A Christmas and Easter Present: European Union Trademark Law Reform
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The Easter present: The major parts of the amendments of the Regulation enter into force on March 23, 2016, on the Wednesday before Easter. Those provisions which require implementing legislation will enter into force on October 1, 2017.

The Directive entered into force on January 12, 2016. Member States have three years – until January 14, 2019 – to implement the Directive. Administrative invalidation and revocation procedures must be implemented by January 14, 2023. The adoption of the Amending Regulation and of the Directive were the final acts in the efforts to review and adapt the Regulation and the Directive initiated already in 2008. The European Commission had submitted its proposals to the Parliament and to the Council in March 2013. In this IP Report Special we will highlight and explain the major points of the reform as regards the Regulation, indicating whether the entry into force is now (March 2016) or delayed (October 2017).

1. Names [March 2016]

The Regulation will be renamed »Regulation on the European Union trade mark«. CTMR will become EUTMR. The »Community trade mark« commonly abbreviated as CTM will become the »EU trade mark« or EUTM (»Unionsmarke« in German, »marque de l’Union européenne« in French). OHIM will be renamed »European Union Intellectual Property Office«, and the Office has proposed to use the acronym »EUIPO« in all languages. The Office’s President will become its »Executive Director«.

2. Substantive law

Registrable signs [October 2017]: The definition of what constitute registrable signs pursuant to Article 4 EUTMR (Articles identified hereafter are always those of the amended EUTMR) will be amended by adding »colours« and »sounds« among the examples and replacing »graphic representation« by »being represented on the Register of European Union trade marks (’the Register‘), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor«. This new provision will require implementing rules identifying the manner of representing marks. In general, this will facilitate the registration of non-
traditional marks where the graphic representation requirement was felt as unduly limiting.

Certification marks [October 2017]: The EUTMR will provide for the registration of certification marks, which are defined as follows (Article 74a): »An EU certification mark shall be an EU trade mark which is described as such when the mark is applied for and is capable of distinguishing goods or services which are certified by the proprietor of the mark in respect of material, mode of manufacture of goods or performance of services, quality, accuracy or other characteristics, with the exception of geographical origin, from goods and services which are not so certified.«

Absolute grounds [March 2016]: The refusal of functional signs from registration has been extended to cover not only shape marks, but also marks consisting exclusively of other characteristics which are functional (Article 7 (1) lit e). The absolute grounds are extended to all conflicting geographical indications, whether EU or national (Article 7 (1) lit j and lit k), as well as to marks conflicting with the names of traditional specialties (Article 7 (1) lit l), or with plant variety denominations (Article 7 (1) lit m).

Relative grounds [March 2016]: EU-protected geographical indications and designations of origin are recognised as a separate category of earlier right (Article 8 (4a)).

Rights conferred [March 2016]: The exclusive right now covers expressly the use of a third party’s trade or corporate name in relation to goods and services (Article 9 (1) lit d), the use of a mark in comparative advertising not complying with the rules applicable to comparative advertising (Article 9 (1) lit f), and the use of the mark for labels, stickers etc. even before these have been joined with the product (Article 9a).

EUTM proprietors now have the right to prohibit the transit of counterfeit goods through the territory of the EU unless the person responsible for the transit can prove that the EUTM proprietor does not have the right to prohibit the use of the infringing sign in the country of destination (Article 9 (4)). This is the outcome of one of the most contested issues in the whole reform process, pitting the »freedom of transit« advocates against the »fight the counterfeiters and pirates where you find them«.

Limitations [March 2016]: The scope of limitations (Article 12 EUTMR) has been reduced as regards the use of names. These will apply only to personal names, and not to company names in general. On the other hand, the scope has been extended to cover fair »referential use« in general and fair use not only of descriptive signs but also of non-distinctive signs.

The EUTMR now recognises expressly the validity of »intervening rights« by providing that the EUTM proprietor is not entitled to prohibit the use of a later registered trademark applied for at a time when the earlier mark could not be invoked successfully against the later mark, either because the earlier mark had not been put to genuine use, or because at the relevant time the earlier mark was not yet reputed or had not yet acquired an enhanced scope of protection (Article 13a).

3. Classification [March 2016]

Since the IP TRANSLATOR judgment of the Court of Justice of the European Union (CJEU) in 2012, it is accepted that the »class headings« of the Nice classification, as well as all other general terms used to identify the goods and services for which registration as a national or EU trade mark is requested must be sufficiently definite and must be interpreted »literally« (»means what it says«). Prior to that decision OHIM applied the principle that the use of all class headings of a particular class resulted in the inclusion of all goods (or services) properly classified in that class. The new rule is now enacted in Article 28, which takes over the role of what used to be Rule 2 of the Implementing Regulation. Article 28 (1) to (7) »codify« the CJEU’s case law and the practice followed since 2012.
In order to accommodate the interests of EUTM proprietors filed prior to 22 June 2012 (the date of the IP TRANSLATOR judgment) claiming all the class headings of a particular class, Article 28 (7) provides that a declaration may be filed at the Office within a period of six months from the entry into force of the Amending Regulation, expiring on 24 September 2016, requesting the entry of goods or services in the Register which are not covered by the literal meaning of the class headings, but which are found in the Alphabetical List of the Nice Classification of the respective class in force at the time of the filing of the mark.

The requirements for such a declaration therefore are:

- Filing date prior to 22 June 2012.
- Registration for all the class headings of a particular class; the inclusion of additional specific goods or services does not prevent such a declaration.
- Only goods or services in the Alphabetical List may be included in the declaration.

Where EUTM proprietors have such marks in their portfolio, and where protection for goods or services may be desired or necessary which are not covered by the literal meaning of the class headings, submitting such declarations in accordance with Article 28 is highly recommended.

After the end of the six month period and in the absence of a declaration as provided for in Article 28 (7), the class headings for all registrations will be interpreted «literally».

4. Opposition [March 2016]

Proof of use: Where the proprietor of an earlier registration is required to provide proof of use in an opposition proceedings, the period of five years is now calculated from the filing date (or priority date), rather than from the publication date. Thus, if there has not been any use in the period of five years prior to the filing or priority date, the opposition will be dismissed, even if the earlier mark was thereafter put to use. On the other hand, if the earlier mark was not yet registered for five years at the filing or priority date of the later mark, there will no need to prove use, whereas under the previous law there was such a requirement if the five year period expired between the filing or priority date and date of publication of the later mark.

Opposition period for Madrid marks: The three month period for the notice of opposition against a Madrid mark extended to the European Union now begins one month after the publication of the extension, and not any more six months after that date (Article 156 (2)).

5. Procedure before the EUIPO

EUTM applications may no longer be filed at national IP offices (Article 25). [March 2016]

Disclaimers are abolished (Article 37 (2) is deleted). [March 2016]

Priority claims must be made with the application (Article 30). [October 2017]

Searches for prior EUTMs and notifications sent to proprietors of earlier EUTMs are both optional (Article 38). [March 2016]

EUTMs may not be effectively surrender while a revocation action is pending (Article 56 (1)). [October 2017]

Further processing (continuation) will be available for all time limits, including those set in opposition proceedings (Article 82). [October 2017]

6. Professional representation [March 2016]

The provisions on professional representation now put parties domiciled or established
anywhere in the European Economic Area (EEA), which includes, in addition to all 28 EU Member States, three more countries, namely Iceland, Liechtenstein, and Norway, on the same footing as those from one of the EU Member States. Lawyers and professional representatives from any of the three countries are now entitled to represent their clients before the EUIPO on the same basis and under the same conditions as those applicable to lawyers or professional representatives from the EU Member States (Article 92 and Article 93).

7. The Office [March 2016]

The EUTMR now has an express provision on the cooperation between the EUIPO and the IP offices of the Member States (including the Benelux IP Office) in order to develop and promote common practices and tools (Article 123c). The EUIPO shall contribute to the financing of the tasks defined by the Management Board, up to a limit of 15 % of the annual revenue of the EUIPO.

In addition, according to Article 139 the budget of the EUIPO shall provide for payments to »... offsets the costs incurred by the central industrial property offices of the Member States, by the Benelux Office for Intellectual Property and by any other relevant authority to be nominated by a Member State, as the result of the specific tasks which they carry out as functional parts of the EU trade mark system ...«, which are defined as opposition and invalidation proceedings involving EUTMs, providing information, and enforcing EUTMs. The amount is fixed at 5 % of EUIPO revenues, unless there is a deficit, and may be increased to up to 10 % if there is a surplus. The distribution shall in any event comprise 2 % for each Member State. The remaining 44 % shall be divided among the Member States according to a distribution key determined by the Management Committee, taking into account EUTMs from the respective Member State, annual trade mark applications in the Member State, and the number of opposition, invalidation and infringement cases in the Member State. Assuming a budget with revenues of € 200 million, the amount to be distributed under this heading would be € 10 million, € 200.000 would be paid to each Member State under the 2% rule, and the rest (€ 4.400.000) would divided according to the key determined by the Management Board. In addition, up to € 30 million would be made available for cooperation activities under Article 123c.

The composition of the Management Board (previously Administrative Board) and of the Budget Committee will include, in addition to one representatives from each of the 28 Member States, two representatives from the European Commission, and one representative of the European Parliament (Article 126 (i) and Article 138 (2)).

8. Implementing legislation [March 2016]

The Regulation provides for the adoption implementing acts (Article 163) and delegated acts (Article 163a) by the European Commission. The Regulation contains in each section specific provisions detailing the scope of the implementing or delegated acts. These acts, the former with Member State involvement, the latter not, will replace the current Implementing Regulation and the Regulation with the Rules of Procedure of the Boards of Appeal.

The Commission is currently in the process of preparing drafts for such acts, which must be in place when the provisions of the Regulation applicable from 1 October 2017 become effective.

9. Amendment of the Commission Regulation implementing the CTMR [March 2016]

Article 2 of the Amending Regulation contains 17 amendments of Commission Regulation 2868/95, the so called Implementing Regulation and referred to as »CTMIR«. Its title is not affected. The amendments are the consequence of integrating provisions previously found in the CTMIR into the body of the EUTMR. Prominent examples are the deletion of Rule 2 (classifica-
tion) and the amendment of Article 28, referred to earlier, and putting all provisions regarding the Register in the EUTMR itself.

10. Fees [March 2016]

The fees to be paid to the EUIPO are now set in an annex to the Regulation, rather than, as until now, in a Commission Regulation. The fees for an application and for some other acts have been slightly modified, the renewal fees have been significantly lowered.

The basic fee for an application and for the renewal covers only one class, thus no longer three classes. The basic filing and renewal fee is € 850.00 (electronic) and € 1,000.00 (paper). The fee for the second class is € 50.00, and for the third class and subsequent classes € 150.00. The opposition fee is € 330.00 (instead of € 350.00), the cancellation fee is € 630.00 (instead of € 700.00), and the appeal fee is € 720.00 (instead of € 800.00). The basic fee for an extension of a Madrid registration to the European Union and the renewal of such an extension is the Swiss Franc equivalent of € 820.00. Additional class fees are € 50.00 for the second class, and € 150.00 for the third class and subsequent classes.

As regards renewals becoming due on or after 23 March 2016, the reduced fees apply even if a renewal request has been submitted before that date. Where fees have been paid as applicable prior to that date, the EUIPO will make refunds.

The rules regarding payments are now found in Articles 144, 144a, 144b, and 144c EUTMR. The so-called Fees Regulation is repealed.