

New EU Trademark Law: The Reform Is Not Over!

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EU Trade Mark Reform: Update on the final stages

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I. New secondary legislation

- Background: Complex alignment to Art. 290/291 TFEU
- Commission Implementing Regulation (C(2017) 3224)
- Commission Delegated Regulation (C(2017) 3212)
- Adopted on 18/05, publication in OJEU only after expiry of period for EP/Council to object to DR (Art 163a(5) EUTMR)
- Applicable from 1/10, replacing old IR/RBoA, role of Office GL



○ Where to find the adopted texts?

- On the Commission's Better Regulation Portal:

<https://ec.europa.eu/info/law/better-regulation/initiatives/c-2017-3224>

<https://ec.europa.eu/info/law/better-regulation/initiatives/c-2017-3212>

or

- On the Register of Commission documents (text of DR only!):

<http://ec.europa.eu/transparency/regdoc/?fuseaction=search>

Main element of Implementing Regulation

- New representation requirements for EUTM
 - Proper balance between legal certainty and flexibility
 - Sieckmann criteria as overarching principle for all TM types
 - Representation decisive for defining subject matter
 - Specific rules for word, figurative, shape, position, pattern, colour, sound, motion, multimedia and hologram marks
 - Shape/sound/motion/hologram marks: still choice between electronic *or* traditional means of representation

Main elements of Delegated Regulation

- Consistency: aligned rules on revocation/invalidity & opposition
- Less burden: substantiation of earlier rights through reference to online sources recognised by the Office
- Simplified translation requirements (translation only if Office so requires; option to limit translation to relevant parts)
- Streamlined rules on presenting written evidence (evidence may be discarded if not possible to link it to ground/argument)
- Consolidated rules on appeal procedures and BoA organisation

II. Codification of EUTMR

- Proposal COM(2016) 702 – 2016/0345 (COD) of 31/10/16
- Combining original/amendments without changes (212 articles!)
- Adoption by co-legislators taking over COM proposal as adapted to recommendations of Consultative WP
- Applicable from 1/10 with new secondary legislation;
- Alignment of latter to former still to be done

- Comprehensive EUTM reform process following Communication of 16/07/08 on an industrial property rights strategy for Europe coming to final end!



Thank you for your attention!

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EUIPO practice under the new law

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EUIPO's Guidelines for Examination

Revised Guidelines came into force 23 March 2016

Further revisions being adopted and come into force 1 October 2017

<https://euipo.europa.eu/ohimportal/en/trade-mark-guidelines>

& watch out for EUIPO training and webinars.

Fees and procedure

Fee per class system in operation

Renewal date now date of expiry, **not end of month**

From 1 October 2017:

- ▶ priority claims only **at time of filing**
- ▶ detailed framework for written evidence, belated evidence and less burdensome translation regime
- ▶ single rule for suspensions, greater alignment across oppositions and cancellations

New kind and types of EUTMs

From 1 October 2017:

- ▶ **EU certification marks** come into existence, available for certifying institutions/organisations and covering specific characteristics (other than geographic origin)
- ▶ Elimination of need for graphical representation allows new **types** of EUTMs
- ▶ Detailed means of filing, amongst others, **position**, **pattern**, **motion**, **multimedia** and **hologram** marks, e-filing system updated to accommodate them

Absolute grounds for refusal

“Shape mark” grounds for refusal (nature of goods, functionality, substantial value) extended to characteristics other than shapes

From 1 October 2017, **acquired distinctiveness** through use may be invoked as a **subsidiary claim**

- ▶ gives rise to a separate decision on acquired distinctiveness
- ▶ must be claimed in reply to examiner’s first objection

Opposition proceedings

EU designations of International Registrations – opposition period starts **one month** after publication (formerly six months)

Proof of use for earlier mark where it is registered \geq five years as of **application/priority date** of later EUTM application

- ▶ formerly: as of publication date of later EUTM application.
- ▶ old rule still applies for oppositions filed before 23 March 2016.

Opposition proceedings

From 1 October 2017:

- ▶ unsubstantiated oppositions rejected without having to hear the applicant
- ▶ limitations, withdrawals and requests for proof of use in **separate document**
- ▶ deadlines for submissions by parties become eligible for **continuation of proceedings**
- ▶ discretion for accepting late proof of use taking into account stage of proceedings, relevance and reasons for evidence not being produced earlier

Cancellation proceedings (revocation and invalidity)

From 1 October 2017:

- ▶ surrender requests after revocation action filed conditional on final rejection or withdrawal of action (current practice based on Guidelines)
- ▶ facts, evidence and arguments only absolute admissibility requirement in certain cases
- ▶ online substantiation

+ in addition

- ▶ new EUIPO procedure to request **assignment** of EUTM in name of agent or representative as alternative remedy to invalidation

Appeals: cross appeals

From 1 October 2017, new legal basis for cross appeals:

- filed by respondent within two months of notification of statement of grounds
- no fee payable but falls away if main appeal withdrawn
- filed separate from respondent's response
- appellant given two-month term to respond to cross appeal

Appeals: other issues

Requests for **second round of observations** within two weeks of notification of response

Formal basis for **expedited appeals/priority examination**, in a separate document and supported by evidence of urgency/special circumstances

Possibility of **re-opening examination** on absolute grounds in both *ex parte* and opposition cases, remittal back to examiner

Transposition of the TM Directive in the EU Member States

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Transposition deadlines

Directive (EU) 2015/2436 (recast Trade Mark Directive)

- **Entry into force:** 12 January 2016
- **Main transposition deadline:** 14 January 2019
- **Transposition deadline for Article 45 (IPO proceedings for cancellation of marks):**
14 January 2023

Progress in the Member States

- **Legislative activity well underway**
- **Several drafts for national laws have been circulated (e.g. Austria, France, Germany, Spain)**
- **Benelux have announced draft before Summer `17**
- **UK: firm commitment to implement the Directive**
- **Consultations on draft national laws generally in the language of the Member State in question**

Hungarian timetable

- **Current work on the General IP Procedural Code**
- **First draft of the amendment of the Trade Mark Act:** January 2018
- **Bill submitted to Parliament:** March 2018
 - envisaged adoption: May 2018
 - together with the relevant secondary legislation
 - publication: June 2018
- **Entry into force:** January 2019
- **Modified Guidelines:** Fall 2018

EUIPO support for transposition

- **Working Group meetings**
 - Informal network of national reference persons
 - Discussion of issues raised by Member States
- **Reference texts** (to be developed further)
- **Pre-legislative convergence**
 - Representation of new types of trade marks
 - Acceptable file formats for new types of marks
- **Post-legislative convergence**
- Other support (tailored to MS needs)

Key areas of transposition

Some challenging issues:

- „...*or another characteristic*”
 - broad or restrictive interpretation?
- **Collective/certification marks: flexible rules?**
 - Potential divergence in national provisions (and from EUIPO standards)
 - Concerns in seniority or conversion cases
- **Goods in transit:** significant change in substantive law
 - Seizure and detention duties of customs authorities need revision
- **Mandatory administrative opposition and cancellation proceedings**
 - No need for implementation in Hungary – available since 2004

New types of trade marks

No more need to represent graphically → new types of marks

- **Commission's Implementing Act:** Article 3 as „model provision”
- **Types of marks:** definitions, mandatory indication
- **Means of representation:** statutory requirements, role of a description, „other” category
- **Accepted file formats:** technical convergence and its limits
- **Search issues** and interplay between EUTMs, national marks, IRs
- **Substantive law issues:** distinctive character and scope of protection for audio/audiovisual marks of a longer duration

Transitional provisions (I)

Grounds for refusal

No transitional provisions in the Directive: room for manoeuvre

- **„Virtually new” and new (or altered) grounds for refusal:**
 - most „new” grounds for refusal [GI, TSG(?), wine names, PV] already existed before
 - but: „*other characteristics*” is truly new
- **Cut-off date:** entry into force of the new provisions
- **Two opposite risks:**
 - invalidation of earlier marks based on new grounds?
 - „grandfathering” of non-compliant marks (vs. phasing out)
 - **HU:** considering „EU accession model” (cancellation with effect from first renewal due after cut-off date)
- **EUIPO Practice Note** on temporal scope of new grounds for refusal
 - different approach: possible „grandfathering”

Transitional provisions (II)

Goods and services (class headings)

Aftermath of IP Translator

- Before, Hungary had applied a „*class heading covers all*” approach
- **Post-IP Translator and pre-Directive:** „*literal meaning*” (potentially overridden by *declaration* referring to alphabetical list)
- **Recast Directive:** full class headings only cover *literal meaning*
- **No transitional provisions:** MS should provide those for clarification of the coverage of earlier marks/applications
 - possibly allow „*grace period*” for declarations [similar to 28(8) EUTMR + EUIPO Communication 1/2016] to seek protection beyond literal meaning (alphabetical list)
 - clear scope of terms in national registers are essential in the EU context (oppositions based on national marks)

Impact of the new law on litigation

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Intervening rights & limitations

Two mayor **substantive amendments** introduced by EU Regulation regarding

- defence to infringement complaints
- exclusive right of trademark owners

bring about **important changes** which require devising a thoughtful strategy before commencing infringement proceedings.

Status of implementation in Spain

- Directive (EU) 2015/2436 to be implemented in Spain by means of an amendment to the current Trademarks Act
- First draft published in April 2017 by Spanish Patents and Trademarks Office – www.oepm.es. Still long way to go
- Introduction of new Article 41 *bis* (intervening-rights defence) and amendment of Article 37 (limitations to the trademark right)

The “Intervening Rights” Defence

Article 13(a) EUTMR / 18 Directive provide new defence in infringement proceedings to provide legal certainty

- In a nutshell:
 - Later mark that is **acquired while earlier mark cannot be enforced** against it (due to non-use, for lack of distinctiveness etc.) should be **shielded from later attacks** based on same earlier mark
 - Already enshrined in CTMR– Article 57(2), (3), protecting CTMs from **cancellation** based on previously unused marks
 - Now extended to **protecting also use** of later mark
 - (N.B.: EU Trademark law: commencing use revives trademark registration with old priority date – no abandonment!)

The “Intervening Rights” Defence

Conditions and effect (focusing on non-use issues)

- **Conditions**
 - Later mark registered
 - Earlier mark vulnerable to revocation on account of non-use at application/priority date of later mark
- **Effect**
 - "legal" coexistence of conflicting trademarks

The “Intervening Rights” Defence

Therefore, no intervening rights protection (under EU law):

- If later mark filed when earlier mark not (yet) subject to **use requirements** (even though, some time later, the earlier mark became vulnerable)
- For **use-based rights** acquired while earlier mark was vulnerable

The “Intervening Rights” Defence

Differences resulting from current disalignment between EUTM Regulation and national laws (pending transposition)

- Defence can only be held against earlier EUTM
- Against earlier national marks, while Directive not transposed, at least in theory no intervening rights defence
- Awkward result: later EUTM cannot be declared invalid based on previously unused national mark (57(2),(3) EUTMR), but use of later EUTM can be enjoined - ??

The “Intervening Rights” Defence

Different rules for earlier EUTMs / national marks?

- 13a EUTMR applies to earlier EUTMs – is already in force;
18 Directive applies to earlier national marks – requires transposition
 - ➔ Defence can currently only be held against earlier EUTMs (absent already existing national laws providing intervening rights defence: Germany; Benelux)
- Awkward result: later EUTM cannot be declared invalid based on (e.g.) previously unused national mark (57(2),(3) EUTMR), but use of the EUTM can be enjoined based on the same mark...

The “Intervening Rights” Defence

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Limitations of the effects of a trademark

Changes to limitation regime – company names

- Own-name defence now limited to names of natural persons (Article 12(1)(a) EUTMR) use of company name no longer a defence
 - ➔ Use of company name no longer a defence against earlier EUTMs
- Corresponding provision in Directive ... but not yet transposed
 - ➔ Possible to argue that national law must be interpreted in line with new Directive?
 - ➔ Or company name defence still valid against earlier national marks?

Limitations of the effects of a trademark

Changes to limitation regime – fair use

- Fair use now extended from “descriptive” to „non-distinctive signs” generally
- No general fair use provision. Artistic use – referred to in preamble: must be addressed on different bases (not trademark use, no interference with functions of earlier mark) but is not a defence
- Again: national laws still have old rules. Narrower limitations or quasi-self-execution of the Directive?



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