

All change ahead for EU trademarks

by Allard Ringnalda

Major amendments to the EU trademarks system are expected to come into force in March/April 2016. Adee Keppy and Allard Ringnalda of KLOS c.s. outline the key implications.

The EU trademark reform package was approved by the European Parliament on December 15. The new rules will make the trademark registration systems in the EU more accessible, efficient, cost-effective and predictable than the current regime.

The reform package aims to foster innovation and economic growth, as well as ensure coexistence and complementarity between the trademark systems in the EU, including the Community trademark (CTM) system.

The final compromise texts of the amended Directive 2008/95/EC (trademark directive) and Council regulation (EC) No. 207/2009 (trademark regulation) are expected, without major changes, to come into force in March/April 2016. A period of three years then starts for EU member states to implement most of the provisions of the new directive into national law.

In this article we first inform you of the key changes of the package. Subsequently, we focus on a reform that may require immediate action for trademark owners: the rules on the classification of goods and services.

What's changing

First, once the new legislation comes into force, the fees for what in future will be called European Union trademarks (currently CTMs)—while the Office for Harmonization in the Internal Market (OHIM) will be renamed the European Union Intellectual Property Office (EUIPO)—will be reduced significantly.

In addition, registration procedures in EU member states will be streamlined and harmonised. In future, all national EU offices will have to provide for administrative actions for opposition, revocation and cancellation. A period of seven years instead of three for implementing revocation and invalidity procedures will be given.

Furthermore, trademark law will be adapted to the modern business environment leading to modernised rules and increased legal certainty. For example, in line with the Sieckmann case (C-273/00) the requirement of graphical representation will be replaced by the requirement that a trademark will have to be represented in a manner that is clear and precise, which opens the door for signs such as a smell or a motion.

On the other hand, obtaining trademark protection may become more complicated because there will be an extension of the grounds for refusal/cancellation. For instance, 2D devices may in future be

refused or revoked on grounds that currently apply to 3D shape marks only, such as the “substantive value” criterion.

Finally, trademark owners will be afforded greater protection against counterfeits. Article 10(4) of the new directive and article 9(4) of the new regulation will allow trademark owners to detain goods on account of possible infringement of a national or EU trademark, even if those goods are merely in transit through EU territory.

However, the Netherlands delegation has stated that this measure is unacceptable for the country because it puts a disproportionate burden on owners of goods and is an impediment to legitimate international trade, particularly for legitimate generic medicines. For that reason the Netherlands has abstained from voting on the trademark reform package. Nonetheless the council adopted the EU trademark reform package on November 10.

The proposed amendments are welcomed by many, but can trademark owners now recline and simply await implementation? The answer is no; there is an important point of attention for trademark owners that filed a CTM application before June 22, 2012 and that opted to register for class headings, as we will explain below.

A classy act

Before the judgment in the IP Translator case (C-307/10) on June 19, 2012, OHIM considered use of the Nice class headings in a CTM application to be a claim to all the goods or services within the relevant class (presidential communication 4/03 of June 16, 2003).

However, in IP Translator the Court of Justice of the European Union ruled that the goods and services for which trademark protection is sought must be identified with sufficient clarity and precision in order to allow the competent authorities and other trademark owners to determine the extent of the protection conferred by the trademark.

The IP Translator judgment has two important consequences with respect to class headings:

- 1) Use of class headings is allowed as long as the goods and services can be identified sufficiently clearly and precisely. In addition, an applicant that simply uses the class headings will have to specify whether this means that all goods or services in the alphabetical list of that particular class are included; and
- 2) OHIM and the EU IP offices issued a common communication in November 2013 identifying 11 class headings as being too vague for registration. These terms would no longer be allowed in future applications. The Benelux Office for Intellectual Property recommended owners of existing trademark registrations that might, or already did, serve as a basis in Benelux oppositions, to clarify the vague terms in their specification of goods and services by implementing a restriction of goods and services.

Under article 43(1) of the regulation and article 25(2)(5) of the Benelux Convention on Intellectual Property a trademark owner may, at any time, restrict the list of goods or services.

Because the Benelux practice of ‘means what it says’ was already in line with the IP Translator judgment, the classification practice concerning Benelux trademarks does not have to be revised.

But what about CTMs that were filed before the IP Translator judgment and that have a specification of goods and services consisting of class headings?

Attention, please

Under the trademark reform package, the IP Translator judgment is implemented in article 39 of the new directive and article 28 of the new regulation. These provisions state that class headings may be used provided that they are clear and precise.

Use of the class headings shall be understood to include all the goods and services clearly covered by the literal meaning of the term. For example, “dresses” are covered by the general heading “clothing” in class 25, while “retail services”, “translation services” or “publishing services” are not covered by any of the class headings in class 35 or class 41 respectively.

Article 28(8) of the revised regulation provides owners of CTMs filed before June 22, 2012 in respect of class headings the possibility to submit a declaration with OHIM that their intention was to obtain protection for goods or services beyond those covered by the literal meaning of the relevant class heading. Of course, those goods or services must be included in the alphabetical list for that class of the Nice classification in force at the date of filing. Upon receiving such a declaration, the EUIPO will amend the register accordingly.

A declaration based on article 28(8) will have to be filed within six months of entry into force of the new regulation. If the new legislation comes into force in March/April 2016, the deadline for submitting a declaration will be in September/October 2016.

The consequence of not filing a declaration in the sense of article 28(8) is that as from the expiry of the six-month period the CTM will extend to the goods or services clearly covered by the literal meaning of the class headings only. Therefore, trademark protection may be diminished.

If, as a result of filing a declaration, the rights of the CTM owner would be extended, for example by declaring that “retail services” should be included in addition to the class headings in class 35, the rights of owners of existing trademarks may be adversely affected. In order to protect these rights, article 28(9) is included in the new regulation.

Article 28(9) stipulates that a CTM owner that adapted the specification of goods in accordance with article 28(8) will not be able to prevent third parties from continuing to use a trademark if: 1) the use of the goods and services by the other party started before the register was amended; and 2) the use did not infringe the trademark owner’s rights based on the literal meaning of the record of the goods and services in the register at that time.

Under similar conditions, the CTM owner will not be able to oppose or start an invalidity action against a younger trademark based on this amended and extended scope of registration.

In view of the above, we recommend that CTM owners carefully review their trademark portfolios as soon as possible. If there are CTMs filed before June 22, 2012 that cover class headings, the owner may consider:

1) Filing a declaration as set out in article 28(8) of the new regulation within the six-month period provided for; or

2) Requesting that OHIM adapt the specification of goods and services beforehand, ie, before the new regulation comes into force. This can be done by requesting a restriction in the sense of article 43(1) of the regulation to the relevant goods or services in the alphabetical list. Including all goods and services would not be possible, because in that case there would be no restriction. The advantage of this route over article 28(8) may be that the consequences laid down in article 28(9) of the new regulation are not applied.

It is clear that CTM owners will have to take action to ensure adequate protection.

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