



association des praticiens du droit des marques et des modèles

Opinion regarding the European Commission's proposal for a recast of the Trade Mark Directive and the proposal for a modification of the Community Trade Mark regulation

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APRAM – *Association of Trade Mark and Design Rights Practitioners* – is an international association for French-speaking specialists in industrial and intellectual property, in particular trade marks and designs.

The association, which now has almost 1000 members in 34 Countries, was founded 35 years ago and is open to all French-speaking Trade Mark and Design law practitioners practising all over the world. Its members are in-house intellectual property specialists, Attorneys at law and Trade Mark Attorneys.

The objective of the association is in particular to play an active role in, and be at the forefront of, discussions concerning intellectual property and business law notably in Europe, either upon request for input or on its own initiative. As a prominent international intellectual property association, APRAM is in particular a member of the OHIM users group, a rotational member of the Administrative Board and Budget Committee of the OHIM and observer at the World Intellectual Property Organization (WIPO).



On 27 March 2013, the European Commission presented proposals for an amendment of Regulation 207/2009 on the Community Trade Mark (Regulation), together with a proposed amendment of the Fees Regulation and for a recast of Directive 2008/95/EC for the approximation of the laws of the Member States relating to trade marks (Directive). The present document constitutes the opinion of APRAM on these proposals.

As a preliminary remark, we would like to state that APRAM considers that the proposals for amending the Community Trade Mark Regulation (including the fees) and the recast of the Trade Mark Directive should be examined and adopted together in the legislative process. Indeed, these two proposals constitute a “package” and are linked to one another.

The proposals for the CTMR and TMD cover a broad range of issues. In this paper, APRAM focuses on the following issues: “Institutional aspects of the proposal” (1) and on the “substantive law and procedural aspects” (2)

1) The institutional aspects

a) The necessary complementarity of the CTM system and National Trade marks systems.

APRAM welcomes the fact that both the Regulation and the Directive insist on the need to have a two-level system of protection. Indeed, recital 3 of the draft Directive states that “*Coexistence of trade mark systems at national and Union level in fact constitutes a cornerstone of the Union’s approach to intellectual property protection*” and recital 6 of the regulation states that “*National trade marks continue nevertheless to be necessary for those undertakings which do not want protection of their trade marks at Union level or which are unable to obtain Union-wide protection while national protection does not face any obstacles. It should be left to the decision of each person seeking trade mark protection whether the protection is sought only as a national mark in one or more Member States, or only as a European trade mark, or both*”.



APRAM has always considered that one of the essential and fundamental characteristics of the trade mark system in Europe is the possibility of protection at two levels which is available to the economic actors. These actors can freely choose, depending on their size, their projects, their interests, to protect their trade mark either at national or at Community level. The maintenance of the two-fold system is imperative for APRAM. APRAM therefore welcomes the fact that this principle is enshrined in the proposals.

However, this principle should not only be a sentence in the legislative texts, but should become or remain a reality in the future. The coexistence of the two systems requires a delicate balance and must take into account, in particular, the level of fees of national trade marks and CTMs and the efficiency of National Offices which should be increased (see b below). Such a system will only work if there is an appropriate balance between national and community trademark fees).

b) Level and structure of fees; harmonization and cooperation.

In this regard, APRAM considers that the level of the application fee for a CTM, as proposed by the Commission, is appropriate. This level should not be reduced in the future. Indeed, the amount of 775 Euros for filing a trade mark protected for 10 years in 28 Countries is affordable, even for SMS. If this amount was to be reduced further, the difference between the costs of a national application and a CTM would not be sufficient and therefore a risk that applicants, who do not necessarily need a CTM, may consider it worthwhile to file a CTM instead of a national mark, considering the small cost difference.

APRAM would like to point out that filing and prosecuting a trade mark is relatively cheap, whereas clearing a trade mark has become increasingly expensive. These difficulties would be compounded if, in the future, applicants were to file more CTMs and less national marks.

APRAM is therefore of the opinion that the proposal for a new application fee should not be further reduced in the future.



On the other hand APRAM believes that there is a margin for a further reduction of renewal fees and recordal fees. It should be pointed out that the level of fees for recording a license or another right is 200 Euros per registration, whereas it is 26 Euros in France or around 63 Euros in the UK.

Moreover, the recast Directive provides for further harmonization and notably of procedures (opposition, administrative cancellation procedures...). These mandatory provisions will improve National Trade marks systems for the benefit of users. APRAM therefore strongly supports this. The improvement of National offices proceedings is also a good way of limiting "competition" between National marks and CTMs. However, National offices will have to bear the cost of implementing and operating these new functions.

For this reason, APRAM is opposed to the Commission's proposal whereby the surplus accumulated by the OHIM should be transferred to the budget of the Union. Indeed, part of this surplus could be used to help National offices to implement these new tasks. Moreover, these mandatory new tasks should be part of the cooperation, as per Article 123 D of the CTM Regulation, and should be linked to 10% of OHIM income in order to finance the functioning of these new responsibilities, once they are implemented. Such a means of financing would be in the interest of all stakeholders : this would resolve National offices' worries regarding the financial implications of these new responsibilities, it would avoid the accumulation of surplus by the OHIM, and it would be in the interest of users as these funds will be used for trade mark related projects.

As far as fee structuring is concerned (both for National trade marks and CTMs), APRAM welcomes the Commission's proposal to pay a fee for the first class and additional class fees as from the second. However, APRAM is opposed to the Commission's proposal for a lower application fee for applicants who accept to use a pre-authorized specification of goods and/or services.

APRAM does not understand why applicants who adopt specific wording in specifications of goods/services should be penalized. Indeed, sometimes, a specific wording (which is



not a pre-authorized wording) is used in order to limit the scope of protection of a mark either to avoid conflicts or following agreement with the owner of an earlier right. Moreover, such a provision would penalize companies who innovate by the creation of new goods/services which do not already exist or are not yet pre-authorized. Such a proposal would therefore penalize innovation

c) The OHIM's tasks and governance

APRAM welcomes the definition of the tasks of the OHIM in article 123 C.

Regarding governance, APRAM considers that the current governance of the OHIM has worked perfectly well and the OHIM and the CTM system is a success story. APRAM is therefore questioning the reason for changing the governance of the OHIM which has proven its efficiency.

d) Delegated acts

APRAM considers that the OHIM has significant expertise in proceedings and procedural rules. Therefore, APRAM believes that the OHIM should be deeply involved in the adoption of these delegated acts. APRAM also considers that the Users should be associated and consulted for the adoption of these "rules". A provision which guarantees the role of both the OHIM and the Users should be included in the Regulation's proposal.

2 - Substantive law/Procedural aspects

a) Changes in the Directive and in the Regulation for implementing/clarifying/modifying the ECJ's case-law.

APRAM welcomes the following proposals:

* **Representation of trade marks** (article 2 of the Directive and article 4 of the Regulation). APRAM agrees with this proposal which removes the requirement for trade



marks to be represented graphically and replaces it with the requirement that "the sign must be capable of being represented in a manner which enables the competent authorities and the public to determine the precise subject of the protection afforded to its proprietor". APRAM supports the flexibility provided which will enable in the future new kinds of trade marks to be represented by technologies which do not currently exist. APRAM however suggests that smells be added to the list of signs which can constitute a mark. Finally, harmonization of practices on this topic between National offices and the OHIM should be encouraged.

* **Prohibition of use of a sign as a trade name/company name** (article 10§3d directive, article 9§3d Regulation)

* **Prohibition of use in comparative advertising when the use is unlawful** (10§3f Directive, 9§3f Regulation)

* **Prohibition of import even if only the consignor is acting for commercial purposes** (10§4 Directive, 9§4 Regulation)

* **Extent of protection of Trade marks enjoying reputation**, regardless of whether the goods or services of the infringer are identical, similar or dissimilar to those for which the mark is registered (5§3 Directive, 8§5 Regulation).

* **Goods in transit** (10§5 Directive, 9§5 Regulation) APRAM strongly supports the proposal as far as goods in transit are concerned. This point was expressed by APRAM during the consultation made by the Max Planck Institute on behalf of the Commission. The current situation, following the ECJ's decision, has created an opportunity for infringers who use this flaw in the system in order to "legitimize" their infringing goods by having them transit through Europe. This new provision is of utmost importance for brand owners and is an efficient tool for fighting against infringement.

* **Specification of goods/services** (40 Directive, 28 Regulation) APRAM fully supports these provisions. These provisions will provide legal certainty, as the applicant



and third parties will be able to immediately ascertain, with certainty and consistency the scope of the protection.

* **Genuine use in case of registered variants** (16§4 Directive, 15§1a Regulation)
APRAM welcomes these proposals which implement the ECJ decision in the Rintish case.

APRAM is strongly opposed to the following proposal:

* **Narrowing the scope of protection in case of double identity to the case where the function of origin is affected** (article 10 of the Directive, article 9 of the regulation).

The Commission states that the aim of this provision is to provide more legal certainty. APRAM strongly opposes this proposal. Instead of providing legal certainty, this provision generates great uncertainty and further limits the protection of trade marks. Such a provision would result in the recognition of international exhaustion (which is in contradiction with articles 15 of the Directive and 13 of the Regulation under which exhaustion of rights is limited to the territory of the Union). Indeed, in the case of parallel imports, the owner of the trade mark will no longer be able to prevent such parallel imports as the function of origin will not be affected.

Moreover, this provision is also in contradiction with article 10§3f) of the Directive and 9§3f) of the Regulation, which enable the owner of a trade mark to prevent third parties from using a mark in unlawful comparative advertising. Indeed, the use of a mark in comparative advertising, even if unlawful, hardly ever affects the function of origin of the mark. APRAM therefore suggests that the reference to the function of origin be deleted. APRAM also suggests harmonizing article 10§2 b) of the Directive and article 9§2b) of the Regulation on the one hand and article 5§1-b) of the Directive and article 8§1-b) of the Regulation, by deleting the sentence "The likelihood of confusion includes the likelihood of association with the earlier trade mark" in articles 5§1-b) of the directive and article 8§1-b) of the regulation.

b) Recast of the Directive: a further harmonization between national systems and between national systems and the CTM system.

APRAM welcomes the following proposal:

*** Absolute grounds for refusal** (article 4 of the Directive)

- Insertion in the Directive of a provision which enables a trade mark to be refused in case of conflict with protected GIs, (article 4§1 I and j Directive)

- Insertion of bad faith as an absolute ground (article 4§3 Directive),

*** Relative grounds for refusal** (article 5 of the Directive and article 8 of the regulation)

- Mandatory character of the enhanced protection bestowed on trade marks enjoying a reputation (Article 5§3 a). This provision harmonizes this point in all Member States and aligns it with the current provisions of the CTM Regulation. APRAM however considers that the wording of this article should be revised to read: "where the earlier trade mark has a reputation in the Member State..." instead of "where the earlier trade mark has a reputation in a Member State..." (the correct wording is used in Article 10§2 c) which provides an equivalent provision),

- Insertion of article 5§3 b) - mark filed by an agent, and article 5§3d) - protection of GIs. However, APRAM enquires whether article 5§3 c) - existence of a mark protected in a third country and mark filed by the applicant in bad faith - is necessary, because bad faith is included in the absolute grounds for invalidity.

- Moreover, such a provision is not clear and will be difficult to implement. Indeed, as the prior mark (protected outside the EU), on which the action will



be based, must have been used, how will a Trade Mark Office or a Court assess this situation if such a mark has genuinely been used? According to the laws of which country?

*** Non-use as defence in proceedings- Infringement, Opposition, Invalidity -** (articles 17, 46, 48 Directive). APRAM considers that this represents an important step forward in the harmonization process.

*** Trade marks as objects of property (article 22 to 27)**

*** Proceedings** (articles 38 to 51):

- Abolishment of ex officio objections to national trade mark applications on relative grounds (*Article 41 Directive*). APRAM strongly supports this proposal. The ex officio examination on relative grounds is cumbersome and causes delays. Moreover, such examination is not always consistent and efficient.
- Mandatory opposition proceedings with the same kind of prior rights, cooling off, and non-use as defence (articles 45 and 46). While fully supporting this proposal, APRAM however regrets that pre-registration opposition proceedings are not made mandatory. Harmonization in this respect would provide increased legal certainty for users throughout the European Union, regardless of the route of protection.
- Mandatory administrative cancellation/revocation proceedings (articles 47 and 48). APRAM fully supports these provisions, as it has always been in favour of such proceedings being implemented before National offices. APRAM however considers that the wording of article 47§3 b) "the trade mark should not have been registered because of the existence of an earlier right within the meaning of Article 5(2) and (3)" should be replaced by "the



trade mark should not have been registered in application of article 5(1), (2) and (3).

- Duration of registration and renewal (articles 50 and 51). APRAM also welcomes this harmonization. Indeed, even if the duration is 10 years in almost all the Member States, the calculation of this duration and the renewal dates widely differ. Such harmonization will provide more clarity. The conversion of a CTM into a National mark should also be subject to the same rules on renewal.

APRAM is opposed to:

* **Absolute grounds for refusal in other Member States** (article 4§2a Directive), which obliges Member States to refuse trade mark applications when the grounds for refusal exists in other Members States. This provision is in contradiction with the principle of co-existence between National marks and CTMs. Moreover, ascertaining that the mark should/should not to be refused in all Members states would result in a considerable burden for the examination process, either for National Offices and for users and this would notably increase the costs for users if they want to check if, for a mark filed in one country, there are no grounds for refusal in the (26) remaining countries.

* **Absolute grounds for refusal in case of transcription/transliteration** Article 4§2-b Directive and 7§2 –b Regulation, which provide for non-registerability on absolute grounds of terms that would be descriptive if translated or transcribed in any script or official language of the EU. APRAM considers that such a provision is impractical for both users and Trade marks Offices.

c) Revision of the CTM Regulation

APRAM welcomes the following proposals:

- * **Abolishment of systems for filing CTM applications with national trade mark Offices** (Article 25 Regulation). Indeed, the E-filing system is efficient and the need to filing CTM through National offices is now no longer necessary.
- * **Observations of third parties at any time** prior to the end of the opposition period, or (if the application is opposed) the conclusion of opposition proceedings (rather than, as under the present system, having to wait until the official publication date before they can do so) (Article 40 Regulation)
- * **Creation of a symbol** (article 45 Regulation). APRAM considers that such a symbol should be the ®
- * **Shortening of the opposition period for international registrations** from 9 months to 4 months (article 156 Regulation).

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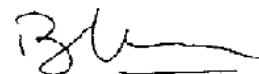
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