

The new EU Trademark Law - Changes and Impact on Trademark Owners

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After over five years, the Trademark Law Reform process in the EU has been concluded with the publication, on 24 December 2015, of the new EU Trademark Directive² and the final changes to the EU Trademark Regulation³. The new law brings about changes in nomenclature, fees, proceedings, and substantive law affecting both Community (in future: European Union) and national trademarks. Most of the **changes affecting the CTM** come into force on **23 March 2016**. A number of the new provisions, typically those that require secondary legislation to be issued, including the abolition of the requirement for graphic representation of trademarks and the introduction of EU Certification marks, will only come into force 1 October 2017. The **recast Directive** that concerns the **national trademark systems** needs to be transposed into the national trademark laws of the Member States. This has to be done by **January 2019** (or 2023 for introducing administrative cancellation proceedings). Member States are of course free to transpose the Directive more quickly than that, and it is hoped that as many as possible will do that.

Here is an **overview over the most important changes**, including a discussion of the impact of the new law on **fees, renewals, and specifications** relating to EU trademarks.

A. Main changes for Community trademarks / EU trademarks)

The changes to the Community Trademark Regulation affect many aspects of the CTM starting with the nomenclature. The impact on fees is significant, in particular on renewal fees. There will be a number of technical changes affecting availability and scope of protection of EU trademarks, and also institutional changes at OHIM. OHIM's website contains a dedicated section on the amendment [here](#), which will be continually updated. Below is a summary of the changes that are of practical relevance.

1. Nomenclature

The CTM will become European Union Trade Mark, or "**EUTM**". OHIM will be re-named "European Union Intellectual Property Office" – short "the Office" or "**EUIPO**". And the President of the Office will become its Executive Director. The domain name for OHIM's website "oami.europa.eu" will be "euipo.europa.eu".

¹ Dr. iur, Founding Partner. The article is to be published in WTR, Issue 59, February / March.

² Full title: Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks (Recast)

³ Full title: Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs); published [here](#).

2. New Fee Regime

The new law introduces the following main changes:

- Fees per class (no longer 3 classes for the price of 1)
- Generally fees lowered by 10%
- New fee regime for applications and renewals

For **e-application and e-renewal fees**, the following table allows a quick comparison:

	First class	Second class	Each additional class
e-application new	850€	50€	150€
<i>e-application old</i>	<i>900€ for first three classes</i>		<i>150€</i>
e-renewal new	850€	50€	150€
<i>e-renewal old</i>	<i>1,350€ for first three classes</i>		<i>400€</i>

In other words, single-class applications will be slightly cheaper, two-class applications will cost the same and multi-class applications will cost 150 EUR more than before.

However, **renewals** will be **much less expensive** under all circumstances, and this will be more striking the more classes that are renewed. Here is an additional table including conversion to USD to illustrate that.

Renewal in:		1 class	3 classes	5 classes	7 classes	10 classes
CTMR	€	1,350	1,350	2,150	2,950	3,850
	\$	1,465	1,465	2,330	3,195	4,170
EUTMR	€	850	1,050	1,350	1,650	2,100
	\$	920	1,140	1,465	1,790	2,275

As per OHIM's Communication 2/2016 of 29 January 2016, the new fees apply to all EUTMs expiring on or after 23 March 2016. To the extent that trademark owners have already requested and paid for renewals of such marks, the Office will refund any excess payments. The old fees, in turn, apply to all CTMs that expire before 23 March 2016. The Office has clarified that this will be applied independently of whether the renewal is requested before or after 23 March 2016.

3. EUTM Renewals: to be requested at the time of expiry

The new law provides that EUTMs have to be renewed by the **date of expiry**, which is the day 10 years later that corresponds to the date of filing, and **no longer at the end of the month** during which the expiry occurs, which has been the rule for CTMs since their inception.

For CTMs expiring between 1 March and 23 March 2016, the question as to the applicable law and fee for renewals seemed particularly acute. Applying the current law, these marks have to be renewed by the end of March 2016, and applying the new law, they have already expired when the new law enters into force on 23

March. The Office has addressed this in its Communication 2/16 offering the Solomonic solution that all such marks that are renewed by the end of March will be treated in accordance with the old law, i.e. the old fees will apply and there will be no surcharge for late payment.

4. Specifications in existing and new EU trademark registrations

a) New rules regarding specifications in trademark registrations – background and overview

With the introduction of new provisions both in the Regulation and in the Directive, the EU legislator has recognized the importance of the specification of trademark registrations for the functioning of a trademark registration system, and has cast the 19 June 2012 CJEU judgment IP TRANSLATOR (C-307/10 – Chartered Institute of Patent Attorneys - [here](#)) into law.

The law provides that all terms in trademark specifications have to be **clear and precise**. General indications from class headings are in principle permissible, provided they comply with this requirement⁴. It is made clear that the general indications cover only goods or services covered by their **literal meaning**. Moreover, goods and services have to be classified in conformity with the Nice Classification, and proper classification becomes compulsory for multi-class filings. Also, the law provides expressly that classification has no impact on the assessment of the similarity of goods and services.

b) Specifically: existing CTM registrations covering class headings: Article 28(8), (9) EUTMR

The new Article 28(8) EUTMR allows the owners of EUTMs filed before 22 June 2012 indicating full class headings, to amend these registrations in order to **include goods or services that are not covered by the literal meaning of the class headings**. As such, it pays tribute to the legitimate expectations of trademark owners who indicated class headings in their CTM applications, relying on the consistent practice of the OHIM prior to the IP TRANSLATOR judgment, whereby the indication of full class headings was read to mean “all goods / services” in the class in question.

The **requirements** for making an amendment under Article 28(8) EUTMR are:

- The amendment must be made by written declaration filed between 23 March and 23 September 2016. The normal rules for representation of trademark owners before OHIM / EUIPO apply.
- The EUTM was filed before 22 June 2012 and is registered before 23 March 2016 (entry into force of the new Regulation).
- The EUTM covers the “entire class heading” of a Nice Class. Additional terms do not harm but any restrictions will make an amendment inadmissible. Where an application contains several classes and only one or a few of them cover full class headings, amendments will be possible for that class or those classes only.
- The terms to be added are in the Alphabetical List of the edition of the Nice Classification in force at the time of the application for the CTM. Between 1996 and 2012, there were five different editions – from the 6th to the 10th edition. It will be necessary to check which edition applied to the EUTM at issue. Historic Nice editions are provided on WIPO’s website [here](#).
- The terms to be added do not fall within the literal meaning of the class headings. There is some room for interpretation (for examples: are diagnostic preparations covered by “pharmaceutical preparations in class 5?”) and it is hoped that the Office will accept the amendment if there is

⁴ OHIM and the national offices in the EU, in the framework of Convergence Program 2 (CP2), have agreed eleven terms that do not comply with this requirement, mostly “goods made of these materials”, as well as „repair services“. This agreement is, however, not binding on courts or even PTO appeal boards, and additional terms may be found too vague in the future.

reasonable doubt as to whether the term is covered by the literal meaning, bearing in mind that the amendment also serves clarification purposes.

Whether a declaration under Article 28(8) EUTMR can be made for **International Registrations designating the EU** is currently under discussion, with OHIM taking the position that it cannot, and WIPO defending the opposite. OHIM's position is difficult to reconcile with the fact that that designations under an IR are, in principle, on an equal footing with direct filings.

As regards the **effects** of a declaration under Article 28(8), these are:

- An admissible declaration leads to an amendment of the specification. This will be appropriately reflected in the online database of the Office.
- The amendment of the specification will be without prejudice to the use requirement. This means that the addition of a product not covered by the literal meaning of the original specification will not set off a new grace period for putting the mark to use. It does not mean that the mark can be revoked on the grounds of non-use because it was not used for any of the goods or services of the original specification.
- The status quo with regard to junior marks owned by third parties is preserved, provided that these were in use or had been filed prior to the amendment of the EUTM (Article 28(9)). In other words, if a junior mark only infringes the CTM in respect of amended terms, but did not infringe it as originally registered, the owner of the CTM cannot attack the use or registration of the junior mark relying on the amended specification. The practical effect of this should, however, not be overrated.

The **absence** of a timely declaration under Article 28(8) will lead to the EUTM covering only those goods which fall under the literal meaning of the class heading and no further opportunity for amendment.

5. Further Changes Affecting EUTM Applications: Priority Claims, Absolute Grounds, IRs

- **Priority claims** must be raised **with the application** and cannot be raised after the application (however, this change only comes into force 1 October 2017).
- **Graphical representation** of trademarks will not remain a requirement, although marks still need to be represented in the Register. Again this change will only come into force 1 October 2017.
- **Searches:** official searches by the Office will only be provided if requested (and paid for) by the applicant. However, the Office will in any event have to continue searching because watch notices to the owners of earlier EU trademarks will continue to be sent.
- **Disclaimers** are abolished. The deletion of the reference in the Implementing Regulation to voluntary disclaimers is read by the Office as meaning that these are no longer admissible.
- **Functionality to apply to shapes and “other characteristics”:** The absolute ground for refusal or invalidity of shape marks is amended to apply also to “other characteristics” that are essentially functional. In theory it could therefore apply to colors or configurations not inherent to the shape.
- **More geographical indications, traditional terms for wine, traditional specialities, and plant varieties’ names** constitute absolute grounds for refusal independent of consumer perception.
- **Examination and opposition period for IRs designating the EU:** The three- month opposition period starts running one month (currently: six months) after publication by the Office. If no oppositions are filed, the IR is granted protection within a **total of 4 months**, as opposed to the current 9 months.

6. Changes relating to the use requirement: proof of use, intervening rights.

- **Proof of use in opposition and cancellation proceedings** must be supplied upon request where the earlier mark has been registered for five years prior to the application or priority date (no longer the publication date) of the junior mark.
- **Legal certainty for intervening rights:** the owner of an earlier mark who cannot successfully request the cancellation of a later EUTM (e.g. because of prior consent, acquiescence, or non-use of the earlier mark at the time of the application for the junior mark) cannot prohibit its use either.

7. Changes relating to the scope of protection

- **Goods in transit** are subject to customs enforcement measures. Only where the presumed infringer can prove that the trademark will not be infringed at the final destination must the goods be released.
- Use of the earlier mark as a **company or trade name** is expressly mentioned as one of the forms of **infringement**.
- The “**own name defence**” is restricted to personal names and no longer applies to company names.
- The “**fair use exception**” is extended from merely descriptive to non-distinctive signs.

8. Certification marks

- The introduction of certification marks in the EU puts an end to the discussion whether they are more appropriately registered as individual or as collective marks. This will, however, only become a reality on 1 October 2017.

9. Procedural issues

- **Continuation of proceedings** will be applicable also to time limits in **opposition proceedings**, which is not currently the case.
- **Request for transfer of a trademark registered by an unfaithful agent:** the legitimate owner can request the transfer of a EUTM filed by an unfaithful agent (e.g. distributor) by initiating proceedings before the Cancellation Division of the Office, when previously this could only be done in court proceedings.
- Finally, the Office is empowered to create a **Mediation Centre** where parties can mediate any disputes relating to EUTMs or registered Community Designs, including disputes that do not concern actual proceedings pending before the Office.

B. Main changes affecting national trademarks

The most remarkable aspect of the new EU Trademark Directive is that, for the first time, the EU legislator also provides for numerous procedural aspects, in an attempt to bring national trademark practices more in line with the proceedings at the EUIPO.

As mentioned at the outset, the changes laid down in the new EU Trademark Directive have to be transposed into national law in order to take effect, and the EU Member States have three years for doing this, and – with respect to the introduction of administrative cancellation proceedings, even seven years (i.e. until January 2019 and 2023, respectively). Generally speaking, the core substantive provisions in the

Directive mirror those in the Regulation. As long as the national laws therefore do not reflect the new regime, there will be a certain dichotomy between national and the EU-wide systems, and, as a result, the practices of the national offices as opposed to the EUIPO. This is unfortunate, in particular in times of Convergence Programs aiming at a greater harmonisation at practice level, and it is therefore hoped that the member states will implement the new trademark regime in their national laws rather sooner than later.

As regards the change relating to **company names**, and in particular the abolition of the **own name defence** for these, national courts could implement the change already based on the current law, which never expressly mentioned company names but simply the “own name”, and was only interpreted as meaning also company names in line with case law of the Court of Justice. This would address concerns of a difference in scope of protection between EU trademarks and national marks with respect to third-party company names.

Apart from this, here is a very brief overview over changes that are specific to the Directive:

- Protection of marks with a reputation against **dilution** becomes mandatory. Whilst optional under the current Directive, this is already the law in most Member States.
- **Bad faith** must be a possible ground for declaration of invalidity of a trademark also on national level.
- Member States have to provide the possibility of **opposition proceedings**. In these proceedings, opponents have to be able to rely on more than one earlier right. Importantly, applicants facing oppositions can request **proof of use** within the opposition procedure rather than having to initiate cancellation proceedings as is currently the case in many Member States, including Spain.
- **Non-use** of the earlier mark is a **defence** in infringement proceedings.
- **Administrative (PTO) proceedings for revocation or declaration of invalidity** of national trademarks must be provided. In many if not most Member States, such claims currently have to be brought before the Courts. Member States, however, have seven years from entry into force of the recast Directive for introducing this change, i.e. until January **2023**.

C. Outlook

Overall the new law is another milestone on the way to a more harmonised European trademark system, in favour trademark owners. The OHIM – soon-to-be EUIPO – is working on implementing all the changes on a substantive and of course a technical level, while the Commission is drafting the delegated and implementing acts required by the new law and the EU Member States start preparing the transposition of the Directive into national laws. At the same time, the EU Commission is working on proposals to further modernise the enforcement of intellectual property rights, focusing on commercial-scale infringements as well as cross-border applicability. It is therefore important to stay informed, so watch this space!