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THE EU TRADEMARK REFORM PACKAGE

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What does the EU trademark reform package consist of?

The reform concerns 2 legal instruments:

.- The 1989 **Directive** (2008/95/EC) approximating the laws of the Member States relating to trademarks that harmonizes trademark rights at national level and ensures that national trade marks enjoy the same protection in all Member States

.- The 1994 **Regulation** (207/2009/CE) on the Community trademark that created the unitary trademark right (Community trademark) granted by the EU trade mark Agency seated in Alicante (Spain) called Office for Harmonization in the Internal Market (OHIM)



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Why is the EU trademark reform necessary?

The existing legislation has remained unchanged for 15 years.

The level of harmonization imposed by the Directive is relatively low as it concerns only a limited number of substantive rules. The procedural aspects have not been harmonized at all.

There are significant divergences between national systems and the Community trade mark system.

The aim of the reform is to foster innovation and economic growth by making trademark registration system all over the EU more accessible and efficient for businesses in terms of lower costs and complexity, increased speed, greater predictability and legal security.



When will the EU trade mark reform enter into force?

.- The **Directive** (EU) 2015/2436 of the European Parliament and of the Council to approximate the laws of the Member States relating to trade marks was published on **23 December 2015** in the Official Journal of the European Union.

.- The **Regulation** (EU) 2015/2424 of the European Parliament and the Council amending the Community trade mark regulation was published on **24 December 2015** in the Official Journal of the European Union.



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When will the EU trademark reform enter into force?

Most of the changes affecting the CTM will come into force **during the second quarter 2016** that is **90 days from the publication** of the new Regulation, namely **on 23 march 2016**.

Those changes, which require a secondary legislation to be adopted, will enter into force **during the last quarter 2017** that is **21 months from the publication** of the new Regulation.

The recasting Directive will enter into force on the 20th day from its publication, namely **on 12 January 2016**. However, as it affects the national trademark systems it needs to be transposed into the national trademark laws of the Member States. This shall be done **either by early 2019 or early 2023** for introducing administrative cancellation proceedings.



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Changes affecting both the Community Trademark Regulation (CTMR) and the Directive



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New trademark definition

The definition of a trademark has been modified so that a sign no longer has to be capable of being represented graphically to be protected as a trademark.

The new definition allows for the registration of non-traditional marks that can be represented by technological means (e.g. by sound file) which may be preferable to graphic representation in terms of precision.

Also, the definition expressly states that a trade mark may consist of any signs including colours or sounds.

In respect of EU trade mark applications this change will enter into force **21 months from publication** of the new Regulation, namely **on 24 September 2017**.

Absolute grounds for refusal

The EU TM Reform has introduced changes in respect of the following provisions concerning absolute grounds for refusal:

- Functionality
- Geographical indications and designations of origin
- Traditional terms for wine
- Traditional specialities
- Plant varieties



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Functionality

The new formulation of **Article 7.1.e)** provides that functionality shall apply to shapes and other characteristics of the mark.

A prospective EUTM application shall be refused when the sign consists exclusively of:

- i) the shape or **another characteristic** which results from the nature of the goods themselves;
- ii) the shape or **another characteristic** of goods which is necessary to obtain a technical result;
- iii) the shape or **another characteristic** of goods which gives substantial value to the goods.

The addition of “**another characteristics**” has the purpose of rising the threshold for the registrability of non-traditional trademarks (e.g. smell or sound marks)..

Geographical Indications and Traditional Terms or Specialities

Rationalization of the absolute grounds entailing the protection of designation of origin or geographical indications protected both under national, Union legislations and international agreements to which either the Member States or the Union is a party (**Article 7.1.j) of Regulation 2015/2424 and Article 4.1.i) of Directive 2015/2436)**

Introduction as absolute ground for refusal of traditional terms for wine protected under Union legislation or international agreements to which the Union is party (**Article 7.1.k) of Regulation 2015/2424 and Article 4.1.j) of Directive 2015/2436)**

Introduction as absolute ground for refusal of traditional specialties guaranteed protected under Union legislation or international agreements to which the Union is party (**Article 7.1.ka) of Regulation 2015/2424 and Article 4.1.k of Directive 2015/2436)**)

The last two grounds for refusal are applied **irrespective of** the perception of consumers.



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Plant Varieties

The addition of the absolute ground for refusal covering marks which consist of or reproduce essential elements of plant varieties registered under national or Union legislation when the trade mark application relates to plant varieties of the same or closely related species (**Article 7.1.I) of Regulation 2015/2424 and Article 4.1.I) of Directive 2015/2436**).

This ground for refusal are applied **irrespective of** the perception of consumers.



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Relative grounds for refusal

The sole change entailing relative grounds for refusal concerns the express mention to prior protected geographical indications and designations of origin which can prevent the registration of the EU trade mark application.

Geographical Indications and Designations of Origin

New relative grounds for refusal expressly based on **rights held in designations of origin or geographical indications** protected under national and Union legislations (**Article 8.1.4a) of Regulation 2015/2424 and Article 5.3.d) of Directive 2015/2436**)

- The opposition can be based on **an application for** designation of origin or geographical indication already submitted provided the application is subsequently registered;
- The **principle of priority must apply** in respect of the date of application for registration of the EU trade mark or the date of priority claimed for the application.
- The earlier rights confer on the proprietor the **right to prohibit the use** of a junior mark.



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Rights conferred by a trade mark registration

It is expressly stated that the trademark is conferred without prejudice to the rights of proprietors acquired before the filing date or priority date of the registered trademark.

It serves as a reminder to the applicants that the registration of a trademark affords protection which needs to be consistent with the principle of priority, according to which an earlier registered trademark takes precedence over later registered trademarks.



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New acts considered infringement



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Use of a sign as a trade or company name

Although the possibility of the trademark owners to prohibit using the sign as a trade or company name has already existed in practice, the trademark reform now considers it a specific act of infringement. While trade and company names serve to identify, on the market, the company and the legal person, respectively, they are often used by their owners as trademarks, this is for the purposes of distinguishing goods or services, violating the rights of the trademark owners.

Use of a sign in comparative advertising

In order to ensure legal certainty and full consistency with specific Union legislation, the proprietor of a European Union trade mark will be now entitled to prohibit a third party from using a sign in a comparative advertising where such comparative advertising is contrary to Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising.

Preparatory acts in relation to the use of packaging or other means

In order to enable proprietors of European Union trade marks to fight counterfeiting more effectively, they will be now entitled to prohibit the affixing of an infringing mark to packaging, labels, security or authenticity features and preparatory acts prior to the affixing as well as to sell, stock or import such packaging, labels, tags and security tags.

Goods in transit

The trade mark reform package provides for the substantial provisions in relation to goods in transit in the EU. Those provisions must be read in connection with the provisions included in Regulation 608/2013 concerning customs enforcement of IP rights which set the procedural framework also in matter of goods in transit.

Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the European Union trade mark, the proprietor of a European Union trade mark shall **also be entitled to prevent all third parties:**

- From bringing **goods in transit or packaging thereof**, in the course of trade, into the EU;
- Where those goods are placed **come from third countries**;
- Where those goods bear without authorization a trade mark which is **essentially identical** to the European Union trade mark registered in respect of such goods.

Goods in transit

The trade mark reform package contains some procedural tips regulating the right of the trade mark holder to prohibit the entering of the goods in transit into the EU:

- Reference is expressly made to Regulation 608/2013;
- In Court proceeding the trade mark holder may lose its entitlement to the above prohibition if:
 - during the proceeding to determine whether the European Union trade mark has been infringed;
 - The holder of the goods fulfils the **reverse burden of proof** that trade mark proprietor is not entitled to prohibit the placing of the goods on the market in the country of final destination.
- The provisions on goods in transit **do not apply to private consignments.**



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Own-name defense

The own-name defense will be restricted to cover the use of names of natural persons only:

“1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

(a) where the third party is a natural person, the name or address of the third party

(b) ...

(c) ...

2. Paragraph 1 shall only apply where the use made by the third party is in accordance with honest practices in industrial or commercial matters”.



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Intervening Rights of the Proprietor of a Later Registered Trade Mark as Defense in Infringement Proceedings

For the first time a provision concerning trade mark infringement proceedings is part of the EU trade mark system.

The proprietor of either an **earlier** EU or national trade mark cannot prohibit the use of either a **later registered** EU or national trade mark when these latter cannot be declared invalid in the following situations:

- When the challenged later trade mark is a EU trade mark Articles 53(3) and (4), 54(1) and (2) and 57(2) of the Regulation apply.
- When the challenged later trade mark is a EU trade mark Articles 8, 9(1) and (2) and 48(3) of the Directive apply.

Intervening Rights

When the challenged **later trade mark is a EU trade mark** and it could not be declared invalid according to:

- **Article 53(3):** the proprietor of the earlier mark **expressly consented** to the registration of the later mark.
- **Article 53(4):** the proprietor of the earlier mark bases its invalidity claim on such earlier right despite it **could have invoked it in a previous invalidity action.**
- **54(1) and (2):** the proprietor of the earlier mark **has acquiesced in the use** of the later mark for five successive years.
- **Article 57(2):** the proprietor of the earlier mark **cannot fulfil** either the simple or the double threshold of the **proof of use** in invalidity proceedings (i.e.: i) use of the mark during the 5 years preceding the application for invalidity; ii) use of the mark during the 5 years preceding the filing/priority date of the later mark, when in both instances the earlier mark has been registered for not less than 5 years at the time the invalidity action is lodged **or** both at that date and at the filing/priority date of the later mark).



Intervening Rights

When the challenged later trade mark is a national trade mark and it could not be declared invalid according to:

- **Article 8:** At the filing/priority date of the later mark the earlier mark has not acquired distinctiveness, has not yet become sufficiently distinctive to claim the likelihood of confusion, has not acquired reputation.
- **Article 9(1) and (2):** the proprietor of the earlier **registered** mark, **non-registered** mark or **other earlier IP rights has acquiesced in the use** of the later mark for five successive years.
- **Article 48(3):** the proprietor of the earlier mark cannot fulfil the double threshold of the proof of use in invalidity proceedings (i.e.: i) use of the mark during the 5 years preceding the application for invalidity; ii) use of the mark during the 5 years preceding the filing/priority date of the later mark, when in both instances the earlier mark has been registered for not less than 5 years at the time the invalidity action is lodged).



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Changes affecting the Community Trademark Regulation (CTMR) only

Change of names:

Office for Harmonization in the Internal Market (OHIM)



European Union Intellectual Property Office (EUIPO)

Community Trademark (CTM)



European Union Trademark (EUTM)



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Searches

The Office will provide prior rights search reports **only** if the applicant requests and pays for them.

However, the Office will keep searching irrespective of the applicants' requests insofar as it will keep sending watch notice to the owners of earlier EU trade marks, upon publication of a new EU trade mark application.

Claiming Priority

Priority shall be filed together with the EU trade mark application and shall include the date, the number and the country of the previous application.

The documentation in support of the priority claims shall be filed within 3 months of the filing date.

This change only comes into force 21 months from publication of the new Regulation, namely **on 24 September 2017**.



Fees

The new Regulation introduces a different fee structure where each class is charged separately. So far the applicants paid a flat fee that covered 3 classes by default. When the new rules come into effect they will be no longer obliged to pay for classes they

		Current	New
Application fee (electronic filing)		900 (3 classes)	850 (1 class)
Class fees	2nd class	--	50
	3rd class	--	150
	4th and subsequent classes	150	150
Total amounts	Application fee (1 class)	900	850
	Application fee (2 classes)	900	900
	Application fee (3 classes)	900	1050
Renewal fee (electronic filing)		1350 (3 classes)	850 (1 class)
Class fees	2nd class	--	50
	3rd class	--	150
	4th and subsequent classes	400	150
Total amounts	Renewal fee (1 class)	1350	850
	Renewal fee (2 classes)	1350	900
	Renewal fee (3 classes)	1350	1050



Classification of the goods and services

The new rules for the designation and classification of goods and services follow the principles established by the Court of Justice in its Ruling of June 12, 2012 often referred to as IP Translator case (C-307/10), according to which goods and services for which protection is sought need to be identified by the applicant with sufficient **clarity** and **precision** to enable the competent authorities and businesses to determine the extent of protection the trade mark confers.

The **general indications** of the class headings of the Nice Classification may be used to identify goods or services provided that such identification is sufficiently clear and precise.

Also, the use of general terms has to be interpreted as including only all goods or services clearly covered by the literal meaning of the term.



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Declaration of the owners of CTMs filed before June 22, 2012 registered in respect of the entire heading of a Nice class

The owners of the above mentioned rights may file a declaration, within 6 months of the entry into force i.e. **until the third quarter of 2016** of the new Regulation, that their intention was to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class.

We strongly encourage our clients to review their trademark portfolios and decide whether any amendments to the specifications of goods and services of their registrations are required.

The points that should be reviewed with the assistance of the trademark counsel are:

- Are there any CTMs in our portfolio that were filed prior to June 22, 2012?
- Do those CTMs use class headings in order to specify the goods and services protected?
- What key goods and services that those CTMs protect are assumed to be covered by the class heading but are not specified expressly?

Declaration of the owners of CTMs filed before June 22, 2012 registered in respect of the entire heading of a Nice class

The declaration will not prevent a third party from continuing to use a trademark in relation to goods or services provided that:

- the use of the mark for those goods or services commenced before the filing of the declaration
- the use of the trade mark in relation to those goods or services did not infringe the proprietor's rights based on the literal meaning of the goods and services on the register at that time.

The CTMs should also consider whether it is necessary to file a complementary CTM applications before the entry into force of the Regulation in order to minimize the risk of third parties relying on the exception to infringement mentioned above.



Examination and opposition period for International Registrations designating the EU

The reform has set new time frames for the registration process of IRs designating the EU.

- The examination of the absolute grounds and classification will be carried out within 1 month.
- Then the opposition period of 3 months starts running.
- If no oppositions are filed, the IR is granted protection within a total of 4 months.
- Currently the granting proceeding of IR designating the EU is finalized in a total of 9 months if no oppositions are filed.



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New time frame for the proof of use in opposition proceedings

The proof of use of the earlier trade mark must be furnished upon request of the applicant where the earlier mark has been registered for five years preceding the application or priority date of the junior mark and not anymore its publication date.



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Changes affecting the Directive only



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Non-use as a defense in opposition proceedings

In order to harmonize the national trademark law with the unitary trademark regulation, the person applying for a registration of a trademark at all national offices will be able to request the opponent to submit **proof of use** of its earlier trademark where, at the filing date or date of priority of the later trademark, the earlier trademark has been registered for not less than 5 years.

Such procedure has not been available until now, for example, in the opposition proceedings before the Spanish Patent and Trademark Office (SPTO).



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Non-use as a defense in infringement proceedings

The proof of use rules that have been available only at the OHIM so far, are now extended into the infringement proceedings before the Courts.

Consequently, a defendant will be able to request a claimant to provide proof that the earlier trademark has been put to genuine use during the period of 5 years preceding the date of bringing the action or to indicate proper reasons for non-use.



Procedure for Revocation or Declaration of Invalidity

All Member States must offer administrative procedure before their offices for revocation or declaration of invalidity of a trade mark so that the parties are not obliged to contest the validity of a prior trademark in court proceedings, which are normally long, cumbersome and expensive.

Currently there are four countries where the revocation and invalidity proceedings are only available before the Courts – Benelux, France, **Spain** and Italy.

The Member States have 7 years to implement this change into their national laws **presumably until early 2023**.



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Mandatory protection of trademarks with reputation against dilution

Despite most of the EU Member States already adopted legislations providing protection of reputed trade marks against dilution, the new Directive introduce such defense as mandatory.

Indeed, within relative grounds for refusal or invalidity, Article 5 provides that “a trade mark **shall not be registered** or, if registered, **shall be liable to be declared invalid**:

“if it is identical with, or similar to, an earlier trade mark irrespective of whether the goods or services for which it is applied or registered are identical with, similar to or not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State in respect of which registration is applied for or in which the trade mark is registered.”



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