

10 November 2014

***MARQUES* input to the final negotiations in the review of the Trademark Directive and the Community Trademark Regulation**

MARQUES has offered its observations in relation to the EU trademark reform since the Commission put out its request for tender in April 2010. In view of the upcoming final negotiations in the so-called Trilogue between the Council, the Parliament and the Commission *MARQUES* would like to take the opportunity to publish its position on the most pertinent issues. Several of the comments relate to the Council proposals of 18 July 2014, but other comments refer to previous proposals from either the Commission or the Parliament.

1) OHIM Tasks

As in previous papers, *MARQUES* continues to call for a clearly defined and prioritised list of OHIM's tasks. For reasons of legal certainty and greater transparency (Recital 39 CTMR), we ask that it be made clear which tasks are primary tasks and which ones are secondary.

We ask for a clearer statement that the most important objective of OHIM is to register EU trademarks and designs and to maintain the Registers (including the online databases). It would seem that the list in Article 123(b) CTMR is not intended to be in order of priority. We support many of the other tasks like the EU Observatory, and we view the promotion of the values of IP as beneficial for the European Union in a broader sense, but these tasks remain secondary to the main objective.

2) Balancing OHIM's budget

We welcome the agreement of all institutions that OHIM should operate a balanced budget and avoid the accumulation of further budgetary surpluses.

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Consultation of users

It is essential that users of the systems are fully involved in the OHIM decision-making process, to ensure that its procedures are of practical use. **MARQUES** is compelled to insist on an explicit reference to user involvement in the Regulation (Article 123(c), 124, 125 and/or 127 and 138 CTMR), especially in view of the proposed decision making powers of the Administrative Board and the Budget Committee in relation to the distribution of funds contained in Article 123(c) and 139 CTMR (see below).

MARQUES strongly supports the Parliament's explicit reference to the consultation of users throughout all phases of the projects (Article 123c(2) CTMR). This would enable users to continue to play a constructive role in these projects. **MARQUES** asks that the same explicit reference is made in connection with other types of distribution, if the Council's proposals should be accepted in its present form, see below (Article 139 (3)(a) CTMR).

This involvement should include any use of OHIM funds, which have been gathered purely from these applicants and owners. Any common projects must, by default, be of interest not only to the European Union and the Member States but also of interest to the users (Recital 40 CTMR).

Fees

As regards fees, the main point for **MARQUES** generally is that fees and fee structure are reviewed in an open and transparent manner in dialogue with interested parties, including users.

MARQUES continues to support the wording proposed by the Commission and adopted by the Parliament at the 1st reading (Article 144(2) CTMR), namely that the level of fees should be set:

... to ensure that the revenue in respect thereof is in principle sufficient for the budget of the Office to be balanced while avoiding the accumulation of significant surpluses.

To achieve a balanced budget the fees of the Office need to be set at an appropriate level to cover all the reasonable running costs that are necessary for OHIM to provide an efficient and effective trademark system of the highest quality possible and that fully meets the needs of its users.

MARQUES maintains its objection to the Council's introduction into the Regulation of wording that requires fees to be set so as to ensure "*coexistence and complementarity*" (Recital 43a(b) CTMR). OHIM is a self-funding agency with financial autonomy.

MARQUES is also opposed to the Council's proposal that the level of OHIM fees must be set "*taking into account the size of the market*" (Recital 43a(b) CTMR), or that the level of OHIM fees should affect how "*the rights of proprietors of EU trademarks are enforced efficiently in the Member States*" (Recital 43a(c) CTMR).

In fact, as stated in paragraph 38 of the 2012 Joint Statement of the European Parliament, Council and the Commission on Decentralised Agencies, “*for self-financed agencies, fees should be set at a realistic level to avoid the accumulation of significant surpluses*”.

MARQUES is withdrawing its support for the compromise on the filing and renewal fees that was reached as per the Greek Presidency proposal of 2 May 2014. It is impossible to support a compromise that includes an increase of the filing fees in view of the distribution of funds as proposed by the Council (Article 139 (3)(a) CTMR).

MARQUES continues to ask for a reduction of the renewal fees to a level equivalent to the cost of a new application/registration.

Furthermore, **MARQUES** would like to put forward that the opposition fee (Annex, A 12) and revocation and declaration of invalidity fee (Annex, A 23) must not be too high so as to act as a barrier to the legitimate assertion of rights and at the same time not be too low so as to avoid spurious actions. We find that the opposition fee is at an appropriate level.

The fee for revocation of an existing registration (Annex, A 23) may be very important to companies seeking to clear new trademarks. It should be quick, simple and not too costly to remove a trademark that has not been used from the Register or to have the list of goods easily limited to the goods in use. This is very important for brand owners and particularly for SMEs seeking to establish themselves with new products and services.

With the examination speed of OHIM applicants claiming priority may not be in a position to file a timely opposition and in those cases applying for a declaration of invalidity should not be too expensive. SMEs may also need fairly easy access to invalidity actions as they may not be sufficiently aware of the need to watch for publications of confusingly similar marks and may thus have to resort to invalidity because they have missed the deadline for opposition.

We propose that the revocation and invalidity fee (Annex, A 23) is brought down to the same level as the opposition fee (Annex, A 12).

Cooperation

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 (Article 52 TMD).

OHIM is funded by, and should exist to support, trademark and design applicants and owners. All right holders need both National Offices and the OHIM to deliver high-quality services and to be effective and efficient at the same time. As mentioned above, it is essential that users of the trademark system be fully involved in OHIM’s decision-making processes if its procedures are to be of practical use.

MARQUES gives its support to the Parliament proposal that appears most flexible with a maximum of 20% of the yearly revenue and explicitly establishes the consultation of user representatives throughout all phases of the coordination projects.

MARQUES continues to recommend that the Regulation explicitly refers to control mechanisms such as ex ante controls, including an assessment of the value of the project, clear timelines, budgets, project briefs, key performance indicators etc. Any potential funding must not replace other available national financing and any agreed ceiling should be a maximum level of expenditure (not mandatory and not a minimum level of expenditure), the use of which, in compliance with sound financial governance norms, is evidenced by accurate and transparent financial records. The financial records should include not only direct spend, but also travel expenses, man hours (FTE), etc.

MARQUES reiterates its objection to the change of the word 'shall' to 'may' (Article 123(c)(4) CTMR) and ask that the phrase be amended back to its previous wording: *That financial support shall take the form of grants*. Furthermore, we are strongly opposed to Council's introduction of the word 'minimum'. If anything, the text should read: *The maximum amount of funding*.

Compensation

MARQUES does not agree with the conclusions reached in Recital 42b (CTMR) and continues to object strongly to Article 139(3)(a) (CTMR).

In Article 139(3)(a)(b) (CTMR), Council introduces a minimum amount of 5% of the yearly revenue. This minimum 5% is proposed to be distributed to the Member States – and not the national offices or other national bodies dealing with IP rights – as compensation for additional expenses in relation to the provision of "services and procedures". We see this as an introduction of a new and permanent cost in OHIM's budget, and we are concerned that this may lead to future increases in OHIM's fees.

As explained above, the level of fees must be set to cover all the reasonable running costs of OHIM, and the level of fees should not be set to cover costs at a national level, as is proposed by the Council.

As mentioned in earlier papers, **MARQUES** is not in favour of keeping relative grounds refusals, and consequently sees no need to fund such work at a national office level (Notes 44 and 51 to Article 139(3)(a) CTMR). As regards opposition and invalidation actions (Article 139(3)(a)(a)(i) CTMR) based on EU trademarks, we are convinced that these will only be initiated when there is a genuine business need, and that there will be national fees to pay. The provision of information (Article 139(3)(a)(a)(ii) CTMR) has already been dealt with by several of the Cooperation Fund projects, and any further activity belongs in projects funded under Article 123(c) (CTMR).

We suppose that this measure is meant to create a balanced budget and is proposed put in place to avoid future significant surpluses. Consequently we assume that the yearly revenue needs in any case to be specified as the 'yearly net revenue'.

Contribution

MARQUES would like to recall again that we have been supportive of the project-based work of the Cooperation Fund and that in relation to the Parliament's 1st reading adoption of the increase of the funding from 10% of OHIM's yearly income to 20% (Article 123(c) CTMR), we kept an open mind. The only conditions that we set to the increase to the 20% were as follows:

1. Funding must be project-led
2. Users must approve the projects
3. It was made clear in the Regulation that the 20% were indicative of the maximum spend and not a compulsory spend.

None of these conditions are met by the Council's proposals.

Council's Article 139(3)(ab) CTMR contains a proposal that the minimum 10% contribution to co-operation projects and the minimum 5% contribution to "compensation" must not exceed 20% of the yearly revenue. Apart from the fact that **MARQUES** is opposed to the notion of compensation, it creates too much uncertainty as to how the funding will be granted and spent. Furthermore, there is no mention of user involvement in future projects, and it is proposed that the "compensation" takes the form of an automatic yearly distribution of funds to Member States with no earmarking of the funds.

The Administrative Board will determine the allocation of the minimum 5%, which may rise to 10%, of the yearly revenue of the Office with no indication of any control mechanisms or evaluation of how the money is spent and what results are achieved. The majority of members of the Administrative Board and the Budget Committee are representatives from national offices.

We suppose that this measure is meant to create a balanced budget and is proposed put in place to avoid future significant surpluses. Consequently we assume that the yearly revenue needs in any case to be specified as the 'yearly net revenue'.

Significant surplus

The Commission proposed that any recurrent significant surplus should be transferred to the budget of the Union (Article 144 (2) CTMR). The Council proposals introduce an option to transfer a substantive surplus after five consecutive years to the budget of the Union (Article 139 (3)(c) CTMR). Whilst we might feel compelled to support a transfer that is made after all options for useful projects have been explored, we must object to a transfer that is not specifically earmarked for IP and IP activities. If a transfer is set up, it must be ensured that the funds are used for activities that support innovation in the Union, awareness campaigns targeted at SMEs or the young and other similar activities.

However, any proposal regarding the transfer of surplus funds will only be supported by **MARQUES** if it is conceded that the level of fees should be set to cover only the reasonable run-

ning costs that are necessary for OHIM to provide an efficient and effective trademark system of the highest quality possible and that fully meets the needs of its users.

3) Private imports and goods-in-transit

MARQUES supports the proposal that a proprietor should be entitled to prevent the importation into the EU of all infringing goods, even for private purposes, where they are being imported in the course of trade. (Article 10(4) TMD, 9(4) CTMR). **MARQUES** does not consider it appropriate to exclude parallel imports from this provision as suggested by the UK and others (fn 26).

MARQUES continues to favour the proposal on goods in transit as originally drafted by the Commission, so that any counterfeit goods in transit could be prohibited regardless of their source or destination. (Article 10(5) TMD, 9(5) CTMR). **MARQUES** would, however, support the suggested proviso, whereby the trademark proprietor's right to prohibit counterfeit goods would lapse, if the third party provided evidence that neither the proprietor nor an entity economically linked to the proprietor, was entitled to prohibit the placing of the goods on the market in the country of final destination. The third party would naturally have to prove what was the country of final destination of the goods.

4) Application and filing date

MARQUES is pleased to see Council's re-introduction of the current regime at OHIM where payment of the basic fee is possible within one month of filing (Article 39 TMD, 27 CTMR). We believe that the OHIM should postpone the start of the examination procedure until payment has been made and thus give our full support to the new practice that OHIM announced on 27 October 2014.

5) 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 (Article 40(6) TMD, 28(6) CTMR). The proper classification of the goods and services in accordance with the Nice classification must be achieved before the registration is issued, but it does not necessarily have to be in place at the point of filing.

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 and how this system works. An applicant should not have to be an expert, and the Offices should assist and guide the applicant, so that the list of goods and services is classified during the application process. We believe that this is a very important point in relation to access to the trademark system, particularly for SMEs.

6) Multi-class applications

It has come to our attention that two EU member states do not allow for multi-class applications. **MARQUES** asks that a sentence is added to Article 44 (TMD):

"Member States shall provide for the possibility to register a trademark for goods and services in more than one class in a single registration."

7) Implementation of IP Translator

With the Greek Presidency Compromise Proposal to the Trademark Directive and the Community Trademark Regulation of 2nd May 2014, Article 28(8) of the Regulation was deleted, which would have allowed a trademark owner to amend - within a term of 6 months - the list of goods and services of a trademark registration if he had filed it under the old class-heading-covers-all practice. In addition, both the Regulation (Article 28(5)) and the Directive (Article 40(5)) were amended to clarify that general indications of the class headings of the Nice Classification shall be interpreted, according to the CJEU's IP Translator decision, as including only those goods or services which are clearly covered by the literal meaning of the indication or term, *irrespective of when the trademark was applied for or registered*. In effect, by these amendments, the IP Translator decision would be applied retroactively also on those marks that were filed and registered before that decision.

Now, with the Italian Presidency Compromise Proposal to the Trademark Directive and the Community Trademark Regulation of 18 July 2014, deletion of Article 28(8) of the Regulation is maintained and also the clarifying statement in Article 28(5) of the Regulation is maintained, according to which general indications of the class headings of the Nice Classification shall be interpreted according to the CJEU's IP Translator decision *irrespective of when the trademark was applied for or registered*. However, surprisingly, such clarifying statement has been deleted from Article 40(5) of the Directive.

This is not understood. Does this mean that the IP Translator judgement shall be applicable retroactively with respect to Community trademarks, whereas this is left open in respect of national laws? Will the courts have to decide this? **MARQUES** would have favoured a clear solution and in particular a harmonised solution. That is, the statement "... *irrespective of when the trademark was applied for or registered*" in Article 40(5) of the Directive should be maintained, in conformity with the same statement in Article 28(5) of the Directive.

8) Search

MARQUES supports the Commission's proposal to abolish national searches of CTM applications (Article 38(2) and 155(2) CTMR) and asks that the search fee in the Annex, A 11a be deleted.

However, if the Council's proposal to make searches of not only the national registers (including the Benelux Register) but also the EU register optional is accepted, then **MARQUES** is opposed to the removal of the requirement that publication of a CTM application may not take place before the expiry of a period one month as from the date OHIM submits the search reports to the applicant (Article 38(7) CTMR). This requirement is necessary to give the applicant time to review the search reports and decide whether to maintain the application or whether to withdraw it.

9) Absolute grounds of refusal

MARQUES believes that the proposed amendments to Articles 4(5) and 4(6) TMD in the Presidency Compromise Proposal of 18 July 2014 are an improvement on the current TMD and the wording proposed by the Commission. In particular, the Council's proposals make it clear that in respect of an application for a declaration of invalidity, any acquired distinctiveness up to the date of the application for invalidity can be taken into account (second sentence Article 4(5)). **MARQUES** would prefer to see greater harmonisation, so that during the examination of a trademark application Member States were not free to choose whether only distinctiveness acquired before the filing date could be taken into account or whether distinctiveness acquired up to the date of registration could also be taken into account. **MARQUES** preference would be for the latter approach to be adopted, as this would enable brand owners to conduct a survey after they have received an absolute grounds objection to establish acquired distinctiveness at that time.

MARQUES continues to be opposed to the addition of the words “reproduce in its essential elements” (Article 4(1)(k) TMD, Article 7(1)(l) CTMR) regarding absolute grounds for refusal or invalidity based on earlier plant variety denominations. In the first instance, it is not clear what should be understood by “essential elements” of a plant variety denomination, and secondly, there would appear to be no justification for including this type of assessment in the examination process. It more properly sits in the relative grounds for refusal.

10) Relative grounds of refusal

MARQUES continues to support the Commission's proposal to abolish refusals based on ex-officio examination of relative grounds by all national offices in the EU (Recital 34, Article 41 TMD). **MARQUES** still views the removal of this type of refusal as an important step towards increased harmonisation in the EU. Accordingly, we were disappointed to see that it had been reinserted by the Council (Article 41(2) TMD). Enabling national offices to refuse applications based on relative grounds slows down the registration process and maintains national differences.

Furthermore, it gives owners in countries with relative grounds refusals a false sense of security, namely that the national office will uphold and protect the rights of the owner. In fact confusingly similar EU trademark rights might be registered without the national owner understanding the need for filing opposition. We therefore request this option be removed from the text.

MARQUES is pleased to note that its comments regarding bad faith filings of earlier trademarks “protected abroad” have been taken on board by the Council at Article 5(4)(ba) TMD. **MARQUES** suggests that the expression “protected abroad” is replaced by more precise wording, which could read “protected in jurisdictions other than the jurisdiction in which registration is sought”. **MARQUES** notes that Member States have discretion as to whether or not to implement the provision, and considers that it would be more advantageous to rights holders for this provision to be mandatory.

MARQUES was disappointed to note that the equivalent provision at 8(3)(b) CTMR has been deleted by the Council, and requests the initial text to be reinstated, as does the UK government (fn 18). Indeed, this provision is important for dealing with trademark squatting cases, where the owner of a trademark with rights outside EU is prevented from filing within the EU as a result of a prior bad faith application by a third party. It is an important provision that the EU can use to obtain reciprocity from other countries, where EU trademark owners experience significant issues with this type of trademark squatting.

11) Consents

MARQUES continues to support the amendment to Article 5(5) TMD adopted by the Parliament at its 1st reading. If two trademark owners agree to coexist, the office should accept such an agreement. **MARQUES** calls for a change of the 'may' to a 'shall' in Article 5(5) TMD:

The Member States shall permit that in appropriate circumstances registration need not to be refused or the trademark need not be declared invalid where the proprietor of the earlier trademark or other earlier right consents to the registration of the later trademark.

We take the opportunity to point out that Article 5 (6) TMD must be amended to make reference to “Directive 2008/95/EC” instead of “Directive 89/104/ECC”, as the latter was repealed by Article 17 of Directive 2008/95/EC.

12) Administrative opposition and cancellation procedures

MARQUES was very pleased to note the Commission's proposal to make it compulsory for National Offices to provide for administrative opposition (Article 45 TMD) and cancellation procedures (Article 47 TMD) as well as the Parliament's support for these provisions.

MARQUES is disappointed to see that the Council is proposing to make it optional for Member States to provide for an administrative procedure before their offices and ask that the text (Article 47 TMD) is amended to read:

Member States shall provide for a judicial procedure and for an administrative procedure before their office for revocation or declaration of invalidity of a trademark.

13) Opposition procedure

MARQUES reiterates again its support for the option to base an opposition on several rights (Article 41 CMTR). **MARQUES** supports the Commission's proposal to allow for oppositions based on bad faith, and we disagree with the deletion of Article 8(3)(b) CTMR.

Furthermore, **MARQUES** continues to support the possibility to file an opposition based on absolute grounds for refusal as well as expressly allowing designations of origin and geographical indications to be invoked as grounds for opposition (Article 45 TMD).

MARQUES supports the Council's proposal for Article 8(4) CTMR, but continues to call for an amendment of the wording relating to the entitlement to file opposition based on a designation of origin or geographical indication: “any beneficiary” should be replaced by “the beneficiary” in order to clarify that not any person benefiting from the GI may lodge opposition (e.g., any producer). The amendment would make clear that only the association or person responsible for it is entitled to file opposition, and it would be consistent with Article 5 (3) (d) (ii) TMD, which, when dealing with the rights conferred by the designation of origin or geographical indication, makes reference to “its beneficiary”.

14) Non-enforceability of non-distinctive trademarks

MARQUES reiterates again its 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). This will avoid discussions as to whether the trademark as such is descriptive and should be left to the proceedings provided for this purpose. The presumption of validity of a registered trademark is of great importance for trademark owners and a trademark that has been registered must be taken as a distinctive sign or indication. The remarkable success that the Community trademark has achieved under the management of the OHIM shows that any attempt to disqualify its examination and registration practice is not justified.

15) 5 year term to provide evidence of use in infringement proceedings

MARQUES continues to be in favour of the harmonisation of the relevant time period for the proof of use that has to be furnished in infringement proceedings and supports the Council's proposal which stipulates that the term is five years preceding the date of bringing the action (Article 17 TMD).

16) Surrender and Conversion

MARQUES continues to support the provisions on surrender as adopted by Parliament in its 1st reading as the best solution to ensure that the mechanism of surrender is not misused in the context of both revocation and invalidity proceedings (Article 50(2) CTMR).

MARQUES continues to believe that the adoption of the proposed safeguard in respect of invalidity proceedings is also required when the applicant for the invalidity of a CTM has a legal interest in obtaining a decision before the Office. This might be, for example, because the surrender only extinguishes the effects of a CTM *ex nunc* and not *ex tunc*.

We would like to make reference to the CJEU’s ruling in Case C-552/09 P Ferrero SpA v OHIM of 24 March 2011 in which the Court clarified that *surrender is not, in itself, capable of rendering the appeal devoid of purpose, as the effects of a surrender and those of a declaration of invalidity are not the same. That is to say, whereas a Community trademark which has been surrendered ceases to have effects only as from the registration of that surrender, a Community trademark which has*

been declared invalid will be deemed, in accordance with Article 54(2) of Regulation No 40/94 on the Community trademark, not to have had any effects from the outset, with all the legal consequences that such invalidity implies. [cf. paras. 39-41, 43-44 of the judgment]

It has also become clear that the manner in which applications for conversion are being handled at a national level is not harmonised. This gives rise to uncertainties in respect of the 5 year grace period for non-use. In some countries, the conversion application is viewed as a new application and consequently the 5 year grace period will be determined from the registration date of the "new" application, and in this way the "applicant" will benefit from another 5 year grace period to begin use. In other countries, the conversion application will not be viewed as a new right and the use period will remain attached to the dates for the CTM. **MARQUES** is of the opinion that the latter is the correct point of view and calls for harmonisation on conversion. This can probably be best achieved through an amendment to Article 112 CTMR.

17) Grace period of use

MARQUES asks that clarity on the calculation of the 5 years use period is created by requesting that the date of the end of the grace period be entered in the Register.

MARQUES prefers that the calculation be made from the registration date. If no opposition is filed, the calculation should be from the registration date and not from the end of the opposition period, and we do not support the wording of the proposed Article 16(2) and 16(3) (TMD) in the Council common position. If an opposition is filed in a post registration procedure, the calculation should be made from the end of the opposition procedure. 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.

18) Certification Marks

MARQUES supports the definition of Certification Marks in Art 74b CTMR of the Commission Proposal, which includes geographical origin as a characteristic in respect of which goods or services can be certified through the application of a Certification Mark. Certification Marks, if appropriately regulated, could be an appropriate tool for protecting geographical indications, in particular regarding goods for which there are no designations of origin or geographical indications regulations. Therefore, **MARQUES** strongly objects to the deletion of the term "geographical origin".

19) Relevant point of time for assessing applications for declarations of invalidity

MARQUES supports the clarification, provided by the addition of the sub-paragraph at the end of Article 53(1) CTMR in the Council paper, that the relevant point of time for the assessment of applications for declarations of invalidity, or counterclaims in infringement proceedings that are based on relative grounds, is the filing date or the priority of the later mark.

Article 8 TMD appears to be intended to provide similar clarification. However, it is drafted differently and only provides that an application for a declaration of invalidity shall not succeed if it would not have been successful at the filing date or priority date of the later mark for three specific reasons, which, in summary, are:

- a) the earlier trademark could have been declared invalid because it had not yet acquired distinctive character;
- b) the earlier trademark had not yet become sufficiently distinctive to support a finding of a likelihood confusion within the meaning of Article 5(1)(b); and
- c) the ground of invalidity is Article 5(3)(a) and the earlier right had not yet acquired the necessary reputation.

It is not clear to **MARQUES** why Article 8 TMD has been drafted in this way and does not simply provide that the relevant point of time for assessing the application for a declaration of invalidity is the filing date or the priority date of the later trademark. The effect of the current drafting appears to be that in some circumstances an application for a declaration of invalidity will succeed even though it would not have succeeded at the filing date or priority date of the later trademark. By way of example, Article 8(5)(c) only applies if the early trademark had no reputation at the filing date or priority date of the later trademark and does not appear to apply if the earlier trademark had some reputation at the filing date or priority date but not sufficient to support a finding of that the later mark takes unfair advantage or causes detriment to the distinctive character or reputation of the later mark under Article 5(5). Article 8 also does not appear to prevent an application for a declaration of invalidity succeeding if other circumstances, not specified in the sub-paragraphs to Article 8, have changed subsequent to the filing date or priority date of the later trademark (e.g. that the level of attention for the consumers of the goods or services concerned had lowered, or that changes to the ways in which goods and services are distributed or sold means that goods and services previously dissimilar to each other have now become similar).

20) Intervening rights defence

Article 18 TMD and Article 13a CTMR provide that a proprietor of a trademark shall not be entitled to prohibit the use of a later registered trademark, where that later trademark shall not be declared invalid pursuant to specified provisions of the TMD and the CTMR. The way in which Article 18 TMD and Article 13a have been drafted means that the situations in which the intervening rights defence will apply will differ depending on whether that later mark is a European Union trademark or a national trademark.

For later European Union trademarks, Article 13a(1) CTMR and Article 18(2) TMD provide that the new intervening rights defence will only be available if the later European Union mark cannot be declared invalid pursuant to:

- Article 53(3) – the proprietor of the earlier trademark has expressly consented to the later

trademark's registration.

- Article 53(4) – the proprietor of the earlier trademark has previously applied for a declaration that the later mark is invalid and/or made a counterclaim on relative grounds.
- Article 54(1) and (2) – the proprietor of the earlier trademark has acquiesced to the use of the later trademark.
- Article 57(2) – the earlier trademark could have been revoked for non-use at the filing date or priority date of the later mark.

For later national trademarks, Article 13a(2) and Article 18(1) TMD provide that the intervening rights defence will only be available if the later national mark cannot be declared invalid pursuant to:

- Article 8 – the later mark could not have been declared invalid at its filing date or priority date for the three reasons discussed in section 19) above;
- Articles 9(1) and (2) – the proprietor of the earlier trademark has acquiesced to the use of the later trademark.
- Article 48(3) - the earlier trademark could have been revoked for non-use at the filing date or priority date of the later mark.

We would note the following points:

- That there are differences in when the intervening rights defence should apply that are dependent on whether that later mark is a European Union trademark or a national trademark seems to be inherently undesirable
- The reference to Article 8 in Article 13a(2) CTMR and Article 18(1) TMD will mean that later registered national trademarks will provide an intervening rights defence to trademark infringement in circumstances where that later trademark could not be declared invalid because at its filing date or priority date the earlier trademark had not yet acquired sufficient distinctive character or reputation in accordance with the provisions of Article 8 TMD. This appears to provide a significant additional benefit to proprietors of national trademarks when compared to European Union trademarks. Please see also our concerns set out above about the limited scope of Article 8 TMD.

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

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

Please direct any questions or comments to 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.