



Reform of EU Trade Mark Law

Earlier this year, and following several years of discussion and consultation, the EU Council published the latest versions of a new package of proposed reforms to trade mark law in the EU. The reforms encompass a new Trade Mark Directive and Regulation, intended to foster innovation and economic growth in the EU by providing accessible and efficient trade mark registration systems in terms of costs, complexity, speed, predictability and security. The reforms aim to ensure coexistence and complementarity between the trade mark systems of the EU, to modernise the existing provisions and streamline procedures. Whilst the wording of the latest versions is not absolutely final, it is unlikely that substantive changes will be made.

In the first of our briefings on the reforms, we look at some of the key changes which will be implemented, and consider in detail the potential impact of the removal of the "graphical representation" requirement.

Key Changes

New Terminology

To more accurately reflect the jurisdiction of the CTM system and Office, various terminologies will be changed:

- The Office for Harmonisation in the Internal Market (OHIM) becomes the more self-explanatory European Union Intellectual Property Office (EUIPO).
- Community Trade Marks (CTMs) become European Union Trade Marks (EUTMs).
- The Community Trade Mark Regulation (CTMR) will become the European Union Trade Mark Regulation (EUTMR).

No More "Three for the Price of One"

EUTM applicants will no longer benefit from being able to cover up to three classes of goods/services under the basic application fee. The basic application fee will cover only one class, and each class over the first will incur an additional fee. Whilst the reform may appear unwelcome to some, it is worth bearing in mind that the amended legislation will bring into effect the reduction of various official fees, including application fees, and it is hoped that the reform will help to reduce the cluttering of the register which has resulted from the "three for one" system.

Clarity Regarding Class Headings

Following the decision of the CJEU on the IP TRANSLATOR case¹, the reforms seek to clarify the approach to use of class headings in specifications. Previous practice that use of the class heading covered all goods/services in the class has been replaced with the requirement that the goods/services for which protection is sought must be identified by the applicant "with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the

protection sought". The effect of this is that class headings will now be interpreted as including all goods/services which are covered by a literal interpretation of the terms therein. Goods/services which fall within the class in question but are not covered by a literal interpretation of the class heading will not be included.

Importantly, proprietors of CTMs filed before 22 June 2012 which cover entire Nice class headings will be given a period of six months from the entry into force of the new Regulation to state whether, by using the class heading, they intended to cover goods/services which extend beyond such a literal interpretation and, if so, to amend their specification to include such goods/services. Any registrations not so amended within the six months will be deemed to cover only those goods encompassed by a literal interpretation of the terms in the specification.

Greater Protection Against Infringing Goods in Transit

Under the new law, trade mark proprietors will be able to prevent the transit of infringing goods, such as counterfeits, through the EU. An exception to this will be where the owner of the goods can show that the trade mark proprietor would not be entitled to prevent the marketing of the goods in the country of final destination.

Shape Mark Exclusions Extended to all Characteristics

The current provisions of Article 7(1)(e) of the Regulation prohibit the registration of signs consisting exclusively of shapes which result from the nature of the goods, which are necessary to achieve a technical result, or which give substantial value to the goods. The new provisions will extend these exclusions to apply not only to shapes, but also to marks which consist of any other characteristic.

Own Name Defence

Defendants in infringement proceedings are currently able to rely on the "own name" defence to infringement, whether or not the defendant is a natural or legal person, i.e. whether or not the name used is a personal or company name. The new Regulation expressly limits the defence to use of personal names only.

Revocation and Invalidity Proceedings

The new Directive requires Member States to provide an "efficient and expeditious administrative procedure" before their offices for revocation or invalidity. Whilst many Member States already provide such a procedure, in certain member states a revocation or invalidity action must be brought in the courts, which can be time-consuming and costly.

Infringement Proceedings

- Non-use defence - A defendant may require the owner of EUTMs registered for more than five years to provide proof of use in infringement proceedings, removing the need (though

not the option) to counterclaim for revocation.

- Company names - Use of a sign as a company name is now specifically included in the examples of infringing use provided in the revised Regulation and Directive, as is use in comparative advertising which does not comply with the Comparative Advertising Directive².

End to Graphical Representation Requirement - An Open Door for Non-Traditional Trade Marks?

In addition to the above reforms, the revised Regulation and Directive remove the requirement that a trade mark must be capable of being represented graphically, potentially opening the door to the registration of non-traditional trade marks which have previously been difficult to register.

The graphical representation requirement has been replaced with a requirement that the mark applied for must be "represented on 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". It is of note that 'colours' and 'sounds' are now specifically included in the non-exhaustive list of signs of which a trade mark may consist.

The amendment was originally proposed in the 2013 Max Planck Institute for Intellectual Property and Competition Law report in order to remove the "restrictive" requirements of the current system. The purpose of the amendment is to allow for more flexibility while also ensuring greater legal certainty with regard to the means of representation of trade marks, by allowing signs to be represented in any appropriate form using generally available technology. The move reflects developments in technologies and the fact that, contrary to providing legal certainty, the graphical representation requirement could actually result in a lack of clarity with regard to marks such as sound and

motion marks, which currently must be represented by means of musical notation or a series of images, for example. Under the new rules it is likely that such marks will be able to be represented by means of an appropriate sound or video file.

Whilst in theory the reforms would appear to open the door to the registration of non-traditional trade marks, it should be borne in mind that the pre-ambles to the new Regulation and Directive make clear that marks must still satisfy the "Sieckmann" criteria set down by the CJEU in 2002³, namely that the mark must be clear, precise, self-contained, easily accessible, intelligible, durable and objective, and the relevant Office will still need to be satisfied that the sign is capable of distinguishing the goods or services of one undertaking from those of other undertakings. As such, whilst applicants may find it easier to apply for marks such as sound and motion marks, other non-traditional marks such as smell marks are still likely to face difficulties.

What Next?

Once agreed by the Legal Affairs Committee of the European Parliament, the drafts will undergo a process of legal and linguistic revision before the formal adoption of the Council's position. The drafts will then be put before the Parliament for approval, and initial estimates suggest that the Regulation could be expected to come into effect in the second quarter of 2016 (with Member States then being given three years to implement most of the Directive into their national laws⁴).

1. C-307/10
2. Directive 2006/114/EC
3. C-273/00
4. With the notable exception of Article 47 regarding revocation and invalidity proceedings before the national offices, which Member States are required to put in place within seven years.