions and to draft the required guidelines, especially since OHIM consults users in order to reach these solutions. We believe that practical issues should not be dealt with in the legislation or via delegated acts.

### **3) "Significant surplus"**

*MARQUES* opposes transfer of OHIM funds to the EU general budget and is pleased to see Rapporteur Wikström's Amendment 61 (CTMR) adopted by the JURI Committee.

### **4) Goods-in-transit**

*MARQUES* continues to favour the proposal as originally drafted by the Commission so that any counterfeit goods in transit could be prohibited regardless of their source or destination.

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**MARQUES** could support Option 1 of the Lithuanian Presidency compromise proposal.

Although **MARQUES** supports the proposal that a proprietor should be entitled to prevent the importation of consignments of counterfeit goods for private purposes, Article 9(4) of the Regulation (and the equivalent provision of the Directive) is flawed.

1) It does not make it clear that the proprietor can take action against the (private) importer (who does not act in the course of trade). There is therefore no act of infringement and Customs will not be able to take action under Regulation (EC) 608/213. The consignor does not import so no action can be taken against it.

2) The proposal only extends to small consignments, so a private importer (not acting in the course of trade) can import a large consignment of counterfeit goods, but not a small consignment.

## **5) Terminology and definitions**

**MARQUES** supports the consistent use of the "European Union" as put forward in the JURI adopted report.

## **6) Change of name**

In light of the financial restraints that are still quite predominant in large parts of the EU, we feel compelled to caution against the change of OHIM's name.

We have been informed that a name change would lead to expenses estimated to run up to several million Euros, and it does not seem appropriate to change the name simply to bring the different agencies "in line". Furthermore, the abbreviated name – especially OHIM, but also OAMI and others – have become very well known and are in fact quite distinctive. A name change to a more generic name would as a consequence make it easier for fraudulent companies to send fake invoices as the "EU trademark office" or other generic versions of the suggested new name.

## **7) Cooperation on projects in the interest of the Union**

The JURI Committee adopted the Rapporteur's proposal to remove the requirement for common projects to be mandatory as proposed by the Commission.

**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.

**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 that were raised by the Rapporteur.

We note that the proposal to increase the funding from 10% of OHIM's yearly income to 20% was also adopted by the JURI Committee (Article 123c(4) CTMR). We have no objection to the proposed increase provided that 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 national 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 national offices.

## **8) Fees**

**MARQUES** supports the Commission's proposed new fee structure. As regards fees, the main point for **MARQUES** is that the fees and the fees structure are reviewed in an open and transparent manner in dialogue with interested parties, including 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 treatment as a matter of principle. 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 if the term is not available.

## **9) Administrative opposition and cancellation procedures**

**MARQUES** is strongly in favour of national offices offering administration opposition procedures and administrative cancellation/revocation/invalidation procedures. We are pleased to note that this is proposed by the Commission as well as in the JURI adopted report. An administrative procedure will obviously not preclude the parties from putting a dispute before the Courts.

## **10) Implementation of IP Translator**

**MARQUES** continues to favour 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 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 against. It should be noted that 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 is desirable.

## 11) Absolute grounds of refusal

*MARQUES* supports the proposal 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 as put forward in the JURI adopted report and the Presidency compromise proposal.

## 12) Relative grounds of refusal

*MARQUES* was pleased to note that the Rapporteur supported the abolishment of ex-officio examination of relative grounds by all national offices in the EU – Amendment 7 (Recital 34 TMD) and 34 (Article 41 TMD). Unfortunately, the JURI adopted report and the Presidency compromise proposal do not support this approach and have reintroduced an option for offices to do so.

*MARQUES* strongly opposes such amendments as we continue to view removal of this type of examination as an important step towards increased harmonisation.

*MARQUES* supports maintaining the free choice of the offices to supply a search report to the applicant or not, as put forward by the Rapporteur and the Presidency compromise proposal. We believe that such search reports and notifications may be relevant in some countries as an educational tool (particularly for SMEs) and to raise the awareness of the effects of the procedure and as such we would urge the Parliament to revisit the issue.

*MARQUES* is strongly opposed to the proposal put forward in the Presidency compromise proposal – Article 5 (4e) (TMD). It is being proposed that a trademark can be refused if it is identical or similar to an earlier trademark, which was registered for identical or similar goods/services, even after the registration has expired for failure to renew for a period as long as up to two years.

It is usual practice in most EU offices to allow a grace period of 6 months for late renewal, but we see no reason for an expired right to form the basis for an administrative opposition or revocation procedure after the expiry of the grace period. As mentioned, *MARQUES* does not support ex-officio refusals based on relative grounds.

## 13) Consents

*MARQUES* supports the JURI amendment to Article 5(5) Directive. If two trademark owners agree to coexist, the office should accept such an agreement. We urge the Presidency Working Party to change the 'may' to a 'shall' in Article 5(5).

## 14) Acquired distinctiveness

*MARQUES* supports the Presidency compromise proposal as set out in Article 4(5) and 4(6) (TMD).

## 15) Grace period of use

*MARQUES* supports the JURI adopted report to provide clarity on the calculation of the 5 year use period by requesting that it be entered in the Register.

*MARQUES* prefers that the calculation be made from the registration date. If there is no opposition filed, the calculation should be from the registration date and not from the end of the opposition period, and we do not support the proposed Article 16(2) (TMD) in the Presidency compromise proposal. If an opposition is filed in a post registration procedure, the calculation should be made from the end of the opposition procedure. But the entry of the end of the grace use period into the register would in any case be the best way to create clarity. In any event, *MARQUES* supports pre-grant oppositions.

## 16) 5 year term to provide evidence of use in opposition and invalidity proceedings

*MARQUES* is in favour of harmonisation of the relevant term for which evidence of use has to be submitted and supports the Presidency compromise proposed Article 17 (TMD).

## 17) 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) (CTMR).

## 18) 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.

## 19) Grouping of goods and services

*MARQUES* remains opposed to the notion that the applicant should be obliged to group the products/services according to the Nice classification as in the JURI adopted report and the Presidency compromise proposal regarding Article 40(6) (TMD).

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 access to the trademark systems, particularly for SMEs.

## 20) Opposition procedure

**MARQUES** continues to support the possibility to base an opposition on several rights as proposed in the JURI adopted report.

Furthermore, **MARQUES** supports the possibility to file an opposition based on absolute grounds for refusal as well as enabling the owners of designations of origin and geographical indications to file opposition as put forward in the Presidency compromise proposals.

Compiled by the **MARQUES** EU Trademark Reform Task Force

Previous **MARQUES** observations at <http://www.marques.org/EuropeanCommissionStudy/>

Please direct any questions or comments to [EUTMReformTaskForce@marques.org](mailto:EUTMReformTaskForce@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 trademark owners represented in the Association together own more than two million trademarks 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 trademark protection. **MARQUES** attempts to achieve these objectives by advancing the cause of trademark 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](http://www.marques.org).