Study on the Overall Functioning of the European Trade Mark System

presented by

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Munich

15.02.2011
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Part I – Introduction

A. Definition of the mandate

I. Purpose of the Study

The purpose of this Study is to provide the Commission with an in-depth assessment of the overall functioning of the trade mark system in Europe as a whole including both at the Community and at the national level. The aim is to analyse current performances and to identify potential areas for improvement, streamlining and future development of this overall system to the benefit of users and the society as a whole. In this context, the Study also seeks to establish the potential for an enhanced cooperation between the OHIM and the national offices and to look into how best to implement the distribution of a proportion of the renewal fees paid for Community trade marks to the Member States in view of the services rendered by the Member States and their trade mark offices. The results of the Study should enable the Commission to propose amendments in the relevant legislation, involving not only the CTMR but also the TMD.

II. Tasks and evaluation questions

In order to achieve this purpose, the Study had to perform two interrelated tasks. The first task relates to an assessment of the links and interfaces between the Community trade mark (CTM) system and the national trade mark systems. In this context the Study had to analyse the level of harmonisation achieved, the need for further harmonisation of the national trade mark systems, the nature of the relation and the various links between these systems, the contributions of Member States to the overall functioning of the CTM system, their role in the enforcement of CTMs, and the potential for enhanced cooperation between OHIM and national offices with a view to increasing the effectiveness and efficiency of the trade mark system as a whole. The second task consists of a comprehensive analysis of the functioning of the CTM system including its administration by OHIM. This task required to examine the key areas of the CTM system in order to identify the potential for improvements to increase the effectiveness, efficiency and added value of the system, and to further identify potential for increasing the quality of OHIM’s activities. Quality includes coherence and consistency, availability of up-to-date services, including Internet-based services for the whole range of activities, all in the interest of all users, including, in particular, small and medium-sized enterprises (SMEs).

The analyses and assessments had to be carried out along the lines of the evaluation questions listed in the Commission’s Invitation to tender nº MARKT/2009/12/D. The answers to these questions are summarized in the Conclusions in Part VIII of the Study.
B. Method used

This Study has been based on a work programme consisting of four pillars:

1. a survey amongst the users of the CTM system;

2. detailed statements of all relevant user associations, which had been invited to submit their comments and analyses related to the questions in the Invitation to tender;

3. information from the national trade mark offices regarding their positions and activities;

4. a detailed legal analysis of the issues addressed in the Commission’s invitation to tender.

In addition, “INNO-tec”, an institute at the Economic Faculty of the Ludwig-Maximilian University of Munich, has provided in its capacity as a subcontractor an economic analysis of certain aspects of the CTM system. The final report of that analysis is attached as Annex I to this Study.

Furthermore, members of the Study team conducted talks with persons of high expertise in the field, in particular with members of the Appeal Board of OHIM.

I. User survey

Several of the questions posed by the Commission required the determination of the views of stakeholders on certain aspects of the European trade mark system. Those views were investigated by means of a representative survey.

This survey was carried out by the "Institut für Demoskopie Allensbach“ (in the following: “Allensbach”). Because of its own legal research department and long-standing experience in the field of legal research surveys, Allensbach has the necessary trade mark law expertise to ensure optimum operation of a survey on the CTM system.

This survey was carried out as an online-based survey. One thousand six hundred randomly selected users were interviewed based on a list of questions, which was developed in close collaboration with the Study Team of the MPI. The user organisations as well as OHIM were also integrated into the drafting of the questions. To the extent possible this input was adopted by Allensbach into the final version of the online questionnaire.

The questions in the survey referred to three main areas,

- the evaluation of the CTM system as a whole as well as individual aspects concerning the activities of OHIM and the national offices;
- possible changes of the CTM system and
- the fee structure of OHIM.
The survey targeted users registered in OHIM’s database. The random selection included as users proprietors and applicants of a CTM as well as their agents. Details of the sample composition arise from the Allensbach Report.

The response rate was 8.3 percent. The main findings of the Allensbach survey are summarized in Part II, Chapter 3. The complete findings of the survey are presented by Allensbach in the Report “Survey of Market Participants Who Use the CTM System”, which is attached as Annex II.

II. Statements of user associations

All relevant user associations were invited to comment on the list of questions posed by the Commission. Seventeen associations took advantage of this opportunity. Among them are the five trade mark associations which have observer status at the Administrative Council of OHIM: ECTA, INTA, MARQUES, AIM and BUSINESSEUROPE. The received statements have been published on the MPI homepage. In addition, hearings were organised in Munich where the associations had the opportunity to bring forth further comments and discuss selected questions with the Study Team. The statements are summarized in Part II Chapter 2.

III. Information from the national trade mark offices

On the basis of the questions raised in the invitation to tender the Study Team developed a questionnaire covering the following set of issues:

- Structure and financing
- Statistics
- Procedure
- Cooperation with users
- Cooperation with other trade mark offices and OHIM
- Enforcement
- Usage of a share of OHIM renewal fees.

All 25 national offices were contacted. There are 25 offices for 27 Member States because the Benelux countries have a common office, the Benelux Intellectual Property Office. About half of the national trade mark offices were visited – including also a representative number of "smaller" offices – so as to discuss selected questions face-to-face. The visits were carried out by two members of the Study Team, who discussed the topics addressed in the questionnaire with the responsible persons from the offices. The interviews were recorded and subsequently evaluated. Offices which were not visited received the questionnaire by e-mail with the request to complete it. All offices were further asked to provide additional information which in their view could be of interest for the Study. Completed questionnaires were received from all 25 offices. The answers and information from the offices are summarized in Part II Chapter 1.
IV. Legal Analysis

16 On the basis of these fact findings and the statements received, the Study Team has carried out a legal analysis of the issues addressed in the Invitation to tender as well as closely related issues. In that context, an academic workshop was arranged which was attended by a number of highly renowned experts in the field of trade mark law from European and American universities.

17 The legal analysis is as far as possible based on the following structure:

- Current law
- Case law
- Opinions submitted
- Issues
- Proposals.

18 Part III to VI contains this legal analysis of the European Trade Mark System including OHIM (Part IV), harmonisation of national laws and practices (Part V) and the issues of coexistence and cooperation (Part VI).
Part II – Fact finding

Chapter 1 – Interviews with, and information from, national trade mark offices

A. General remarks

1.1 In the following, an overview is given on the information obtained from national trade mark offices by way of interviews as well as on the basis of questionnaires which were sent out to all offices in addition to, or instead of, personal visits. A full documentation of the questionnaires as completed by the national offices is attached to this report as Annex III. The following summary is based on the answers given by the offices, without assuming any responsibility for their correctness.

B. Organizational and financial structure

I. General status

1.2 National offices (with the exception of the Benelux Office) are public bodies within the structure of the Member States’ national administrations. They are either directly subordinated to the respective Member State’s government (Bulgaria, Czech Republic, Hungary, Slovakia) or attached to a specific ministry (Austria, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovenia, Spain, Sweden). The United Kingdom Intellectual Property Office is a government agency and a trading fund under the umbrella of the Department of Business Innovation and Skills.

II. Financial structure

1.3 National offices in Austria, Bulgaria, Cyprus, Czech Republic, Estonia, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia run on the general budget of their governments. Fees for their activities are part of the income in the government’s budget and are redistributed by their respective governments according to the approved budget plans. The major part of these national offices have indicated that currently their domestic laws do not provide for a mechanism ensuring that their fees would be used specifically for trade mark related purposes.

1.4 To the contrary, national offices in Denmark, Finland, France, Hungary, Portugal, Romania, Spain, Sweden and the UK, as well as the Benelux Office, have financial independence. Their fees do not go to the central government and they are self-financing (use their income to fund their activities). These national offices
have indicated that their expenses are necessarily related to the accomplishment of the missions and functions which have been attributed to them by law. The Benelux Office is an office common to and supervised by Belgium, Netherlands and Luxemburg and is an autonomous legal person as well as the executive organ of the Benelux Organisation of Intellectual Property. The Benelux Office has indicated that it is financially independent and entirely self-supporting.

1.5 As a general rule, national offices have operational independence in the field of their activities prescribed by the national law (trade mark examination, oppositions, renewals, etc.), whereas their final decisions may be appealed according to the procedures prescribed by national law. The bodies competent to hear such appeals differ from one Member State to another (civil courts, administrative courts, special state administration bodies and (or) a specialist independent tribunal).

III. Organizational structure

1.6 Within the internal organizational structure, national offices usually are divided into general departments (legal department, international affairs, human resources, financial department) and departments devoted to specific activity areas. Trade mark and design matters are usually comprised into one department (e.g. France, Slovakia, Spain, Finland, Latvia, Lithuania, Hungary, UK, Slovenia, Germany, Poland, Denmark, Estonia and Sweden). The Portuguese, Czech, Hungarian offices also have advisory units. The Portuguese, Czech, Hungarian, German, Danish (Quality unit) offices have internal auditor’s units.

1.7 The French, Finnish, German national offices also have regional branches or representations. In addition, the French office has international posts in Brazil, China, Maghreb and United Arabian Emirates.

1.8 By comparison, Greece has separate offices for patents and trade marks. The Greek trade mark office is comprised of only two departments: department “A” responsible for trade mark applications and department “B” responsible for trade mark registration as well as international and EU relations.

IV. Number of employees

1.9 The number of employees in each national office differs significantly. The total number of employees varies from approximately 17 (Malta), 60 (Ireland, Lithuania), 800 (France, UK) to 2600 (Germany). The number of employees at the trade mark department also varies significantly: from 7 in Malta to 350 in Germany.

1.10 However, it is difficult to draw any conclusions on the basis of comparison of the number of employees at the national offices. Not only the size of respective markets, but also the activities of the national offices are significantly different in each Member State.
V. Scope of activities

1.11 The scope of activities of the majority of national offices is limited to the field of industrial property rights (patents, trade marks, designs). However, some national offices also cover other intellectual property rights, including copyright (Poland, the UK), whereas the Greek office’s activities cover only trade marks, excluding other industrial property rights. The Benelux IPO is responsible for trade marks and designs.

1.12 Differences also exist in the field of trade mark related activities, including the extent of the office’s competence in this field (e.g. whether it involves legislative activities, enforcement), the scope of ex-officio examination, the scope of additional commercial services provided to the public and other.

1.13 The majority of national offices have indicated that apart from their duties as a registry, they are also involved in the legislative process and prepare legislative proposals (Benelux, Czech Republic, Denmark, Estonia, Finland, France, Hungary, Latvia, Lithuania, Malta, Portugal, Slovakia, Slovenia, and UK).

1.14 Other common functions indicated by the national offices are:
- Administration of international treaties in the area of IP, representation before the international bodies and agencies;
- Cooperation with other national authorities and non-governmental organizations;
- Anti-counterfeiting activities (provision of information to the customs and police, training for enforcement authorities, various campaigns, etc.);
- Raising awareness in the field of industrial property rights, taking part in various related projects;
- Information and advisory services;
- Maintaining an IP library;
- Activities according to the regulations concerning patent attorneys (Czech, German offices).

1.15 The majority of national offices are also involved in commercial activities in the trade mark field. Only a smaller part of national offices indicated that they do not provide any commercial services at all (e.g. Estonia, Germany, Greece, Italy). Commercial activities performed by the Offices are usually comprised of:
- Trade mark searches (basic (covering identical or similar trade marks and applications) or more detailed (covering additional data from trade registers, domain names));
- Trade mark monitoring.

1.16 It is of interest that the UK Office has indicated that it had offered commercial searching advice services in the past, but terminated them as they were not cost-efficient.

1.17 National offices in Austria, Bulgaria, Czech Republic, Croatia, Poland, Hungary, Romania, Slovakia and Slovenia have introduced a common Central European
Trade Mark Observation Service (CETMOS) which enables to provide common search reports covering national and international trade mark registries in these 9 countries and the OHIM register.

1.18 Certain national offices also provide other more specific types of commercial services. For example:

- the UK office sells data from the registry to private service providers;
- the Benelux office provides i-DEPOT service (a date establishment service that enables the user to authenticate the moment of creation of all forms of works, ideas or documents, intended to constitute proof thereof) and Datolite service (sale of databases that mirror the Benelux registers, with the data organised in general fashion or tailored according to the needs of the purchaser);
- the Portuguese office provides tailor-made statistics on a commercial basis;
- the Danish office provides consultancy services (e.g. training);
- the French office provides special services mainly dedicated to the SMEs (e. g. IP-expert spends a day in the SMEs and makes a report about where/when to file a trade mark, patent or design);
- the Slovenian office prepares portfolios of industrial property rights;
- the Finnish office indicates that it also provides general advisory services (however, the advisory staff cannot anticipate whether an individual application is actually going to pass and cannot officially comment on possible infringements or trade mark disputes).

C. Statistical developments

I. General comment

1.19 It is often difficult (sometimes impossible) to make comparisons and draw conclusions regarding certain statistical data, as the kind of statistical data which are available in each office differs. Statistical data which are difficult or impossible to obtain include data regarding the domicile of trade mark applicants (national applicants / applicants from the EU / applicants from third countries); number of classes indicated in the trade mark applications; basis of oppositions (national trade marks / Community trade marks (CTMs)). Even more basic data are sometimes unavailable, such as the number of oppositions, number of conversions (Sweden, Austria). To be noted, some national offices do indicate the need for harmonization in the area of statistics and statistical methodology between the offices as one of the areas for further improvement.

II. Number of trade mark applications

1.20 The absolute majority of national offices’ replies indicate that the number of trade mark applications received by the national offices has decreased during the past 5 years. The percentage of decrease is higher with respect to international applications filed on the basis of Madrid system as compared to direct national applications.
When asked whether the fee reduction for CTMs has had any impact on the number of applications for national trade marks received by the office, national offices were not unanimous. Certain offices replied that they did not notice such impact (UK, Estonia); others replied that the fee reduction for CTMs caused the decrease of national trade mark applications (Hungary, Spain, and Slovenia). However, a larger part of national offices noted that they were unable to conclude whether it was the CTM fee reduction that caused the decrease in national trade mark applications – as other factors such as the economic crisis, influenced such decrease as well (Germany, Greece, Latvia, Lithuania, Czech Republic, Denmark, Finland, Spain, France). It was also suggested that the obvious decline of international trade mark applications may have been caused by the accession of the EC to the Protocol relating to the Madrid Agreement and preference to the EU designation by the applicants (Czech Republic, France). According to the Greek office, the national law requirement that the trade mark application to the national office must be signed by a legal professional, also creates additional costs to applicants and makes the national trade mark system less attractive in comparison with the CTM system.

According to the Portuguese and Polish offices, it is too early to make conclusions on the impact of CTM fee reduction.

### UK office comment:
If there is competition between the two systems [national versus CTMs (author comment)], it does not show in the actual figures. This is mainly because the “gap” caused by fewer registrations from bigger companies is filled by an increased number of applications from SMEs, which only apply for domestic registration. That big enterprises register less domestically is indicated by the fact that nowadays 50-60 percent of the applicants are personal owners, whereas five years ago the majority of the applications came from attorneys. The reason might be that the enterprises in the time of online trading prefer acting across the Community.

In 20 year time the further falling domestic registration could lead to a situation where only the big national trade mark offices can survive while the smaller ones are not able to “earn a living”. However, national registries are necessary because SMEs need the possibility of domestic registration. One answer could be allowing further regional marks for regional markets (Benelux, Scandinavia). As a general point, it seems important that national registration survives because otherwise, the OHIM registry would become too vast. The registry of UK alone comprises half a million of trade marks.

### Benelux office comment:
The Community trade mark has undeniably had an (negative) impact on the number of Benelux applications (as it has doubtlessly had for all national applications). Indeed, this impact was foreseeable: the introduction of the Community trade mark in 1996 opened the possibility for companies to make use of a new resource and it is not surprising – and not in itself unusual – that a certain number of applicants (such as multinationals or non-European companies) have abandoned national trade marks in favour of going down the Community route. There was supposed to be a trade-off and a new balance struck between the trade mark systems ...
The Community trade mark has been in existence for 14 years now and there is no denying that no such trade-off has yet taken place. On the contrary, the figures tend to suggest that an imbalance is emerging and becoming increasingly marked with each passing year. If the changing numbers of applications to the BOIP and to the OHIM over the last few years are observed side by side, it is impossible not to note that the Benelux applications have been falling almost constantly (see the figures for question III.1.1 above) while the Community applications have been rising almost without interruption.

It might be objected that the drop in Benelux applications could be due to factors peculiar to Benelux (the economic situation of the countries concerned, the dynamism of the companies, etc.), but this objection does not stand up to analysis: in fact, the number of applications filed with the OHIM by Benelux applicants is itself rising. The comparison is even worrying if BOIP applications are considered side by side with OHIM applications coming from the Benelux (see graph below): the two curves over the last 5 years are exactly reversed!

It might also be objected that the increase in Community applications could also be due to factors peculiar to the Community itself (European integration, the single market, the dynamism of the OHIM, etc.). This objection, however, does not stand up any better to analysis: taking 2009 as an example, while Community applications in total (of all origins, taken together) only increased by 2.5 percent compared with 2008, Community applications filed by Benelux applicants went up by 32.4 percent! Benelux applicants alone thus account for over 40 percent of the increase in Community applications from 2008 to 2009.

Hence it cannot be denied, given the figures, that a real ‘shift’ of trade mark filings is occurring from the Benelux to the OHIM. And if no trade-off/rebalancing has yet taken place between the Community and Benelux trade marks, this is amongst others undoubtedly due to the policies adopted over the last few years, in particular with regarding fees. See point IV.10 and the reasons stated there that also influence this development.
Purely from a general economic point of view, it is clear that the fact of lowering the price of a product or service makes it more attractive; this is also the case of the Community trade mark in comparison with the alternative protection offered at national level. The 2009 reduction in the fee for the Community trade mark thus had a very visible effect on the Benelux as demonstrated by the changes in the figures from 2008 to 2009:

- Benelux applications: – 8.5 percent
- Community applications: + 2.5 percent
- Community applications coming from the Benelux: + 32.4 percent

With regard to these figures, it is important to note the significant impact of applications filed through agents or representatives, as opposed to those filed directly by the applicants. Such agents are known to carry considerable weight in the Benelux – more so than in many other European countries. Now the figures show that the ‘shift’ of trade mark filings from the Benelux to the OHIM is occurring precisely and above all by way of agents and representatives: if we break down the Benelux figures it is in fact in this category of applications that a sharp drop can be seen, while direct applications, for their part, remain relatively stable. On this point it is impossible to ignore the connection between this fact and the particularly aggressive marketing message conveyed to Benelux applicants by many agents in 2009, frankly and openly urging them to abandon national applications in favour of the Community trade mark.

Finally, when considering the Community trade mark fee reduction it is advisable to be aware of its pernicious effect on Benelux applicants. The ‘shift’ of trade mark filings from the Benelux to the OHIM obviously has a negative impact on the finances of the BOIP. As the BOIP is self-supporting and obliged to balance its budget, it has no choice but to increase the fee for the Benelux trade mark. We are thus faced with a completely paradoxical situation: while Community applicants (large companies for the most part) are seeing the fee for their trade mark reduced, the Benelux applicants, for their part, risk seeing the fee for their national trade mark go up. Given that the vast majority of Benelux applicants are SMEs (over 80 percent of our applicants are companies with less than 10 employees) and bearing in mind that SMEs are supposed to be at the heart of the priorities on the Lisbon agenda, it is extremely surprising that the decision to reduce the Community fee was implemented so quickly without also immediately implementing the other elements of the Package Deal decided in September 2008. The redistribution of 50 percent of renewal fees, in particular, was one of the key elements supposed to counterbalance the increased attractiveness of the Community trade mark.

### III. Number of classes in the application

1.23 The absolute majority of replies do not contain answers to this question. The replies provided by the Estonian and Slovenian offices create an interesting contrast:

- In Estonia the basic fee covers 1 class and the majority of applications indicate 1 class of goods or services (number of applications in one class 12770; in 2 classes 4268; in 3 classes 3138);
- In Slovenia the basic fee covers 3 classes and applications indicating 1 class of good or services are very rare (1 percent of total number of applications) – the majority of applications indicate 3 classes.

1.24 The Spanish office indicates that they have positive experiences with a one class system as SME’s usually need protection in only one class. They provide that this is confirmed by the relevant figures for trade mark registrations in Spain, at OHIM and at WIPO: the registrations in Spain cover 1.5 classes, in Alicante 2.7 classes and at WIPO 2.6 classes.

IV. Number of renewals

1.25 Only a few national offices have indicated rates (not merely absolute numbers) of renewals: the rate of renewals in Denmark – approx. 45 – 48 percent, in Sweden – approx. 50 percent. Absolute numbers of renewals during the period of 2005 – 2009, as provided by the national offices, do not show any significant changes per se, except in Latvia where the number of renewals in 2009 was approximately 30 percent smaller than the average number of renewals during the previous 4 years.

1.26 However, it is not possible to draw conclusions regarding the trends of trade mark renewals without comparing them to the data from the years of their registration (i. e. without having data on the number of trade mark registrations that needed renewal that year).

V. Number of oppositions

1.27 Only a few national offices have indicated rates of oppositions (Denmark: only 3 – 4 percent of published applications; France: 6 percent of published applications; Portugal: 10 – 12 percent of published applications; Slovenia: 12 – 15 percent of published applications). According to the Danish office, the low rate of oppositions in Denmark may be explained by the high quality examination and comprehensive information in the search reports provided to the applicants.

1.28 Likewise, only a few national offices have indicated percentages of oppositions which were based on CTMs (Benelux: 55 – 59 percent; Denmark: 55 – 58 percent; France: 37 percent; Portugal: 50 percent; Slovenia: 40 percent of oppositions are based on CTMs).

VI. Number of conversions

1.29 Numbers of applications for conversion received by the national offices between 2005 and 2009 vary from 166 (Lithuania) to 477 (France). No significant changes in the annual numbers of such applications have been noticed. The percentage of such applications which have resulted in national registrations varies from 41 percent (Estonia) to 84 percent (France).


D. Issues of trade mark procedure

I. Average time of registration procedures

1.30 National offices' replies regarding the average time for a trade mark application to be registered reveal considerable differences. According to the replies, the average time for a trade mark application to be registered falls in the limits of 3 – 6 months in 11 offices (Austria, Benelux, Denmark, France, Finland, Germany, Portugal (without opposition), Spain (without opposition), Slovenia, Sweden and the UK) and within the limits of 7 – 18 months in 13 other offices (Bulgaria, Czech Republic, Denmark (for international applications), Estonia, Greece, Hungary (including 3 months pendency after publication), Ireland, Latvia, Lithuania, Malta, Poland, Romania and Slovakia).

1.31 In Italy the average time for an application to be registered is 2.5 years and in Cyprus it takes even 4 – 5 years.

Table 1: Average time of registration procedures.

<table>
<thead>
<tr>
<th>Offices</th>
<th>Average time for an application to be registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>3 - 4 months</td>
</tr>
<tr>
<td>Benelux</td>
<td>3 months</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>18 months</td>
</tr>
<tr>
<td>Cyprus</td>
<td>4 - 5 years</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>8 months</td>
</tr>
<tr>
<td>Denmark</td>
<td>5.4 months (direct application)</td>
</tr>
<tr>
<td></td>
<td>8.4 months (international application)</td>
</tr>
<tr>
<td>Estonia</td>
<td>9 – 10 months usually, but 16-17 months in 2009</td>
</tr>
<tr>
<td>Finland</td>
<td>5.5 months</td>
</tr>
<tr>
<td>France</td>
<td>5.24 months (including opposition cases)</td>
</tr>
<tr>
<td></td>
<td>3.27 months (without opposition cases)</td>
</tr>
<tr>
<td>Germany</td>
<td>5.2 months</td>
</tr>
<tr>
<td>Greece</td>
<td>10 months</td>
</tr>
<tr>
<td>Hungary</td>
<td>8 months (including 3 months pendency after publication)</td>
</tr>
<tr>
<td>Ireland</td>
<td>7 months</td>
</tr>
<tr>
<td>Italy</td>
<td>2.5 years</td>
</tr>
<tr>
<td>Latvia</td>
<td>12 months</td>
</tr>
<tr>
<td>Lithuania</td>
<td>7-11 months (without opposition)</td>
</tr>
<tr>
<td>Malta</td>
<td>8 months</td>
</tr>
<tr>
<td>Poland</td>
<td>15 months</td>
</tr>
<tr>
<td>Portugal</td>
<td>3 months (without opposition)</td>
</tr>
<tr>
<td></td>
<td>8 months (with opposition or other grounds for refusal)</td>
</tr>
<tr>
<td>Romania</td>
<td>6 – 9 months</td>
</tr>
<tr>
<td>Slovakia</td>
<td>7.5 months</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5-6 months</td>
</tr>
<tr>
<td>Spain</td>
<td>5.36 months (without opposition)</td>
</tr>
<tr>
<td></td>
<td>8.75 months (with opposition or other procedural objections)</td>
</tr>
<tr>
<td>Sweden</td>
<td>2 months</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4-5 months (without opposition)</td>
</tr>
</tbody>
</table>
The option of accelerated trade mark registration is currently available in Germany, Benelux, Bulgaria, Denmark, France, Hungary, Latvia, Romania, Spain and the UK.

Certain national offices allow a possibility to speed up the proceedings free of any charge, provided that the request is substantiated by serious reasons (Denmark, Finland, Greece and Lithuania). In Italy accelerated registration is possible in two cases: (i) when an international application through the Madrid System is filed for one (or more) countries bound only by the Madrid Agreement and (ii) when it is requested by the Court because the related trade mark is under a trial.

II. Time limits for keeping seniority files

Time limits for keeping the files of trade marks which form the basis of seniority claims under Articles 34 and 35 CTMR are different in various national offices:

- Until the lapse of validity of the national trade mark (Cyprus);
- 2 years from the lapse of validity of the national trade mark – at the office; permanently – at the State archive (Lithuania);
- 3 years from the lapse of validity of the national trade mark (Benelux);
- 5 years from the lapse of validity of the national trade mark (paper files), permanently – electronic files (Slovakia);
- 50 years from the lapse of validity of the national trade mark (Czech Republic);
- Until the lapse of validity of the CTM (Hungary, Spain);
- Permanently: Austria, Denmark, Greece, Ireland, Italy, Latvia, Malta (in the archives), Poland, Portugal, Slovenia, Sweden.

Replies by the Benelux, Bulgarian, Estonian, Finnish, French and Romanian offices indicate that currently no specific legal provisions concerning the time limit for keeping seniority files are established.

III. Three or one class system

Number of classes covered by the basic application / registration fee:

- 1 class: Cyprus, Estonia, Greece, Ireland, Italy, Latvia, Lithuania, Malta, Portugal, Romania, Spain, Sweden and the UK;
- 3 classes: Austria, Benelux, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Hungary, Poland, Slovakia and Slovenia.

IV. Class headings

Nearly all national offices accept the filing of class headings listed in the Nice classification. The answers to this question were:
- Yes: Austria, Benelux, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom;
- Yes, provided that they are sufficiently precise: France;
- Tend not to accept: Poland;
- No: Malta.

1.38 Some of the national offices (Austria, Benelux, Czech Republic, Denmark, Germany, Malta, Poland, Slovakia, Sweden and United Kingdom) indicated explicitly that they do not regard class headings as automatically covering all the goods or services falling under the class and, therefore, they do not follow the OHIM practice. The other offices were silent on this issue.

1.39 Similarly, national offices provided differing answers to the question of how the office deals with registrations for class headings if genuine use under Article 12 Trade Mark Directive is only established for a part of the goods or services covered by the class headings:

- Registration will be limited accordingly: Benelux, Denmark, Estonia, Germany, Greece, Latvia, Malta, Poland, Portugal, UK, Slovakia;
- The list of goods or services will not be altered: Czech Republic, France;
  (As the French office explained, it is not able to make an assessment of a long list of goods and if evidence for some goods is given, it is enough for the office. The office is not in charge of the whole assessment of the genuine use issue – if the use is proven only for a part of goods or services covered by the class headings, the owner of the trade mark will enjoy the full protection of the class headings anyway. The situation is different for the court trial cases)
- No position: Cyprus, Slovenia, Lithuania, Finland, Spain.

**Danish office comment:**
The office accepts the filing of class headings listed in the Nice classification system, as it is considered sufficiently precise and unambiguous for registration purposes. However, according to our practice in relation to national trade marks and International Registrations designating Denmark under the Madrid Protocol, a class heading does not cover other goods or services than those covered by the good or service mentioned in the heading. Consequently, if an applicant applies for “musical instruments” in class 16, it will not cover i.e. “tuning hammers”, as a tuning hammer is not a musical instrument.

The same practice does not apply to CTMs, as the office has chosen to take OHIM’s practice into account when dealing with oppositions or requests for revocations that are based on a CTM. Consequently, the office will consider a class heading in a CTM to cover all the goods or services in that class, as that class was defined at the date of application of the CTM.

However, we do not share the OHIM view that this practice gives a sufficiently precise and unambiguous description of the goods and services covered by the registration. We have expressed our view in this regard at several Liaison Meetings in OHIM, as we share the view with a number of
other offices and users in Europe, that this practice can make it virtually impossible or at least very difficult both for users of the system as well as practitioners, offices and courts to establish the extent of protection a CTM should be granted.

Although we have some misgivings in relation to the OHIM practice in this respect, we have felt obliged to take the OHIM practice into account when dealing with oppositions and requests for revocation, due to the unitary character of the CTMR.

V. Genuine use

1.40 The national offices were asked whether there is any office practice or office position regarding the territorial scope of genuine use of a CTM under Article 15 CTMR, which is enforced in an inter partes proceeding before the office, in particular, whether use in only one Member State is regarded as sufficient. The replies were not unanimous:

- Yes: Sweden, Portugal, France (practice till now);
- Not necessarily, depends on the circumstances of the case,: Estonia, Denmark, Austria, Benelux, Hungary, Slovakia, Germany;
- No practice and no position: Poland, Greece, Latvia, Lithuania, Malta, Slovenia, Spain.

Danish office comment:
Due to the unitary character of the CTM and considering the fact that OHIM will uphold a CTM if genuine use is established only in one member state, the office has from the outset reluctantly accepted that use of a CTM in one member state is sufficient to establish genuine use also in relation to inter partes proceedings before the office.

However, it is the view of the office that this practice should be changed. We agree with the opinion of Advocate General Sharpston that was submitted in C-301/07, PAGO, namely that the assessment of what constitutes a substantial part of the Community is not dependent on national boundaries but must be determined by an assessment of all the relevant circumstances of the case. Furthermore, such assessment must be based on the precondition that the unitary character of the CTM entail that one should consider the Community territory as a whole.

This concept does also seem to be foreseen in the Regulation, as Article 112 (2)(a) establishes that conversion of a CTM shall not take place “where the rights of the proprietor of the Community trade mark have been revoked on the grounds of non-use, unless in the Member State for which conversion is requested the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State”. Thus it is foreseen in the Regulation that use in one Member State may not be sufficient to establish use “in a substantial part of the Community”.

Furthermore, it is the view of the office that it is not only the question regarding the territorial extent of use in relation to “genuine use” of CTMs
that should be looked into. It is the whole concept of “unitary character” that needs to be addressed.

A number of questions arise when the concept of “unitary character” is considered, i.e. what impact does the unitary character have on the assessment of:

1. Distinctive character and descriptiveness.
There seem to be some discrepancies in the current practices of OHIM. All languages within the Community must be taken into account when assessing the distinctive or descriptive character of a word, no matter how many people speak the language or how small the geographical extent of that language is. However, does the word consist of a geographical name, the distinctive or descriptive character is currently assessed in relation to the whole of the Community. This can lead to the very strange situation that the geographical name of a ski resort in Finland can be registered as a CTMR even for services relating to ski resorts, if the Finnish ski resort is not known outside of Finland, whereas the Finnish word for “ski resort” would be considered as descriptive in relation to the same services. However, there is no doubt that both words would be considered equally descriptive by the relevant public in Finland.

2. Acquired distinctiveness.
In OHIM’s practice on distinctiveness acquired through use, OHIM have a tendency to require Community wide proof, when the mark in question is considered to lack distinctive character throughout the Community. This is commonly so in relation to 3D-marks. However, it needs to be considered if the lack of proof of acquired distinctiveness in a few Member States should continue to be a hindrance for the finding that a mark has acquired distinctiveness through use “in the Community”. Once again we will draw the attention to the opinion of Advocate General Sharpston in C-301/07, PAGO, as mentioned above, in which it is stated that “It follows from the unitary character of the Community trade mark that one should consider the Community territory as a whole”.

3. Assessment of reputation and protection of reputed trade marks.
The above mentioned decision in the PAGO-case clearly shows that the concepts of “unitary character” and “substantial part” need to be addressed more thoroughly also in relation to the assessment and protection of marks with a reputation. In the decision by the Court of Justice in the PAGO-case it was found that reputation in Austria was sufficient to establish that the CTM has a reputation “in the Community”. As mentioned above it is the opinion of the DKPTO that the concept of “substantial part” should be assessed in accordance with Advocate General Sharpston’s opinion. Furthermore, it is the opinion of the DKPTO that the finding by the Court of Justice that reputation in one Member State is sufficient to establish that the CTM has a reputation in the Community as a whole may not be consistent with the decisions in the Intel-case and the L’Oréal-case and the 16th recital in the Preamble to the Regulation. In the Intel- and L’Oréal-cases the Court of Justice have established that the assessment of “…injury consisting of unfair advantage taken of the distinctive character or the repute of the earlier mark, in so far as what is prohibited is the drawing of benefit from that mark by the proprietor of the later mark, the existence of such injury must be assessed by reference to average consumers of the goods or services for which the later mark is registered…”.

The consequence of such a finding must be that in a situation where it is
established that the CTM has a reputation in A-country, and thus “in the Community”, and the later mark consists of a national registration in B-country, the assessment of “unfair advantage” must be made by reference to the average consumer of the later (national) mark. If the “reputed” CTM has never been used in B-country, the average consumer in relation to the later mark, which is limited to consumers in B-country since we are dealing with a national mark of that country, will not make a connection to the “reputed” CTM, as the “reputation” has only been established in relation to A-country. This effect of the assessment of “substantial part” is not in line with the 16th recital in the preamble to the Regulation, which states that “Decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the office and of ensuring that the unitary character of Community trade marks is not undermined...”. Furthermore, the 16th recital in the preamble to the Regulation does itself imply that the unitary character of the CTM entail that one should consider the Community territory as a whole, which must include the aspect of assessing the repute of the CTM. This conflict needs to be addressed, and it is the view of the DKPTO that it is best addressed by opening up for a discussion of the concept of “unitary character” as such, as well as its effect on substantial trade mark law in a broader sense.

VI. Ex-officio examination

1.41 All national offices conduct an ex-officio examination of absolute grounds of refusal.

1.42 12 national offices have indicated that they also conduct ex-officio examinations of relative grounds: Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Ireland, Malta, Poland, Portugal, Slovakia and Sweden.

1.43 The Danish and UK offices indicated that they do not refuse applications ex-officio on the basis of relative grounds, but provide the applicants with search reports regarding conflicts with earlier rights (in Denmark such reports cover earlier trade marks, designs, trade/company/business/personal names, copyright, titles of copyright protected works of art, portraits and other industrial property rights; in the UK they are limited to earlier national relevant international marks and CTMs).

1.44 According to the UK office, if relevant earlier marks are identified, the applicant in the UK has two months to withdraw the application or to restrict it, to persuade the examiner that the earlier marks cited are not relevant. If none of this happens, the application is published for opposition. If the examiner has not updated his list of relevant earlier marks, the owners of those marks are notified by the office about the publication of the new trade mark.

Table 2. Earlier rights in ex-officio examination.

<table>
<thead>
<tr>
<th>Offices</th>
<th>Earlier rights examined during ex-officio examination of relative grounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>registered national, international or Community trade marks or applications thereof, if they are registered;</td>
</tr>
<tr>
<td>Country</td>
<td>Registered Marks</td>
</tr>
<tr>
<td>------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cyprus</td>
<td>well known trade marks; geographical indications or derivatives thereof.</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>registered or pending national, international and Community trade marks; registered appellations of origin, geographical designations and emblems. Registered national, international or Community trade marks.</td>
</tr>
<tr>
<td>Estonia</td>
<td>registered national, international or Community trade marks; business or trade names; names of proprietary medicinal products; personal names, personal portrait, names of an immovable; name or image of an architectural site; objects of copyright or industrial property right; mark which is used in another country, if the application is filed in bad faith.</td>
</tr>
<tr>
<td>Finland</td>
<td>registered national, international or Community trade marks; trade names, family names.</td>
</tr>
<tr>
<td>Greece</td>
<td>registered or pending national, international or Community trade marks.</td>
</tr>
<tr>
<td>Ireland</td>
<td>registered or pending national, international and Community trade marks.</td>
</tr>
<tr>
<td>Malta</td>
<td>registered trade marks; well known trade marks.</td>
</tr>
<tr>
<td>Poland</td>
<td>registered or pending national, international and Community trade marks; well-known trade marks; third parties’ personal/economic rights; registered geographical indications; trade names.</td>
</tr>
<tr>
<td>Portugal</td>
<td>registered or pending national, international and Community trade marks; other industrial property rights (indications of origin, geographical indications, etc.); signs with names and/or portraits of people without their permission; unfair competition (passing off).</td>
</tr>
<tr>
<td>Slovakia</td>
<td>identical earlier trade marks registered for identical goods or services.</td>
</tr>
<tr>
<td>Sweden</td>
<td>registered national, international and Community trade marks; company names; family name; copyrighted magazine title.</td>
</tr>
</tbody>
</table>

**VII. Opposition**
Trade mark opposition procedures are currently available in all Member States except Malta. However, the following qualifications have been specified:

- Austria and Italy have only recently introduced opposition procedures (in Italy, oppositions will be treated by the Patent office as from 1. January 2011);
- According to the Bulgarian office, genuine opposition procedures are not available at the moment in Bulgaria. Any person may file an objection against a trade mark application within 2 months following its publication, but the person filing the objection will not be a party to the application proceedings. He is entitled to get, on request, information concerning the outcome of the objection;
- In Estonia oppositions are available, but they are not handled by the Estonian Patent office. The Industrial Property Board of Appeal at the Ministry of Economic Affairs and Communications is an independent pre-trial institution, which resolves oppositions and appeals against decisions of the Estonian Patent office.

Grounds for opposition:

- Absolute and relative grounds form a basis for opposition in 10 offices: Bulgaria (as a basis for objections), Cyprus, Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Sweden, United Kingdom;
- Only relative grounds form a basis for opposition in 13 offices: Austria, Benelux, Czech Republic (bad faith is included), France, Germany, Greece, Hungary, Ireland, Portugal, Romania, Slovakia, Slovenia and Spain. The same will apply in Italy from 1. January 2011.

Average time for opposition proceedings varies significantly between different offices (e.g. 3 months in Spain; 1,5 years in Poland and Denmark, 2 – 5 years in Cyprus).

Table 3. Average time for opposition and cancellation proceedings.

<table>
<thead>
<tr>
<th>Office</th>
<th>Average time for opposition proceedings</th>
<th>Average time for cancellation proceedings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Not applicable</td>
<td>1 – 2 years</td>
</tr>
<tr>
<td>Benelux</td>
<td>10 months (often extended at request of the parties)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Not applicable</td>
<td>6 – 18 months</td>
</tr>
<tr>
<td>Cyprus</td>
<td>2 – 5 years</td>
<td>2 – 5 years</td>
</tr>
<tr>
<td>Czech</td>
<td>7 months</td>
<td>7 months</td>
</tr>
<tr>
<td>Denmark</td>
<td>1-1,5 years</td>
<td>1 – 1,5 years</td>
</tr>
<tr>
<td>Estonia</td>
<td>2 years</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Finland</td>
<td>10 months</td>
<td>Not applicable</td>
</tr>
<tr>
<td>France</td>
<td>5,4 months</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Germany</td>
<td>Not available</td>
<td>1 year</td>
</tr>
<tr>
<td>Greece</td>
<td>10 months</td>
<td>10 months</td>
</tr>
<tr>
<td>Hungary</td>
<td>6 months</td>
<td>8 – 10 months</td>
</tr>
</tbody>
</table>
VIII. Cancellation proceedings

1.47 According to the replies, cancellation proceedings are available before the offices in Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Germany, Greece, Hungary, Ireland, Italy (on the basis of court request after a judgment concerning relative grounds), Poland, Portugal, Slovakia and the UK. In Benelux, Estonia, Finland, France, Lithuania, Malta, Romania, Slovenia, Spain and Sweden cancellation proceedings are available only before the courts.

1.48 In the Member States where cancellation proceedings are available before the office, average duration of the cancellation proceedings is the same as the duration of trade mark opposition proceedings.

1.49 As regards the grounds for cancellation, answers provided to the questionnaires are rather abstract and it is not possible to make direct comparisons. For more detailed comparisons an analysis of national laws and practices would be necessary.

IX. E-filing

1.50 E-filing of applications is currently available before most offices; the possibility of e-filing for other activities (renewals, oppositions) is less common.

Table 4. Availability of e-filing

<table>
<thead>
<tr>
<th>Office</th>
<th>Availability of electronic filing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Not available</td>
</tr>
<tr>
<td>Benelux</td>
<td>Applications</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Not available</td>
</tr>
<tr>
<td>Country</td>
<td>Applications</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Applications</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Applications</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Applications</td>
</tr>
<tr>
<td>Estonia</td>
<td>Applications</td>
</tr>
<tr>
<td>Finland</td>
<td>Applications</td>
</tr>
<tr>
<td>France</td>
<td>Applications</td>
</tr>
<tr>
<td>Germany</td>
<td>Applications</td>
</tr>
<tr>
<td>Greece</td>
<td>Applications</td>
</tr>
<tr>
<td>Hungary</td>
<td>Applications</td>
</tr>
<tr>
<td>Ireland</td>
<td>Renewals</td>
</tr>
<tr>
<td>Italy</td>
<td>Application (only for national trade marks by a Representative with a certified electronic signature)</td>
</tr>
<tr>
<td>Latvia</td>
<td></td>
</tr>
<tr>
<td>Lithuania</td>
<td>Not available</td>
</tr>
<tr>
<td>Malta</td>
<td>Applications</td>
</tr>
<tr>
<td>Poland</td>
<td>Applications</td>
</tr>
<tr>
<td>Portugal</td>
<td>Applications</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>Not available</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Applications*</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*All forms available on all subjects can be sent in e-form via Common Portal of Public Administration, based on a qualified e-signature. E-filing should not be confused with on-line filing.</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Not available</td>
</tr>
<tr>
<td>Spain</td>
<td>Applications</td>
</tr>
<tr>
<td>Sweden</td>
<td>Applications</td>
</tr>
<tr>
<td>UK</td>
<td>Applications</td>
</tr>
</tbody>
</table>

E. Existing cooperation and potential for enhanced cooperation with OHIM
I. Extent of taking into account OHIM Examination Guidelines

1.51 Generally, national offices consider OHIM Examination Guidelines as one of their reference sources and as interesting opinions from other specialists in the field of trade mark law. However, they do not regard these Guidelines as legally binding, i.e. as a legal basis for their decisions. By comparison, national offices usually put more emphasis on national and Community court decisions than on the practice of OHIM as described in OHIM Examination Guidelines.

1.52 As regards the general attitude towards OHIM Examination Guidelines, national offices first of all mention the usefulness of these guidelines. However, they also indicate the limited extent of their use due to:

- insufficiently coherent practice of OHIM;
- differences in OHIM’s and national offices’ examination practice;
- necessity for individual assessment in each case.

II. Cooperation with OHIM

1.53 All national offices strongly support the incentive for cooperation between OHIM and national offices, as well as between national offices. The Benelux office points out that given the large number of intellectual property offices in Europe, it would seem absurd not to support the international cooperation projects; there is every indication that these projects would help to achieve substantial economies of scale (as could be the case, for example, at IT level), improve efficiency (as might be the case, for example, with the applications for registration), simplify administrative work (as, for instance, in the matter of classification) and lastly improve users’ perception and experience.

1.54 National offices are already involved in certain forms of cooperation. For example, the absolute majority of national offices either participate or are making preparatory steps for participating in the “Euroclass” project. Other common projects are “TMview” and bilateral Technical Cooperation Agreements between national offices and OHIM; and Liaison Meetings that are organised by OHIM.

1.55 National offices could not provide specific answers regarding their participation in the projects financed by the Cooperation Fund, answering that the Cooperation Fund had not yet been implemented when the answers were given.

1.56 National offices agree that the existing projects are important and should be maintained. However, they are also of the opinion that the areas and forms of cooperation should be improved and in general, the cooperation should be improved. It has also been noted that there should naturally be an assurance that the projects envisaged can readily be carried out in a spirit of cooperation. In particular, this is not the case if the individual situations of the offices differ too much at the start or if their respective ambitions and goals diverge fundamentally (Benelux office, Austria).

1.57 Offices indicate a number of specific areas for such improvement. Examples of the main areas of cooperation which could be improved according to the replies:
• **Modernization of national offices**
  - Full computerization of national offices (local HW/SW investments);
  - On-line filing, on-line renewal and on-line payments for trade marks and designs;
  - Creation of seniority databases with full on-line access;
  - Harmonization of IT infrastructure and availability of the same basic e-tools;
  - Development of new IT services for national offices that already have on-line services;
  - Development of common pan-European projects such as TMView, including new functionalities such as image based searches, shared EU/MS common classification of goods and services.

• **Enforcement of trade marks and designs**
  - Development of useful information services (e.g. packaged information and training for SMEs and law enforcement entities);
  - Organization of awareness events on the importance of combating counterfeiting;
  - Development of IT tools dedicated to support national authorities in the fields of the combat to counterfeiting such as image searchable IT tools;
  - Establishing a reliable methodology for collecting and evaluating statistical data on piracy and counterfeiting;
  - Interlink with the goals set up in the Commission Communication on the reinforcement of enforcement of IPRs in the Internal Market;
  - Initiatives to be coordinated with the recently created European Observatory on the combating of counterfeiting.

• **Training/Reinforcement of competences**
  - Secondment of national experts to OHIM, as well as between national offices.
  - Training programmes for staff from national offices, including e-learning modules for national offices’ examiners and other actors confronted with the prosecution and enforcement of trade mark rights;

• **Promotion and information services**
  - Implementation of awareness campaigns;
  - Creation of IPR Helpdesks in the Member States;
  - National user satisfaction surveys;
  - Development of a low-cost regional search facility enabling small and medium sized enterprises to have access to, and search in, trade mark data of a number of national authorities within the region concerned.

• **Harmonization of offices’ practices**
  - Unified search tools;
  - Common databases containing administrative and judicial decisions;
- Harmonization of trade mark practice through joint recommendations;
- Harmonization of practices in matters of classification (computerised tools, class headings, etc.);
- Harmonization of OHIM and national offices’ policy in the area of examination of absolute grounds;
- Harmonization of practices in figurative trade marks (Vienna Agreement);
- Harmonization of statistical and forecasting methodologies;
- More efficient involvement of national offices in the preparation of Examination Guidelines of OHIM;
- Common representation outside Europe of the different European offices.

- **Enforcement activities**

1.58 National offices have been asked to describe the extent of the office’s involvement in enforcement activities and the potential for enhancing such activities.

1.59 According to the replies, almost all offices do not have competence to act as prosecuting enforcement agencies; however, they are involved in enforcement activities indirectly. The offices have indicated the following forms of their activities related to enforcement:

- Intellectual property training workshops with police and customs authorities (Benelux, Denmark, Estonia, Finland, France, Greece, Lithuania, Slovakia, UK);
- Providing information to the authorities in charge of combating infringements (Benelux, Cyprus, Czech Republic, Estonia, Finland, France, Greece, Italy, Lithuania, Malta, Portugal, Sweden, Slovenia, UK, Poland);
- Participation in the preparation of IP-related laws and regulations which concern enforcement issues (Hungary, Lithuania, Slovakia);
- Active contribution to the drafting of the national report on the implementation of the Enforcement Directive (2004/48/EC) (Hungary, Lithuania);
- Participation in international projects concerning enforcement issues, attendance of international meetings in this field (e. g. WIPO; European Observatory on counterfeiting and piracy) (Benelux, Denmark, Spain, Slovakia);
- Cooperation with other government authorities in this field, including participating in special working groups set up by several institutions for the development of anti-counterfeiting policy, sharing information and best practice, awareness raising and other functions related to IP enforcement (e. g. in Denmark: Intergovernmental Network Against Counterfeiting; in France: National Anti-Counterfeiting Committee; in Hungary: National Board Against Counterfeiting; in Portugal: Anti-Counterfeiting Group; in Romania: a working group formed from all Romanian institutions with duties in IP and piracy fields, private companies and associations; in Spain: an Inter-Ministerial Commission which unites representatives from different ministries, local authorities and private stakeholders);
- Awareness raising as an enforcement support activity (Czech Republic, Denmark, France, Germany (the office cooperates with customs authorities in fairs), Hungary, Lithuania, Malta, Spain, UK);
- When so requested by the competent authorities, elaborating reports and legal opinions on IP-related questions (Spain).

1.60 Only the Bulgarian office indicated that it directly acts as an authority dealing with administrative penal responsibility in cases of infringement of rights in marks, industrial designs and geographical indications. The measures are performed at the request of the right holders or ex-officio by the office. The penal injunctions imposing sanctions on the infringers (fines and destruction of infringing articles) are issued by the President of the office. Any party adversely affected by them may lodge an appeal before the district court, and the decision of the district court may be appealed before the respective administrative court. There is a special “Administrative-Penal Liability” unit at the office dealing with administrative penal enforcement issues, which consists of 4 officials.

1.61 The Portuguese office inter alia has competence to impose penalties in clear cases of counterfeiting where the right holder himself does not take action with regard to the infringement. More than 100 decisions in such administrative offence proceedings are rendered each year.

1.62 The Italian Patent and Trademark office (UIBM) is a part of the Directorate General for Combating Counterfeiting (UIBM) belonging to the Ministry of Economic Development.

1.63 The UK Intellectual Property office (IPO) indicates that is not a prosecuting enforcement agency; however, the IPO’s Intelligence Hub was created in January 2008 to support enforcement activity relating to criminal copyright and trade mark infringement. The Hub’s staff are accredited in the collection, analysis and use of intelligence relating to criminal IP infringement and manages the National IP crime intelligence database (IPID). The Hub works with industry sector anti piracy and brand protection units as well as Trading Standards, Border Agency, Customs and Police forces. The IPO also acts as the UK’s central point for collecting, analysing and disseminating IP crime intelligence in support of Europol's Analytical Work File ‘COPY’.

1.64 Many national offices indicate that there is a potential for enhancing enforcement activities within the limits of their current competence (Benelux, Bulgaria, Czech Republic, Denmark, Estonia, Hungary, Lithuania, Portugal, Romania, Slovakia, Spain, UK).

1.65 For example, according to the Benelux office the legal framework for the Benelux Convention allows scope for envisaging extended responsibilities for the office in the enforcement of rights. Current discussions at the level of the OHIM Cooperation Fund open up interesting prospects, as different activities might be envisaged under this Fund, such as:

- Opening a helpdesk devoted to the enforcement of rights and to infringements;
- Addition to the website of a section specifically devoted to infringements, including all legal sources, practical recommendations, contacts, etc.;
- More targeted and systematic dissemination of information on infringement, especially by means of workshops and brochures;
- Database available to the authorities in charge of the campaign against infringements, including more comprehensive information.

1.66 The French office indicates that within the national legal framework, many activities can be implemented, but these activities could also be developed at the EU or multilateral level. To fight efficiently coordinated actions on the international level are required; instead of duplicating in each Member State the same limited efforts, a better coordination between OHIM and the national offices should produce enhanced results. The French office also draws attention to the repeated political signals from EU institutions in favour of more actions in this field. Accordingly, several Member States (France, Hungary, Italy, Portugal and Spain) have submitted a common proposal aiming to implement an Enforcement Strategy through the OHIM Cooperation Fund. It was discussed during the extraordinary session of the OHIM AB/BC joint session in Alicante, on 24 February 2010.

1.67 The Spanish office indicates the following potential further measures:

- Reinforcing cooperation among the authorities involved in this fight, i.e. in Spain: Police, customs authorities and Guardia Civil, as closer cooperation should lead to a more effective and prompt action.
- More easy-friendly access to the data and an adequate training of officials allowing them not only to get the information but to read it and interpret it (the office has detected a deficient use of the trade mark data available to the public. Police and customs authorities contact the office for obtaining and interpreting data).
- Intensifying the information activities targeted to specific groups on the market, such as young people through the schools networks, university people and housewives.

1.68 The Danish and Lithuanian offices note that their activities in this field could be developed further only to a very limited extent within the existing legal framework. Further development would require change of legislation.

1.69 The German, Austrian, Irish, Latvian, Polish and Portuguese offices indicate that the existing national legal framework does not provide for potential to enhance their role in enforcement activities. The German office does not see the potential for enhancing enforcement activities; the Swedish office does not see such potential in a short term; the Polish office does not see a need to enhance such activities as there are other special institutions responsible for enforcement issues.

- **Possible use of a share of OHIM renewal fees including mechanisms ensuring that the fees are used for trade mark-related purposes**

**Use purposes**

Examples of possible purposes for which a share of OHIM renewal fees mentioned by national offices include:

1. **IT improvement**
- Creation of e-filing systems for trade marks (in the national offices which do not have such services available);
- Making access to trade mark and design information easier and user-friendly:
  - one single filing system for the Member States of the European Community where the applicant only needs to fill in which country and class he is applying for (Sweden);
  - new processes and tools, aiming at supporting the user experience and interaction with the office (Portugal);
  - further improving of proceedings and services, especially in the area of the electronic systems for proceedings, searches, providing information to public and education (Czech Republic);
- Harmonizing the environment that OHIM and national offices work in, e.g. same/similar filing system, report system and IT-system;
- Development of modern internal software and hardware where necessary.

2. Support for national helpdesks (as they are usually being contacted for information on CTMs and OHIM by their nationals due to language, proximity and costs saving reasons).

3. Enforcement/combat against counterfeiting of trade marks

- Tackling piracy and counterfeiting; strengthening the policy aimed at fighting and combating those illegal activities, and eventually investing in advertising campaigns (Spain);
- New services to combat infringements, such as (e.g. Benelux):
  - opening a helpdesk devoted to the enforcement of rights and to infringements, from which users can obtain practical help and information;
  - the addition to the website of a section specifically devoted to infringements, including all the legal sources, the practical recommendations, contacts and contact numbers, etc.;
  - more targeted and systematic dissemination of information on infringement, especially by means of workshops and specific brochures;
  - a database available to the authorities in charge of the campaign against infringements, including more comprehensive information (distinctive elements to help identify copies, the identity of right-holders, contact persons, etc.).

4. Raising the quality of services

- Carrying out searches for earlier marks in the CTM database (Malta);
- Reinforcement of the legal department so that refusal or opposition dossiers can be processed even more rapidly;
- Improving information on and promotion of intellectual property (raising awareness among enterprises of the protection of their intangible assets, a more effective approach to SMEs, etc.) (UK, Denmark, Spain, Estonia, Slovenia, Malta).
5. Reducing the fees for national trade marks

- Benelux office comment: „This is certainly a priority. On this subject, it may be useful to point out that greater consistency in policies on fees at the Community and Benelux levels is a prerequisite for the good co-existence of the trade mark systems and the maintenance of an equilibrium between them“;
- Estonian office comment: inter alia, such fees would be used to cover the expenditure on trade mark processing.

1.70 The Spanish and Lithuanian offices indicated that not only the national offices but also other Member States’ institutions contribute in some ways to the functioning of the CTM system without receiving any payments. For example, the CTM courts produce costs for the Member States; the same applies for the border controls by national authorities of the Member States and this should also be taken into account.

Accounting mechanisms

1.71 National offices have been asked to comment whether their domestic law provides for mechanisms ensuring that the funds will be used for trade mark related purposes.

1.72 The majority of national offices which run on a state budget have indicated that currently their domestic law does not provide for a mechanism ensuring that such funds will be used specifically for trade mark related purposes. According to their national law, fees for their activities are an item of income in the state budget and are redistributed by their respective governments according to the approved state budgetary plans.

1.73 However, some of the national offices falling under this category (Poland, Lithuania, Malta and Slovenia) have specified that in principle, it might be possible to ensure that such aim is achieved without major legislative changes.

1.74 As an example, the Polish and Lithuanian offices refer to income received from payments for the extra services provided by the offices in accordance with Article 39 of the Community Trade Mark Regulation. As opposed to the offices’ other income (e.g. fees for national trade mark registrations) such special income is not transferred to the state budget but stays with the national office. Only a part of this money that is not spent for the office’s purposes is transferred to the state budget.

1.75 These offices mention that explicit provisions in Community legislation indicating that income equivalent to 50 percent of CTM renewal fees may be used only for trade mark related purposes, would be helpful. According to the Polish office, because of the lack of financial independence of the PPO a special system for redistributing the 50 percent of CTM renewal fees has to be established, e.g. a special fund designated for purposes concerning IP law enforcement activities.

1.76 The Maltese office has also indicated that despite the fact that it runs on state budget, it is possible to submit a request to the Commerce Department’s Finance
office in order that any funds received will be kept by the Commerce Department, so as to be used for activities related to trade marks. This has been done in previous cases, such as in areas of cooperation with the European Patent office (EPO). The Slovenian office has also indicated that although there are no specific legal provisions to ensure this, an arrangement between the government bodies and the office would enable funds coming from foreign or international sources to be spent for specific purposes, e.g. trade mark purposes.

1.77 On the other hand, the majority of national offices which have financial independence have replied that their national laws do contain mechanisms to ensure that the funds received by the national offices are used for the office’s activities, which are activities in the field of industrial property rights. Most answers have not specified whether there are sufficient internal safeguards to ensure that such income would be used for trade mark related purposes, and not for the office’s activities related to other industrial property rights. Only few national offices (Denmark, Sweden and Finland) have indicated that their trade mark departments are financially separate from the offices’ other internal departments and that, accordingly, income from the trade marks department cannot be used for other IP rights.

1.78 The Hungarian office has indicated that despite of its financially independent status, its domestic law does not provide for mechanisms ensuring that such income is used only for trade mark related purposes. Therefore, in case a part of CTM renewal fees should be distributed to national offices, certain acts should be amended accordingly.

1.79 On the basis of the replies provided by the national offices it may be concluded that it is easier to ensure that the fees are used for trade mark related purposes when the office has financial independence. The Estonian office suggests that it is most important to solve the financing problems of the national offices on the level of the European Commission and to prescribe the legal mechanism in order to enable the national patent and trade mark offices to act on the principle of self-financing.

III. Other comments

The national offices were further invited to make additional statements concerning the Study’s overall aims and topics. The following statements were received:

<table>
<thead>
<tr>
<th>French office:</th>
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</thead>
<tbody>
<tr>
<td>France will support further harmonization regarding some specific disposals in the directive that were left to the Member States as optional, e.g. level of protection of well-known trade marks should be mandatory. Further, the functions of the trade mark should be clarified (ECJ: L’Oreal). France is also in favour to have sanctions in the future directive.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portuguese office:</th>
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</thead>
<tbody>
<tr>
<td>Concerning CTM Regulations, we think they should be amended in order to provide new rules concerning fees and cooperation:</td>
</tr>
</tbody>
</table>
- Provide in the Regulation the need to revise the fees every two years (bi-annual review) in order to adapt them to the real financial needs of the office and ensure a balanced budget, avoiding deep cuts such as those recently succeeded;
- Provide in the Regulation a key distribution for the allocation by Member States of the 50 percent renewal fees taking into account specific criteria (e. g. number of trade mark applications; per capita GDP/size the market; promoting enforcement development, etc.);
- Enumerate in the Regulation the areas to which the revenue from the distribution of fees should be directed in Member States (e. g. structures to combat counterfeiting, the development of e-business tools, etc.);
- Provide in the Regulation the main areas for cooperation between the office and Member States (eg modernization on national offices; enforcement of trade marks and designs; training; promotion and information services, etc.).

**Benelux office:**
The core element to restore the balance between the Community Trade Mark system and the national systems is the question of genuine use.

**Hungarian office:**
With regard to CTM fees, they are not a major issue *per se*. Our main aim is not to receive subsidies, but we want to maintain a reasonable workload. Our main concern is the position of those who, if they followed their business needs, would be filing applications with national offices. However, at present they choose to file applications with OHIM, due to (i) less stringent review (protection is easier to obtain); (ii) cheaper procedures in comparative terms (costs are not reasonable with regard to what is received (exclusive rights in 27 countries). In addition, with regard to the increasing number of CTMs, it is getting more and more difficult to obtain national trade mark protection and to defend a national trade mark. One of the most obvious problems is the one of the interpretation of the genuine use concept. The current practice of the OHIM is favourable for those who are financially in the position to litigate: create a large portfolio of trade marks and defend it.

**Chapter 2 – Statements of user organizations**

2.1 The following chapter contains a summary of the comments and positions of the user organizations in their statements to the Study and, in particular, the questions raised in the invitation to tender. The full text of these statements is attached as *Annex IV*.

**A. General position regarding the coexistence of the trade mark systems in Europe**

2.2 User organizations agree that the coexistence of CTMs and national trade mark rights is fundamental and necessary for the efficient functioning of a trade mark
system capable of meeting the needs of companies of different sizes, markets and geographical needs, and that it should therefore be maintained.

2.3 Despite the generally positive view on the structure of the two systems, a number of user organizations express concerns that the relationship between these two systems is not well balanced. It is noted that following the current legal regulation and practice, users have been encouraged to seek exclusive rights in Community trade marks beyond their realistic scope of interests, i.e. without the intention and possibility of using them in the whole of the EU (ECTA, COAPI, FICPI). User organizations indicate several issues which should be reviewed in order to facilitate a proper balance between the systems. This includes the concept of genuine use, the level and structure of OHIM fees, broad references to the class headings in trade mark applications, different approaches of national offices and OHIM to registrability of signs, etc.

B. National trade mark systems

2.4 According to user organizations significant divergences between the national systems still exist. These divergences are due to the optional provisions in the TMD and the fact that the TMD does not cover procedural aspects, remedies (e.g. damages, disclosure etc.) and rules on trade marks as property (e.g. assignment, licensing). Furthermore, national offices tend to interpret legal provisions differently, and they operate under different performance standards. User organizations unanimously state that further harmonization of national trade mark laws, with regard to both substantive law and procedural issues, is needed.

2.5 Regarding substantive law issues, user organizations first of all suggest that the currently optional provisions of the TMD should be made mandatory, in particular relating to the list of absolute and relative grounds (AIM, AIPPI Belgium, APRAM, ECTA, FICPI). According to MARQUES, provisions governing the possibility to base an opposition or a request for cancellation on a well-known national mark (Article 4 (4) (a) TMD), on non registered trademarks or other signs used in the course of trade (Article 4 (4) (b) TMD) and on other rights (Article 4 (4) (c) TMD) should be made mandatory; ECTA indicates that Article 3 (2) (d), Article 3 (3) and Article 4 (4) (a) TMD should in particular be made mandatory; user organizations also support Article 5 (5) TMD to be mandatory (e.g. AIPPI Belgium) or at least harmonized (APRAM, the same for Article 9 (2), 11 (2) TMD).

2.6 According to the received comments, a review of the current list of optional relative grounds should also be performed. For example, APRAM and ITMA suggest that Article 4 (4) (f) TMD should be deleted; ECTA suggests that with respect to trade marks acquired through use, either uniform criteria for obtaining protection through simple use should be created or any protection to unregistered marks should be eliminated unless they are famous marks.

2.7 Other suggestions in the field of substantive law include e.g. the possibility of introducing a bona fide intention to use provision (however, the positions regarding this issue are diverse), the necessity for consistency in the use and interpretation of class headings, the necessity for clarification of the scope of protection of trade
marks having a reputation, taking into account the ECJ practice in the Davidoff and L’Oréal v. Bellure cases, and the harmonization of protection for trade names.

2.8 According to INTA, harmonization of provisions relating to trade marks as property should also be considered, including such aspects as recordal in the trade mark register of assignments and licenses, or the right of the licensee to take legal action against trade mark infringements.

2.9 Regarding procedural issues, user organizations suggest the harmonization of inter alia the following aspects:

- Whether relative grounds are examined ex-officio or only upon opposition (e.g. AIM, AIPPI Belgium, MARQUES propose the abolition of examination of earlier rights ex-officio; ECTA also suggests that national offices should only examine absolute grounds);
- Whether a system of pre-registration or post-registration opposition should be adopted (most user organizations generally express support for pre-registration oppositions (AIM, AIPPI Belgium, APRAM, COAPI, FICPI, GRUR, ITMA, LESI));
- The possibility to deal with opposition, revocation and cancellation proceedings at the national offices without having to refer to long and costly court procedures (APRAM, ECTA, INTA).

2.10 User organizations indicate the necessity of uniform guidelines concerning registrability and proof of use requirement (MARQUES). ECTA proposes to provide for request for proof of use in cancellation proceedings and opposition proceedings.

2.11 Besides legal aspects, user organizations stress the necessity of a better harmonisation of national offices’ practices, processes and procedures as well as the interpretation of legal rules by the courts. This concerns in particular absolute grounds (distinctive character) and relative grounds, including similarity, likelihood of confusion, and the evaluation or interpretation of well-known trade marks and their relation to marks with reputation (ECTA is in favour of a legislative decision), genuine use, classification terms, interpretation of references to class headings, calculation of the grace period for non-use, criteria, procedures and application of the rules of conversion, consistency in the use of disclaimers, opposition period and fees, number of oppositions to be filed in case of several earlier marks or rights of one owner; formalities relating to the powers of attorney and other issues.

2.12 A number of particular measures have been suggested to facilitate the harmonization of practices throughout the EU, including closer cooperation and the development of common guidelines; creation of a single repository for all CTM court decisions to be translated into the major languages of the EU; establishment of common performance standards between the offices; education and seminars, better communication and exchange of information, development of common tools etc.

2.13 Regarding e-business tools user organizations are unanimous that all national offices should further improve and harmonize their use of technology and their accessibility to users, thereby becoming more transparent in their procedures. Such e-business tools should include unique online systems providing options for
C. National offices and cooperation with OHIM

2.14 All user organizations agree that the main role and mission of the national offices and OHIM should be the fast and efficient delivery of a legal title to trade mark protection and the resolution of conflicts amongst trade marks as well as related rights by handling opposition proceedings, cancellation and invalidation requests in a timely and cost efficient manner. MARQUES also stresses the role of a national office to be active in spreading the knowledge and understanding of IP to the general public. ECTA, AIM, MARQUES further stress the importance of financial autonomy of national offices as it provides a stimulus to seek improvement of services rendered at the best cost / benefit ratio (e.g. by the use of new common IT-tools (AIPPI Belgium, MARQUES)). The need for a better transparency of the accounts in the national offices is also emphasized (MARQUES).

2.15 In the field of enforcement (anti-counterfeiting) user organizations suggest that the national offices should ensure a prompt provision of information to the customs authorities whenever requested (e.g. FICPI), preferably by permitting controlled on-line access to their databases. Some user organizations are in favour of further tasks in enforcement provided that they are limited and well defined.

2.16 User organizations also express the opinion that national offices should engage in promotion of pan-European coordinated IP awareness campaigns. However, it is noted that the national offices and OHIM should abstain from those activities which by their nature should be performed by law enforcement agencies (INTA). In addition, IP offices should not engage in providing legal advice (APRAM, COAPI, FICPI).

2.17 Most user organizations maintain that any distribution of part of the OHIM renewal fees to national offices should not be automatic but should be substantiated by appropriate tasks to the benefit of the users (AIM, APRAM, ECTA, EFPIA, FICPI, ITMA, VFA (for related services)). Examples of such appropriate tasks are the maintenance of seniority databases by the national offices (COAPI, ECTA), developing e-tools and e-capabilities (ECTA), involvement in enforcement activities (ITMA), optimization of the conversion process, reduction of time to registration (VFA) etc; MARQUES proposes to distribute the funds according to the number of renewals in each Member State. COAPI sees no reason for the redistribution of the fees to national offices, but proposes instead that the fees for CTM registrations should correspond to the sum due for filing individually in the 25 trade mark systems.

2.18 In that context some user organizations point out that the system of “cooperation agreements” has to be reconsidered as it is not transparent enough (e.g. MARQUES).
D. Community trade mark system

I. Substantive law issues

2.19 User organizations have expressed diverse positions regarding the proper interpretation of the territorial requirement for a CTM to be genuinely used in the Community. On the one hand, AIPPI Belgium, APRAM, COAPI, ECTA, FICPI, VFA, support the position that the threshold set by the Joint Statement by the Council and the Commission of 20 December 1993 (use in one country only) is too low for the present scale of the EU and should be increased (e.g. use in a substantial part of the EU). COAPI even suggests that the use in the 24 respective Member States plus in Benelux should be required from the owner of a Community trade mark. According to ECTA, cross-border use may appear necessary to establish genuine use within the Community. A possible alternative solution is that CTM rights could be maintained in the country where use has taken place, but cannot be enforced in other countries.

2.20 On the other hand, AIM, BUSINESSEUROPE, EFPIA, INTA, IP Federation, LESI and MARQUES support the position that use in more than one Member State should not be required. They consider that the question of whether or not use of a CTM is genuine use within the Community must be assessed on the facts of each case, not solely on the basis that the use has taken place only in one Member State. According to AIM, BUSINESSEUROPE and ICC the question of genuine use must be assessed on a case-by-case basis without introducing territorial elements but taking all the circumstances of a specific case into account; otherwise, making such assessment conditional on a certain number of Member States would lead to fragmentation of the single market, create an environment of uncertainty for users and would put SMEs in a disadvantageous position.

2.21 According to MARQUES, genuine use needs to be assessed using the whole single market as a reference. It should be up to the European Union courts to establish a correct set of criteria as to which circumstances are relevant to establishing that the use is genuine. Similar, GRUR proposes to leave the interpretation of the territorial requirements for genuine use to the case law of the European Union courts.

2.22 Regarding the issue of graphical representation of trade marks, COAPI and ECTA state that the requirement should be maintained. In that context it is suggested to think about how non-traditional trade marks (e.g. olfactory marks, taste marks, etc) could be represented (e.g. GRUR, MARQUES). AIM, APRAM, GRUR, INTA propose that the system should be opened to other possibilities or the establishment of new conditions to represent new forms of trademarks (e.g. sound file as computer file). FICPI is also in favour of a broader definition. INTA indicates that currently there seem to be inconsistencies in the application of standards for registration and requirements for graphic representation that vary between national offices and OHIM.

2.23 According to user organizations seniority claims of a national trademark should continue to exist, but some (e.g. ECTA) see the necessity of revision and development of the system and its modalities in order to avoid legal uncertainties.
2.24 As to priority claims some user organizations support OHIM’s actual practice of an examination limited to the formalities (AIM, APRAM, IP Federation, LESI, MARQUES) whereas others see the need for a full verification of priority claims indicating especially that third parties should in future be able to rely on the register entry (CNIPA, COAPI, ECTA, FICPI, GRUR).

2.25 Regarding the question of whether bad faith should be implemented as an absolute ground of refusal, most Organizations do not see any necessity for that (rather as a ground for opposition, so MARQUES, ITMA, ECTA).

2.26 According to most user organizations the grace period (use requirement) of 5 years should not be reduced to 3 years. Some Organizations (e.g. ECTA, ITMA) point out that it is necessary to establish a single starting date for the grace period.

2.27 User organizations have expressed different views regarding the possibility of introducing a bona fide intention to use provision in the TMD as well as the CTMR (e.g. ECTA, ITMA) support such idea as a means of mitigating the growing number of unused registered trade marks, whereas it is rejected by APRAM and EFPIA).

2.28 Most user organizations (AIPPI Belgium, COAPI, ECTA, EFPIA, FICPI, GRUR, INTA, ITMA, LESI, MARQUES) do not support the OHIM’s practice of encouraging lists of goods and services corresponding to the Nice class headings, indicating that it leads to unnecessarily broad specifications of goods and services for which the applicant has no intention to use the mark, or they claim at least that further conditions should apply so as to ensure a precise and uniform use of the classification system (AIPPI Belgium). On the other hand, AIM is of the opinion that the current practice should not be changed as it meets business needs. IP-Federation supports the translation of the terms of Nice Classification into all Community languages, pointing out that what is required is the consistency of office practice and interpretation across the Community on this issue.

2.29 User organizations also stress that it would be important to have a clarification of the territorial scope in respect of which acquired distinctiveness of a CTM must be shown. However, opinions on the appropriate territorial scope vary: some user organizations consider that distinctiveness should be required for each and every Member State (COAPI) whereas others indicate that acquisition of distinctiveness in fewer countries could suffice (AIPPI Belgium), e.g. in case of non-word marks (AIM, APRAM, FICPI, ITMA). FICPI refers to other facilitating tools to justify a different approach which does not require a showing acquired distinctiveness for all Member States, such as the intensity of marketing of the goods or services involved. ECTA and MARQUES indicate that this issue should be assessed on a case-by-case basis, ensuring also the compatibility with the issues of use and proof of reputation. AIPPI Belgium proposes to differentiate between trade marks with particularities of language or culture and other marks.

2.30 Other substantive law issues raised by user organizations include inter alia the inconsistency of OHIM practice regarding the necessary level of distinctiveness. Other comments in this context relate to a too liberal approach, in some cases, to examination of the absolute grounds (e.g. concerning device marks (ECTA)) or relative grounds (e.g. similarity of pharmaceutical trade marks (EFPIA, VFA)); the necessity for clarification of the legal effects of seniority claims; the conversion...
process; the necessity for clarification (e.g. in the CTMR Recitals) of the scope of protection of trade marks having a reputation and the protected functions of a trade mark, taking into account the ECJ judgments Davidoff and L’Oréa v. Bellure, as well for clarification of differences between well-known trade marks and trade marks having a reputation (MARQUES).

2.31 Concerns were raised about the fact that seizure of infringing goods is not always granted where such goods are in transit (AIM, AIPPI Belgium, APRAM, ECTA, ITMA, MARQUES, VFA). Customs seizure sanctions should be aligned with those for trade mark infringement (COAPI, EFPIA, FICPI); a general analysis of customs seizure should be undertaken.

2.32 To ensure better predictability in OHIM’s practice, MARQUES suggests that OHIM could develop a system of precedents, where OHIM examiners are bound by decisions of the Boards of Appeal and earlier decisions by other examiners are, whilst not binding, at least persuasive; thus, predictability and consistency of the practice should be improved.

2.33 MARQUES further supports the establishment of a specialised chamber of the General Court dealing with intellectual property matters.

II. Procedural issues

2.34 Most user organizations are in favour of the current OHIM practice whereby no ex-officio examination of relative grounds is being performed (AIM, AIPPI Belgium, ECTA, EFPIA, GRUR, LESI, MARQUES, VFA,), although different opinions also exist. The majority of user organizations are also in favour of the current pre-registration opposition system, as opposed to post-registration opposition (AIM, APRAM, COAPI, ECTA, FICPI, LESI, ITMA,). INTA has expressed a general position that systems which only examine for absolute grounds should maintain pre-registration opposition systems to ensure that relative grounds can be considered prior to the registration of trade marks.

2.35 Regarding procedural time limits user organizations unanimously state that the duration of proceedings at OHIM should be reduced without any reduction of the time limits set for the users. Concerning the reduction of opposition and appeal periods there are different opinions (a compromise could be to reduce periods under the condition that a possibility of extension upon request would be provided); as to oppositions most user organizations (including ECTA) tend to maintain the 3 month period.

2.36 Other suggestions relating to procedural issues include, e. g., updating and aligning Article 14 and Title X of the CTMR with the Brussels I Regulation; bringing Article 102 (1) CTMR in line with Article 98 CTMR, harmonisation regarding the so-called dormant marks; reviewing the regime on costs (ECTA); introducing a limited compulsory document disclosure (MARQUES).
III. Fees and fees structure

2.37 User organizations criticize the lack of transparency with regard to fees.

2.38 Some user organizations state that lower fees will always be favoured (ECTA, GRUR), whereas others take into account that too low application fees would lead to an increasing number of registrations and consequently to more opposition or revocation procedures (AIPPI Belgium).

2.39 Some user organizations are of the opinion that OHIM application fees should not jeopardize the existence and the “raison d’être” of national offices, as they are an important factor when deciding between a national and an EU filing (APRAM, COAPI, ECTA, IP Federation).

2.40 User organizations also note the necessity to review other OHIM fees (in particular, for renewal, opposition, revocation) in accordance with the reduction of application fees (AIM, COAPI, FICPI, IP Federation). However, this should not lead to an automatic reduction of such other fees: all the related factors should be taken into account (e.g. ECTA notes that in the absence of a counter-check mechanism to ensure that only used marks were renewed, a low renewal fee may lead to renewals of unused marks; COAPI, UNION suggest that a registration fee should be re-introduced; IP Federation points out that there should be no indirect taxation on trademark owners - either for the benefit of the Community or of the national administration – consequently, no more should be distributed to the national offices than what is justified by their factual contribution within the CTM system).

2.41 The majority of user organizations consider that unnecessary claims to three classes should be discouraged by adjusting the CTM fee so that each additional class above one costs the applicant more; however, there are a few different opinions (AIM, APRAM). In addition to introducing an extra fee for each class, ECTA suggests other possibilities which could help balancing the level of trade mark registrations through the fees: creating an easy and inexpensive way to remove unused trade marks from the register (simple request, low fee); creating incentives to surrender unused trade marks (reimbursement of fees at any time during the lifetime of a trade mark, percentage of application or renewal fee).

Chapter 3 – Allensbach Survey

3.1 As outlined above, the Allensbach survey analysed users’ assessments of the CTM system in three main areas. The first survey topic focused on an evaluation of the CTM system as a whole and an evaluation of OHIM’s performance in the areas of examinations, cancellations, oppositions and appeals, in terms of quality, consistency and the time it takes to issue decisions, as well as a comparison of the consistency of decisions rendered by the national trade mark offices and by OHIM. This section of the survey addressed also the topical issues of OHIM’s
class heading practice and the existence of a “cluttering” in the CTM register. The second part of the survey covered users’ reactions to some proposals for procedural changes of the CTM system, and the third part tested users’ opinions on the current OHIM fees.

A. Evaluation of the CTM system and OHIM’s performance

3.2 As regards users’ general attitudes towards the CTM system, a broad majority of 76 percent of proprietors and 84 percent of agents recognise that the CTM system offers trade mark owners substantial simplifications and expanded possibilities compared with national trade mark systems. Users’ main impression is that the CTM system is currently working well, with 41 percent of proprietors and 58 percent of agents agreeing that the system is getting better and better. The positive ratings are substantially higher among large-scale enterprises (LSEs) than among SMEs. 56 percent of the LSEs, but only 37 percent of the SMEs agree that the CTM system is working better and better.

3.3 OHIM’s performance in terms of quality is predominantly rated as “average” or “high”. Less than 10 percent of the users consider the quality of OHIM’s decisions regarding the examination for absolute grounds of refusal, CTM oppositions, CTM cancellations and CTM appeals as “low”. Most users assess the quality of OHIM’s decisions as “average”, among the proprietors ranging from 16 percent for CTM cancellations to 27 percent for the examination for absolute grounds for refusal, and among the agents ranging from 34 percent for CTM cancellations to 52 percent for the examination of absolute grounds. The shares of respondents who rate the quality as high range from 4 percent (for CTM cancellations) to 12 percent (for examination for absolute grounds) among the proprietors, and from 12 percent (for CTM cancellations) to 21 percent (for examination for absolute grounds) among the agents.

3.4 The assessments of the consistency of OHIM’s decisions and the time it takes OHIM to issue decisions reveal similar results. Only 5 to 20 percent of the users qualify the decisions as not consistent, and 10 to 25 percent consider the time needed to issue decisions as not satisfactory. A clear majority rates OHIM’s performance in terms of consistency as either “fairly consistent” or “very consistent”, and in terms of time needed to issue decisions as either “fairly satisfactory” or “very satisfactory”. An exception from the overall positive ratings is the time needed to issue oppositions. Around 40 percent of the agents who gave an assessment consider OHIM’s practice in this respect as unsatisfactory. It must be added in this context that large shares of respondents, in particular among the proprietors, opted for the answer “impossible to say” in response to the questions on OHIM’s performance. This makes it in some cases difficult to derive clear insights from the survey results.

3.5 OHIM’s class heading practice is approved by a broad majority of proprietors and agents. 64 percent of the proprietors and 72 percent of the agents agree with this approach. Opinions on the cluttering issue are mixed. 21 percent of the proprietors share the opinion that there is a cluttering problem in the CTM register as too many CTMs are not used; 29 percent do not perceive such problem. 50 percent do
not express any opinion on this issue. Among the agents, 41 percent see a cluttering problem.

B. Reactions to proposed changes of the CTM system

3.6 The survey questionnaire presented nine proposals for changes of the CTM system, that were addressed in the Commission’s invitation to tender. First, a shortening of the grace period for genuine use from five to three years; second, the introduction of an optional search for potentially conflicting CTMs instead of a mandatory search; third, the introduction of an accelerated CTM registration procedure; fourth, a full examination of priority claims instead of simply recording them; fifth, a full verification of seniority claims instead of a verification limited to checking if both marks are identical; sixth, a shortening of the period for filing notice of opposition from three to two months; seventh, the introduction of an ex-officio examination of relative grounds for refusal; eighth, the introduction of a post-registration opposition procedure; ninth, the exclusion of non-registered earlier trade marks and other signs from the catalogue of earlier rights that can be invoked in opposition procedures.

3.7 The responses of users to these proposals show that a majority of users favour retaining most of the existing CTM procedural rules. The only proposed change which all users, i.e. proprietors as well as agents, would welcome is introducing a full examination of priority claims by OHIM before their registration. Limited support was expressed for measures such as fully verifying seniority claims, the introduction of an accelerated CTM registration procedure, a shortening of the grace period for genuine use and a shortening of the period to file opposition. Only few users expressed support for changing the mandatory search for earlier CTMs into an optional service, for introducing a post-registration opposition procedure and for an exclusion of non-registered earlier trade marks and other signs from the catalogue of earlier rights in opposition procedures.

3.8 A remarkable result among the reactions to proposed changes of the CTM system is the relatively strong support by 48 percent of the proprietors for introducing an ex-officio examination of relative grounds for refusal. In particular SMEs favour this idea. 51 percent of the SMEs, but only 35 percent of the LSEs support this shift of the registration procedure.

C. Opinions on the OHIM fees

3.9 As regards the level and structure of OHIM fees the survey tested the opinions on the appropriateness of the OHIM fees for applications and renewals and their impact on users’ decisions to apply for or to renew a CTM. Furthermore, the survey addressed the question whether to introduce a single class fee.

3.10 The results show that users express little acceptance of OHIM’s application and renewal fees. 38 percent of the proprietors consider the application fee as “a bit too high” and 21 percent as “far too high”. The renewal fee is regarded by 32 percent of the proprietors as “a bit too high” and by 46 percent, among the SMEs
by 51 percent as “far too high”. 74 percent of the proprietors say that the application fees influence their decisions to file a CTM, while 63 percent (among the SMEs 67 percent) answer that the renewal fees have influence on their decisions to renew a CTM. The idea of an introduction of a single class fee is supported by only 24 percent of the proprietors and by 26 percent of the agents. The support is even lower (14 percent) among the LSEs.

Chapter 4 – INNO-tec

4.1 The report provided by INNO-tec and attached as Annex I seeks to provide an empirical assessment of the European trade mark system. The report has three sections. The first section contains an analysis of the work of the Office of Harmonization for the Internal Market (OHIM) which administers the Community Trade Mark (CTM). The second section focuses on the effects of the existence of the CTM for national trade mark offices. The last section analyses applicants’ behavior within the CTM system.

4.2 This summary contains a review of the main findings of the report. Before turning to the individual sections of the report the general remarks made at the beginning of the report are briefly summarized.

4.3 The report is based on the analysis of datasets on trade mark applications, registrations, renewals and oppositions. To a large extent the report is based on administrative datasets provided by trade mark offices within the European Union. The coverage of these datasets varies a great deal. The data provided by OHIM on the CTM system are the most up to date and complete data available for the study. The dataset contains a great deal of information about applicants, representatives and administrative procedures at OHIM. Data obtained from the national trade mark offices are much less complete. Wholly lacking are datasets on litigation processes at the national and Community level. The strength and effects of trade mark protection cannot be assessed without access to litigation data. First attempts to collect such data will be made in the coming year. It is indicated below at which points additional data would be necessary to provide more reliable evidence.

A. Assessment of the administrative procedures at OHIM

4.4 Demand for trade mark protection has increased worldwide since OHIM began to operate in 1996. Demand for CTMs has also been increasing since then. It was particularly high during the dot-com boom, but has continued to grow since then. Additionally, the CTM system was extended in 2004 to include the ten new Member States Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus and Malta.

4.5 In spite of this it was found that OHIM was able to reduce both the average and median duration of trade mark registration and trade mark opposition procedures. Although it is sometimes claimed that demand for the CTM is not price sensitive it
was also possible to show that the fee reduction instituted by OHIM in 2005 had a strong positive effect on demand for the CTM. Moreover, it could be found that admission of a country into the Eurozone had a positive effect on demand for the CTM. The second fee reduction in 2009 was too close to the end of the available data series for being able to evaluate its effects at present.

4.6 While demand for the CTM from applicants within the European Union is strong for a long time the largest number of trade mark applications for the CTM came from the United States. Another notable source of applications from outside the European Union is Japan.

4.7 In this section, a preliminary assessment of trade mark renewals is also undertaken. The proportion of renewals is high and decreasing. This may be expected as the analysis is so far restricted to the renewal of CTMs registered in the first three years (1996-1999) of OHIM's operations. In these years the proportion of marks registered that were already well established (as indicated by multiple seniorities) was very high. Therefore the observed decline in renewal rates is not surprising.

B. Competition between OHIM and national trade mark offices

4.8 The existence of the CTM system is likely to have had an effect on demand for national trade marks within the European Union. To some extent this was the purpose of introducing the CTM, as the CTM is necessarily more attractive for companies operating in multiple jurisdictions in the European Union than a bundle of national rights. What remains unclear without an empirical analysis is the extent of the effect that competition between the CTM and national trade marks has on demand for the latter.

4.9 The analysis undertaken by INNO-tec is able to shed only a limited amount of light on this question as there are strong limitations in the available national trade mark data. For instance it was not possible to link applicants at the national offices and at OHIM in all cases. Using data on the United Kingdom where this link has been established in previous research by Mark Rogers and Christine Greenhalgh it was found that the number of large and medium-sized firms applying for trade marks at UKIPO and their total level of trade mark applications have both fallen slightly. In contrast, more of these firms filed with OHIM and for more trade marks. Very small firms have increased demand for national trade marks as well as marks registered at OHIM. The analysis of German data indicates that a similar process is ongoing there too.

4.10 It is highly likely that similar processes of substitution affect all national trade mark offices in Europe. For some of the smaller national offices this development has led to overall reductions in demand for national trade marks since accession to the European Community as is shown in the report.

4.11 Although the data provided by OHIM allow quantifying which proportion of opposition cases are based on prior national rights, there are almost no data on the proportion of opposition cases national offices must deal with that result from the existence of the CTM. Some survey evidence collected by the Max Planck
Institute during interviews is summarized in the report. This indicates that the proportion of such opposition cases has indeed increased. Better data on this question would be very helpful in assessing how costly the CTM system is for national offices.

Finally, it should be noted that it is unclear how often CTMs are the basis of litigation in the courts of different Member States of the European Union.

C. Applicant strategies within the CTM system

Information from firm representatives and trade mark attorneys received by the Max Planck Institute and by INNO-tec have revealed that firms often apply for more than one CTM at a time. This strategy is chosen where firms seek to ensure that they will have at least one trade mark in the register for a new product or service. It is often cheaper to apply for several marks, hoping that one will be registered, than to undertake an exhaustive search for all possible conflicts between marks on the OHIM and on national trade mark registers within the European Community. It was also revealed that due to the absence of coordination between the European Medicines Agency (EMA) and OHIM, especially pharmaceuticals firms often apply for large numbers of trade marks simultaneously. Investigating the data on applications at OHIM it was found that in general one third of applications are part of a set of applications filed on the same day by one firm.

It stands to reason that where more than one of these multiple applications is registered, as is usually the case, the register will contain trade marks that are unlikely to be used. As the number of such trade marks accumulates this is likely to contribute to additional search costs for later applicants and may also lead to unnecessary administrative processes. Using a variety of direct and indirect tests it was sought to establish whether surplus trade marks exist on the OHIM register in substantial numbers. One such test yields a figure of between 6% and 10% of registered trade marks. This test is based on data obtained before 2004. If the problem exists, then it is likely to have become worse over time, as more marks have been registered. Further tests support the interview evidence collected for this report.

The report also contains some evidence on firms’ ability to turn trade mark applications into registered marks. It was found that over time the likelihood of registration increases and that firms with larger application portfolios have an advantage in successfully registering trade marks. These two effects are most likely the consequence of greater experience with the application process. Finally, the probability that the firms’ applications encounter opposition was also investigated. Here too, frequent applicants have been able to reduce the probability of failure faster than smaller applicants.
D. Conclusion

4.16 Overall the analysis has revealed that many questions remain to be answered. Some evidence suggestive of overfull trade mark registers and competition between OHIM and national offices has emerged. So far there is no indication that either problem is very large or imposes high costs on users. Neither can it be said that the problems are minor or restricted to small segments of the trade mark system. Therefore, both developments should be investigated more thoroughly in focused studies. The frequency and effects of trade mark litigation in Europe remain to be investigated.
Part III – Legal Analysis

Chapter 1 – General aspects of European trade mark law

A. Coexistence

1.1 One of the core elements in European trade mark law is the principle of coexistence. Recital 6 in the preamble to the CTMR voices this principle by stating that the Community trade mark law does not replace the law of the Member States on trade marks and that national trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level. Coexistence means first of all that the trade mark systems on the Community level with the Community trade mark system and at the Member States level with their national or, in the case of the Benelux countries, regional systems exist alongside each other. All Member States operate a national or are parties to a regional trade mark system (in the following, and throughout this Study, references to the national systems include the Benelux system, unless stated otherwise). Hence, for any Member State trade mark protection can be established via the national system or via the Community-wide supranational system. Anybody is free in his choice to file either a Community trade mark or a national trade mark, or both.

1.2 There is broad consensus that the option for a national trade mark meets the needs of a large number of trade mark users, in particular SME’s.

1.3 An inherent part of the coexistence model between the trade mark systems is the equal rights structure of trade marks on the Community and the national level. A Community trade mark prevails over a later national trade mark, whereas a prior national trade mark can be enforced against a Community trade mark. The guiding maxim for resolving conflicts between rights on the different levels is the priority principle. The CTMR grants the holder of an earlier national trade mark the right to file with OHIM an opposition or a cancellation request against a conflicting CTM, or to file a counterclaim in a CTM infringement proceeding before a Community trade mark court. Conversely, holders of prior Community trade marks are able to enforce their rights in national proceedings against conflicting national trade marks, the TMD providing that earlier CTMs constitute grounds for refusal or cancellation in the Member States.

1.4 The proper balance between the Community system and the national trade mark systems is considered vital for the coexistence and the functioning of the European trade mark system. However, it remains open what proper balance in this context means. The statistics of trade mark filings continue to show that cumulatively many more national marks are filed in the Member States than CTMs. It is, however, also true that trade mark filings in some national offices have seen a decline in recent years, primarily those filings which come from other Member States or from third countries, either directly or through the Madrid system. The statistics on national trade mark applications and international registrations are summarized in Part II Chapter 1; an analysis of the statistics
including the numbers of CTM applications is provided by INNO-tec in Part II Chapter 4.

1.5 The underlying reasons for this development are the subject of a controversial debate between the Community institutions and many Member States or their trade mark offices. This debate is influenced by different views on the question whether and to what extent the Community and the national trade mark systems are in a competitive relationship. Those who deny any systemic competition regard the different developments of the national systems and the CTM system as mere reactions of users to changes in the commercial framework and needs. According to this view, amendments to the Community system facilitating the access to Community trade marks, such as fee reductions, would not have any adverse effect for the national systems. Vice versa national systems would not benefit from modifications of the CTM system that reduce its attractiveness. The majority in this debate, however, proceeds from the idea that competition between the trade mark systems exists. Therefore, it would be possible to create a new or different balance between the systems by taking legal measures within the CTM system.

1.6 In this political discussion a number of aspects have been addressed as factors having an impact on the coexistence.

1.7 First of all, the level of fees for the registration and renewal of Community trade marks and national trade marks is regarded as an element that has an effect on the balance between the systems. Even though it is not yet clear to what extent the fee reduction for Community trade marks in 2009 played a role in the drop of national registrations it seems obvious that there must be some sort of interaction. A CTM covering the whole territory of the Community with 27 Member States with fees and attendant costs which may not be higher than the fees that would have to be paid for obtaining protection in three or four Member States directly or via the Madrid system obviously presents an attractive alternative for undertakings, including SMEs, without specific ambitions to extend their activity beyond the borders of their country. For cost reasons, larger companies with commercial activities in different European markets will usually opt for Community trade marks as long as a CTM protection does not encounter any legal obstacles, such as existing prior national rights. Therefore, when fees for the acquisition and maintenance of Community trade marks are relatively low compared to the fees that are due for an equivalent national and international trade mark protection, this is likely to be a strong incentive to file trade marks with OHIM rather than national trade marks.

1.8 Similar importance for coexistence is attributed to the issue of genuine use and the requirements for the territorial scope of use that must be established for a CTM after the grace period has expired. The Council conclusions of May 2007 regarding the financial perspectives of OHIM and the further development of the Community trade mark system have already emphasized that the territorial requirements for genuine use of Community trade marks must be addressed in the context of assessing the coexistence of the systems. OHIM’s current approach to the genuine use issue follows the Joint Statement by the Council and the Commission of 20 December 1993 that genuine use of a CTM within the meaning of Article 15 CTMR in one Member State is regarded as sufficient for a use “in the Community”. A number of Member States calls for a revision of that Statement,
based on the opinion that it does no longer match the actual dimensions of the Community market. According to their position, the threshold for finding of “genuine use” should be elevated in order to strengthen the national systems and to maintain their perception of coexistence.

1.9 The scope of the Joint Statement and its continued validity are subject to discussion. Under one reading, any use sufficient to maintain a national trade mark is at the same time sufficient to maintain a CTM. Under a different reading what is required to maintain a CTM is genuine use within the meaning of Article 15 CTM, and when such a finding is made, the fact that the use does not extend beyond the territory of a single Member State is not relevant. This latter interpretation is based on the “single market” theory where the frontiers between Member States are not a relevant criterion. The continued validity of the Joint Statement is challenged primarily because the European Union at the time was composed of 12 Member States, while today it comprises a much larger territory and 27 Member States. Some of the Member States, and some of the user organisations strongly favour the notion that the substantive requirements for “genuine use”, such as scope, volume and extent, should be higher than for national marks. Some consider that use in more than one Member State should be required. For some observers, the balance between the Community system and national systems is weighted unreasonably in favour of the CTM. Requiring more for CTMs than for national marks would also strengthen the national systems. Merely following the Joint Statement, and interpreting it in the strict sense that whatever suffices for a national mark suffices also for a CTM, would provide still another incentive to opt for a CTM when objectively one or more national marks would be entirely appropriate to cover the economic needs of the undertaking. Also, the acquisition of new national marks could be blocked forever on the basis of an earlier CTM used in a totally remote territory without any likelihood of a true commercial conflict, and thereby adversely affect the coexistence.

1.10 It will become clear throughout this study that any approach for the protection of CTMs which is linked as a decisive criterion to the frontiers of Member States is inappropriate. This does not mean however that the conditions for “genuine use” for national marks and for CTMs are necessarily the same.

1.11 The functioning of the coexistence model is related to some other factors, as for example the fee structure under the CTMR that currently allows three classes to be comprised by the basic application fee, or the territorial scope of protection for Community trade marks that are used and have acquired reputation only in a limited part of the Community. As far as extended trade mark protection derived from reputation is concerned the relevant provisions in the CTMR leave scope for interpretation by the ECJ. A case law approach setting low standards for the territorial requirements to be met for such protection of Community trade marks is fostering the CTM system and decreases the need for users to count on national trade marks.

1.12 This report will analyse which of these factors could be used to modulate the conditions for coexistence with a view to ensuring a proper balance between the systems and to what extent other aspects could be taken into account.
B. Principle of unitary character and impact on CTM protection

1.13 The principle of unitary character of the Community trade mark and the underlying ideas are emphasized in recital 2 and 3 in the preamble to the CTMR. These recitals read as follows:

“(2) It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to create a market of this kind and make it increasingly a single market, not only must barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services. For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.

(3) For the purpose of pursuing the Community’s said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this Regulation.”

1.14 According to Article 1 (2) CTMR Community trade marks have a unitary character. They shall have equal effect throughout the Community and be registered, revoked or declared invalid only in respect of the whole Community. A conflicting prior national right in any Member State can preclude the registration of a CTM. Territorial disclaimers are not permitted. Once the Community trade mark is refused in an opposition proceeding or ceases to have effect as a result of a decision of OHIM or a Community trade mark court the applicant or proprietor of the CTM can only opt for a conversion of the CTM into national trade mark applications.

1.15 The unitary character corresponds to the concept of the Community as a unitary territory with a single market. Any provisions in the CTMR specifying the territorial requirements for protection of Community trade marks refer to the Community or a part thereof. This applies to the absolute ground for refusal of protection in Article 7 (2) CTMR, the provision dealing with the rights conferred by a CTM in Article 9 (1) (c) CTMR, and the provision on use of Community trade marks in Article 15 (1) CTMR requiring a “use in the Community”. These territorial features have to be interpreted in light of the objectives pursued by these provisions.

1.16 Basically, the principle of unitary character ensures a Community-wide protection for Community trade marks. Yet there are a number of situations that require
further evaluation. The unitary character can create unique problems in applying substantive and procedural law rules on the protection of Community trade marks. For example, the question of where distinctiveness through use under Article 7 (3) CTMR must have been acquired cannot be answered by merely relying on the principle of unitary character. Another example is the question of how to determine the territorial scope of protection when likelihood of confusion, or a detrimental effect on the distinctive character or the repute of the CTM do not exist in all parts of the Community. The problems that arise are often linked to the fact that there are many languages spoken in the Community, and a particular term or sign may be distinctive in one part, but descriptive in another language, or may cause confusion in one language but not in others.

1.17 These and other territorial issues linked with CTM protection are addressed in Chapter 3 A and B (para 3.1).

C. Coherence

I. Coherence between TMD and CTMR

1.18 TMD and CTMR were developed jointly, as coordinated steps towards removal of barriers to trade within the internal market. While the CTMR aimed directly at removing obstacles resulting from territoriality by creating a unitary right (CTMR, recital 4), the TMD proceeded cautiously, harmonizing only those provisions by which the internal market was most directly affected (TMD, recital 4). This means that the core elements of trade mark protection, such as the essential grounds for refusal as well as provisions governing the scope of protection and limits of that protection, were brought into full harmony with each other, and are also congruent in their contents with the CTMR. Other provisions corresponding to those of the CTMR, such as extended protection for reputation marks, remained optional; a number of other optional provisions – mainly concerning absolute and relative grounds for refusal – allows to deviate from the CTMR. Lastly, the TMD expressly abstained from regulating rules of procedure concerning registration, revocation and invalidity, including the effect of cancellation (TMD, recital 6); it also does not contain anything on sanctions for infringement. However, the latter lacuna was filled by Directive 48/2004/EC (Enforcement directive).

1.19 While European trade mark legislation has come a long way in its goal to remove barriers to free movement of trade and competition by harmonisation, the present situation is still not fully satisfactory, as the law and practice in the national and Community systems still tend to diverge to a considerable extent. This is partly due to the fact that harmonisation has been incomplete, but it also ensues from the differences in understanding and practical implementation of provisions which are the same in all national trade mark laws and in the CTMR. The latter problem calls for a better coordination of practice.

1.20 Apart from that, however, the experiences gathered so far with the two-layered system of the CTMR and national laws as well as the fact that the general level of harmonisation within the EU is considerably more advanced today than at the time of enactment of the TMD, furnish sufficient reason to take approximation of national laws a step further, where that is warranted in order to create equal
conditions for doing business across the EU, and where it does not unduly interfere with Member States’ legal traditions and established structures. Where proposals for further harmonisation are made, coherence with the CTMR should remain the governing maxim, meaning that in principle, the provisions of the TMD should be the same as in the CTMR, apart from the differences mandated by the distinct level on which they are effective.

II. Coherence with adjacent areas

1.21 Trade mark law stands in close interaction with other legal fields, in particular with regulations of marketing practices. Coherence must therefore also be ensured with regard to European legislation concerning those adjacent fields. This regards primarily Directive 114/2006/EC concerning comparative and misleading advertising; it also concerns Directive 29/2005/EC on unfair commercial practices (UCP Directive). The first-mentioned Directive has an immediate impact on trade mark law, as its scope of application is not limited to specific addressees, and some of its provisions, especially those dealing with comparative advertising, do in fact regulate trade mark use. The UCP Directive, however, is only meant to apply to relations between business and consumers, and does not cover or affect national regulations on commercial practices which harm only competitors' economic interests or which relate to a transaction between traders (UCP Directive, recital 6). Nevertheless, the UCP Directive forms part of the overall legal framework to be observed, so as to provide for coherence and legal consistency. This becomes particularly relevant where the scope of the UCP and of trade mark law overlap, such as in case of use of signs creating a likelihood of confusion or deception.

1.22 Finally, it is also crucial that coherence is guaranteed between trade mark law and the regulations on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (Regulation (EC) No 510/2006) as well as on spirit drinks (Regulation (EC) No 110/2008). The issue is addressed under Chapter 2 J (para 2.289 et seq.).

D. Trade Marks and Competition

I. Principle of Undistorted Competition

1.23 Since the beginning of the European Community the system of undistorted competition belongs to the goals among the list of objectives in the EC Treaty that have to be pursued. The protection of trade marks is an intrinsic part in the system of undistorted competition. Pointing to this relationship the ECJ has derived from the primary law of the EC Treaty the need to grant and to recognize trade mark protection. In 1990, the ECJ has stated in HAG II (Case C-10/89) for the first time that the system of undistorted competition requires that companies are able to create and maintain relations with their customers by virtue of the quality of their goods. Distinctive signs, and notably trade marks, are necessary to allow customers to identify goods and services and thus create a link between the goods
and services and the undertaking responsible for their marketing and their quality. In order to fulfil this purpose trade marks must guarantee the identity of origin of goods bearing them. For that reason, trade mark protection is needed.

1.24 Hence, European trade mark law, composed of the Community trade mark system and the partially harmonised national trade mark systems, is anchored in the fundamental principle of undistorted competition. European trade mark protection is regarded as an element of undistorted competition. It is this concept that has become a guiding factor for the interpretation of the provisions in the TMD and the CTMR by the case law of the ECJ. When the grounds for refusal under Article 3 TMD and Article 7 CTMR are interpreted, the principle of undistorted competition finds expression in the public interest underlying each of them in various forms (for details, see discussion under para 1.40). In general, the application of this principle increases the threshold for access to trade mark protection.

1.25 As a feature for determining the content of trade mark protection and the scope of trade mark rights the concept of undistorted competition is reflected by the requirement that trade marks have to guarantee the origin of the goods bearing the mark. Trade mark protection must ensure that all goods bearing them have been produced and were released on the market under the control of a single undertaking. This origin-indicating function of trade marks has become the basis for the interpretation of the notion of “trade mark use” or “use of a sign for goods” within the meaning of Article 5 (1) TMD and Article 9 (1) CTMR. The justification of the protection of trade marks against likelihood of confusion is directly related to the preservation of fair and suppression of distorted competition. Also the protection of trade marks with a reputation beyond likelihood of confusion, namely against taking unfair advantage of their distinctive character and reputation is justified because, and insofar as, it contributes to the creation and preservation of a system of undistorted competition.

1.26 As far as the limitation of rights is concerned the principle of undistorted competition calls for an assessment focussing on a balance between the interests of trade mark protection and free movement of goods and services within the internal market, and the interest of other market actors to use a sign for legitimate purposes in accordance with honest practices. In particular, this is reflected in the permissibility of use to indicate the product’s purpose, and the use of descriptive terms that are identical with, or similar to, protected trade marks or their components, where the legitimate interests of trade mark proprietors are not adversely affected.

1.27 The concept of undistorted competition as a guiding principle for interpretation of European trade mark law is not a one-way approach towards a protection scheme being faced with limiting effects only. Undistorted competition requires a basically strong and firm protection of trade marks that takes into account both the interests of the trade mark holders and the interests of competition. Under the roof of the principle of undistorted competition European trade mark protection has, based upon the case law of the ECJ, developed into a direction that emphasises the links between trade marks and their impact on competition.
1.28 The evaluation of the European trade mark law and the proposals submitted in this report proceed from this basic idea of trade mark law being a component of undistorted competition.

II. Trade marks and free competition

1.29 As a matter of principle, trade mark law and free competition are not in conflict with each other. On the contrary, rather than restraining competition, trade marks are indispensable elements for competition to function properly. By providing information about the commercial source of goods or services and thus enabling consumers to repeat purchases that were satisfactory, trade marks provide an incentive for entrepreneurs to invest in quality, and to increase the variety of commodities offered. Furthermore, by contrast to other IP rights such as patents, the objective of trade mark law is not to confer an exclusive market position for certain goods or technologies. Competition thus remains free; those entering the market only have to use another sign so as to indicate the different commercial origin.

1.30 Without doubting the basic validity of those tenets, certain observations must be added. Most importantly, economic reality will only function as indicated above if the acquisition of trade marks remains competition-neutral, in the sense that appropriation of the sign as such does not confer on its holder a competitive advantage from which others are excluded. That condition is largely met where (fantasy) word marks and other traditional forms of trade marks are concerned. Such signs are regularly in infinite supply, so that no barrier to entry for others will ensue. Contrary to that, signs consisting of colours per se, or descriptive designations, are only available in limited stock, which means that the exclusive effect of trade mark protection on the availability of the sign for others entails (more or less aggravating) obstacles for competition, to which the law must respond. Particular issues further arise with regard to shape of product marks where, contrary to the general rule, protection of the mark actually does lead to an exclusive right in the appearance of a specific product (see also Chapter 2 B para 2.17 et seq.).

1.31 Furthermore, the paradigm of trade marks functioning as tools conveying information about commercial origin, which underpins the fundamentally competition-friendly disposition of trade mark law, needs some adjustment. In addition to indicating origin, marks may acquire intrinsic value as business assets; extended protection of reputation marks beyond likelihood of confusion is a response to that development. The economic rationale is found in the fact that reputation enjoyed by a mark is regularly the fruit of intense investments, for which further incentives are provided by the additional protection granted. For competition, however, the phenomenon is not without risks. Due to their psychological dimensions – the capacity to symbolize status and life style – the market power of reputation marks can be very high, possibly resulting in undesirable effects such as high (psychological) entry barriers and reduced market transparency. Those risks as well may have to be considered for the balancing of interests to be undertaken on the premise of undistorted competition.
III. Accessibility of trade mark protection

1.32 Easy accessibility is of essential importance for the proper functioning of trade marks as an element of undistorted competition. Apart from potential issues resulting from the form of signs which were addressed above, the level of accessibility is largely determined by the overall volume of prior rights posing obstacles for protection of new signs. The topic is in the focus of discussions about the congestion, or “cluttering”, of registers. One position advanced in the debates holds that by attracting too many registrations, the CTM system tends to obstruct registration of marks under the national regimes. That argument is frequently linked with the issue of genuine use of CTMs, as the barring of access to new signs under national law is considered as particularly aggravating where it results from a CTM which is not used and has no factual effect on the domestic market. Apart from that, cluttering is also perceived as an internal problem for the CTM system, as the access to new CTMs is likewise impacted by the rising number of existing CTM applications and registrations. The problem – if it exists – is even exacerbated by the fact that applicants for CTMs are confronted with an aggregated number of prior rights existing on the Community level as well as under national law.

1.33 It is true that the difficulties for newcomers to find a sign which is not blocked by a prior mark – and which can easily be pronounced and remembered, and gives rise to positive associations without being descriptive – are bound to increase in proportion with the size of registers. On the other hand, this is not an issue of absolute figures. At present (30 June 2010), 650.000 trade marks are registered at OHIM, whereas the German Patent and Trade Mark office counts ca. 800.000 registrations of national marks in force at the end of 2009, and more than 1.5 mio trade marks are registered at the USPTO. However, this does not allow drawing conclusions regarding the level of accessibility under each system; for a full picture, other relevant systemic features must be included in the consideration. This is particularly obvious for the US system, where – inter alia because of the requirement to prove actual use or file a declaration of intent to use – the space occupied by each mark in the register is typically narrower than under European law and regularly reflects a fairly accurate picture of the mark’s “life-size” on the market.

1.34 In contrast to American law, it is a fundamental trait of European trade mark law that trade marks can be registered without actual use, and are only liable to revocation if no genuine use is made after the lapse of 5 years following registration. If not challenged, unused marks will typically remain in the register until the end of the registration period, and they may be renewed without difficulty. The system therefore inevitably involves a certain amount of “cluttering” in the sense that unused trade marks are found in the registers and will show up in searches, even when they cannot be validly enforced. Further features arguably contributing to the accumulation of “deadwood” at OHIM (and at national offices following the same model) concern the basic fee covering three classes, which may invite overbroad registrations, or the use of class headings as designations covering all goods or services under that heading.

1.35 Those features should, however, not be regarded in isolation, but must be appraised as an element forming part of a system which is more strongly geared
towards fast and cost-efficient procedures than its American counterpart. This implies that private actors must be alert and defend their interests in a pro-active manner instead of relying on the “watchdog-function” of the registry. Changes in that regard are only called for if the obstacles to access resulting from unused or unnecessary registrations are substantial in their dimensions, and if the solutions envisaged are feasible and appropriate under a cost-benefits perspective.

1.36 Regarding substantiality – i.e. the question whether and to what extent “cluttering” results in serious detriments for applicants – the views presented by offices and stakeholders diverge widely. Whereas OHIM and major business associations emphasize that no such problems exist, other stakeholder organisations, in particular those representing agents and attorneys, declare that the cluttering problem is virulent and growing. A tableau of split opinions also transpires from the Allensbach survey: Out of 74 percent of agents expressing a view on the issue, the majority (41 percent vs. 33 percent) is of the opinion that what may be described as cluttering poses a problem at OHIM, whereas that view is only shared by 21 percent of proprietors (vs. 29 percent endorsing the opposite opinion).

1.37 While it is difficult to find reliable data sustaining one or the other position, the evidence available from the CTM register appears to point in the direction that the access to CTMs is not severely hampered by the number of earlier marks. As is regularly emphasized by OHIM, the opposition rate has remained stable throughout the years or is even slightly declining, showing that the growing number of trade marks has not led to a rising portion of conflicts. Interestingly, statistics also show that very crowded classes such as 09, 35, 42 and 41 attract a relatively low opposition rate (between 14 percent and 15 percent). However, the evidence is not entirely conclusive. Apart from the absence of conflicts, an explanation for the low opposition rate could lie in the fact that more efforts are undertaken in those classes to clear the rights before filing an application, thus adding to the pre-filing costs incurred by the companies. Concrete data are not available on that point. However, according to reports by FICPI about an internal survey conducted among its members, clients are usually advised to submit for clearance at least 3 if not more “candidate marks”, as the statistical probability for clearing one particular sign has become “increasingly minimal” due to the high and rising number of prior registrations. This stands in certain contrast to the results of a survey undertaken among companies participating in the European Business Test Panel (EBTP), which was established by the Commission in order to receive direct information and feedback from European business by way of regular consultations on various topics. According to the consultation on trade marks conducted in that framework in 2008 (http://ec.europa.eu/yourvoice/ebtp/consultations/2008_en.htm) a clear majority of participants (54 percent of 391 answers received) never had difficulties in finding a proper name or sign for a trade mark. Of those who did experience such difficulties (84 participants), however, 45 (53,6 percent) answered that the name was already registered as a trade mark by others (with additional 13,1 percent answering that the sign was taken by a prior design, trade name or patent).

1.38 Some investigations on the issue have also been conducted by INNO-tec. According to rough estimations based on internet searches, about 6 – 10 percent
of CTMs remain unused after 5 years of registration. Furthermore, an attempt is made to find indirect evidence for the volume of strategic applications which are not meant to be used, and remain to be unused in case of successful registration. As a background, the hypothesis is promulgated that the “dummy” strategy described above with regard to searches might be practised also for applications, meaning that companies file several applications simultaneously in order to increase the probability that at least one of them will “survive”. Without going into the details which are set out in the report by INNO-tec (Annex I), it is remarkable that simultaneous applications have significantly increased in recent years and appear to be augmenting. Submitting that the above hypothesis is valid, the finding might indicate that a strategy initially devised by applicants in order to minimize the risk of finding access to protection barred by a growing number of prior rights might itself become a source of obstruction. This would be critical inter alia because it tends to disadvantage SMEs which cannot easily afford to adopt the same strategy, at least in the longer run. However, all those findings are preliminary and must be appraised with great caution. It is strongly recommended that further studies are carried out which help to shed light on the issue.

1.39 For the purposes of this Study it must be stated that the evidence gathered is imperfect and does not allow drawing definite conclusions. There is no sustainable documentation showing that access to trade marks is substantially impaired by congestion of registers. On the other hand, it would equally be unwise to contend that the features of the present system which tend to invite a certain amount of cluttering are not giving rise to any problems at all, and will not do so in the future. The lack of hard and fast evidence in that regard may have various reasons, such as the “hidden” nature of additional costs incurred in the pre-filing stage, or the hard-to-grasp impact of strategic conduct. The Study therefore adopts as a general premise that amendments aiming at reducing the number of unused or partially unused marks may contribute to improvement of the system, where such measures appear as sensible and balanced in view of the ensuing costs and benefits. The issue is addressed at several instances in the further course of this Study.

E. Impact of different interests involved in trade mark law

I. Background and problems

1.40 Current law does not expressly refer to interests of proprietors and the public in general, or to the interests of specific parts of the public. There is no doubt, however, that full recognition of the private and public interests affected by the acquisition and use of distinctive signs is of crucial importance for the correct understanding and application of trade mark law. This concerns the interests of applicants in a smooth functioning of the registration system as well as those of proprietors in full and efficient protection of their rights, the interests of consumers in protection against confusion and other distortions of competition possibly affecting their decision-making, and the interest of other market actors in maintaining free competition and the free movement of goods and services.

1.41 In the jurisprudence of the ECJ, it is regularly emphasized that the absolute grounds for refusal (Articles 7 CTMR and 3 TMD) are underpinned by specific
public interests (see e.g. Joined Cases C-456/01 P and 457/01 P, Henkel/OHIM, paras 45, 46; C-329/02 P, SAT.1/OHIM, para 25; C-37/03 P, BiolID/OHIM, para 59). The general objective underlying the distinctiveness requirement, Articles 7 (1) (b) CTMR and 3 (1) (b) TMD, concerns the interest of consumers to identify, in accordance with the mark's origin function, the products they want to buy (SAT.1/OHIM, para 23). In contrast, the public interest in free competition, i.e. the interest of competitors to keep a sign available for general use, is an aspect to be considered in the appraisal of descriptive character, i.e. in the context of Article 7 (1) (c) (Joined Cases C-108/97 and 109/97 Windsurfing Chiemsee/Huber & Attenberger, para 25; see also Joined Cases C-53/01 to 55/01, Linde, Winward, Rado/DPMA, para 73, C-191/01 P, OHIM/Wm. Wrigley, para 31).

1.42 Although a broad overlap exists between (lacking) distinctiveness and descriptive character, the two grounds for refusal must be assessed separately, and each one must be interpreted in the light of the particular type of public interest informing its application. In practice, this means that there is no possibility to take account of competitors' interests to keep a mark available when protectability is assessed under Article 7 (1) (b) CTMR (SAT.1/OHIM, para 36).

1.43 So far, an exception from that rule was only accepted by the ECJ for colour marks. In the leading case C-104/01 – Libertel concerning the protectability for colours per se under Article 7 (1) (b) CTMR, the Court based its reasoning inter alia on the aspect that in view of the limited availability of colours, too generous access to protection might harm the interests of competitors.

1.44 Similar arguments could also be made with regard to shape of product marks, which may also be in limited supply. However, contrary to Libertel, the ECJ confirmed with regard to shape of product marks its general rule that the interest to keep signs available for competitors cannot be considered in the framework of assessing protectability under Article 7 (1) (b) CTMR (C-173/04 P, Deutsche SiSi Werke/OHIM, para 63).

1.45 Certain restrictions regarding the possibility to take account of specific types of public interests apply also with regard to the appraisal of acquired distinctiveness under Articles 7 (3) CTMR) and 3 (3) TMD. The issue was addressed by the ECJ in Joined Cases C-108/97 and C-109/97 - Windsurfing Chiemsee/Huber & Attenberger. The conflict concerned a geographical term which had arguably acquired a certain degree of distinctiveness through use on the market. In response to the question posed in that regard, the ECJ stated that the threshold for acquired distinctiveness cannot be measured according to the strength of the need to keep the sign available (para 48: “[Article 3 (3)] does not permit any differentiation as regards distinctiveness by reference to the perceived importance of keeping the geographical name available for use by other undertakings”). This does not mean, however, that the same standards apply to all kinds of marks. In the concrete case – concerning a geographical name – the ECJ stated that:“where a geographical name is very well known, it can acquire distinctive character under Article 3 (3) of the Directive only if there has been long-standing and intensive use of the mark by the undertaking applying for registration. A fortiori, where a name is already familiar as an indication of geographical origin in relation to a certain category of goods, an undertaking applying for registration of
the name in respect of goods in that category must show that the use of the mark — both long-standing and intensive — is particularly well established” (para 50).

1.46 The interest of competitors to keep a sign available was further declared irrelevant for assessing the scope of rights in case of conflict. In Case C-102/07 Adidas/Marca Mode, the ECJ stated in the context of assessing likelihood of confusion, that by allowing for the third party “to rely on the requirement of availability to use a sign which is nevertheless similar to the trade mark freely without the proprietor of the latter being able to oppose that use by pleading likelihood of confusion, the effective application of Article 5 (1) of the Directive would be undermined” (para 31). Even if the sign is perceived by the public as a decoration, this does not preclude a finding of likelihood of confusion if “despite its decorative nature, that sign is so similar to the registered trade mark that the relevant public is likely to perceive that the goods come from the same undertaking or, as the case may be, from economically-linked undertakings” (para 34). Similar considerations apply to Article 5 (2) TMD: “It is clear that the requirement of availability is extraneous both to the assessment of the degree of similarity between the mark with a reputation and the sign used by the third party and to the link which may be made by the relevant public between that mark and the sign. It cannot therefore constitute a relevant factor for determining whether the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.” (para 43). And, finally, no possibility exists pursuant to the ECJ to consider the “need to keep free” as a relevant element in the assessment of the limitation set out in Article 6 (1) (b), in addition to those expressly mentioned in the provision: “The requirement of availability cannot in any circumstances constitute an independent restriction of the effects of the trade mark in addition to those expressly provided for in Article 6 (1) (b) of the Directive. It must be stated in that regard that, in order for a third party to be able to plead the limitations of the effects of the trade mark in Article 6 (1) (b) of the Directive and rely in that respect on the requirement of availability underlying that provision, the indication used by it must, as required by that provision of the Directive, relate to one of the characteristics of the goods marketed or the service provided by that third party”. (para 47).

II. Evaluation and proposal

1.47 As indicated above, the principle of undistorted competition calls for an evaluation of trade mark issues in the light of all interests involved. In that regard, the division made in jurisprudence between the two grounds of refusal anchored in Article 7 (1) (b) and (c) CTMR and Article 3 (1) (b) and (c) TMD and the public interests underlying them may create difficulties. It is true that competition interests are typically affected most directly when clearly descriptive terms are at stake. As is pointed out under para. 1.29 et seq., competition concerns usually rise in proportion with the scarcity of the particular type of sign for which protection is sought, and designations that are capable to indicate the quality, geographic origin or other specifics of the goods or services to which they relate are definitely in limited supply. However, similar concerns may arise in view of marks which are suggestive rather than descriptive, or regarding combination marks involving elements which would not be registrable as such. Furthermore, the argument of scarcity also applies to colour marks, and it may be of relevance for signs
consisting of the shape of goods, in particular where the shape is functional to some extent.

1.48 As indicated above, the ECJ has reacted to the problem in the case of colour marks, by requiring to take the aspect of limited availability into account for the assessment under Article 7 (1) (b) CTMR and Article 3 (1) (b) TMD. It is difficult to see why that should be the only case where competition interests may play a role in assessing distinctiveness, whereas in all other cases, the argument must remain confined to Articles 7 (1) (c) CTMR and 3 (1) (c) TMD. This means, for instance, that shape of product marks need to be qualified as ‘descriptive’ in order to allow for the argument that the shape has certain functional advantages, whereas the same argument must be rejected as long as the case is argued under Article 7 (1) (b) CTMR and Article 3 (1) (b) TMD. Odd situations may also occur when a word or combination mark is primarily assessed under the aspect of non-distinctiveness, but when the additional argument is made that the sign has certain properties which should be kept available in the interest of competitors. Courts and offices rejecting such arguments for the sole reason that they are “misplaced” under Articles 7 (1) (b) CTMR and 3 (1) (b) TMD risk to appear as arbitrary, and to lose credibility.

1.49 To restrict the public interests of relevance for the assessment of distinctive character to specific subgroups also makes it more difficult to arrive at a meaningful differentiation concerning the threshold for protection. This regards the evaluation of inherent distinctiveness, and it applies even more to distinctiveness acquired by use. It is true that already by differentiating between varying degrees of ‘non-distinctiveness’, and by taking account of different levels of expertise among the relevant public for the measurement, consumers’ and competitors’ interests alike are regularly safeguarded, to the extent that the grounds limiting the availability of the sign in question coincide with elements that diminish the mark’s distinctive character in the public’s perception. However, without including elements which determine a sign’s market impact in an objective sense – such as for instance the specific functional advantages of a shape, or the capacity of a colour to save printing costs – the analysis remains incomplete.

1.50 Finally, the scope of protection conferred on a mark must also rest on a balance of interests which includes those of proprietors, consumers, and competitors. None of those interests should be excluded per se from the assessment. Regarding competitors’ interests, recognition is mainly achieved in two ways. First, it is a general rule that the scope of protection is measured according to the strength of the mark, meaning that marks with a low level of distinctive character or market recognition are regularly afforded a narrow scope of protection. It is important that the rule is strictly observed in practice, so as to maintain a functional equilibrium. Second, protected signs may be used by competitors where that is permitted by the limitations in Article 12 CTMR and Article 6 TMD. Due to the exhaustive character of the provision, however, it may not be able to encompass the full scale of competition concerns, in particular where use of signs is at stake which do not have descriptive connotations in a literal sense. The consequence of such restrictions should be examined and analysed with a view to avoiding risks of systemic imbalance.
1.51 The balance of interests and possible shortcomings of the current approach will be addressed at several instances in the Study, in particular in the context of shape of product marks (Chapter 2 B), and regarding limitations and exceptions (Chapter 2 H). Furthermore, it is proposed that the need for courts and authorities to engage in a full interest analysis on all stages of trade mark protection should be addressed in the Preambles of the CTMR and the TMD.

F. Jurisdiction

1.52 The procedural structure of the Community trade mark system is characterized by the lack of a genuine Community jurisdiction for infringement proceedings. Community courts have jurisdiction in CTM matters only for reviewing decisions of OHIM in examination, opposition or cancellation proceedings. According to Article 65 (2) CTMR, actions against decisions of the Boards of Appeal may be brought before the General Court on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of the CTMR or of any rule of law relating to their application or misuse of power. Article 58 of the Statute of the Court of Justice states that an appeal against a judgment of the General Court is limited to points of law.

1.53 Jurisdiction for Community trade mark infringement actions is attributed by Article 96 (a) CTMR to the Community trade mark courts. Article 96 (d) CTMR extends their jurisdiction to counterclaims for invalidity. According to Article 95 (1) CTMR, Community trade mark courts are national courts of first and second instance designated by the Member States. Further appeals against judgments of Community trade mark courts of second instance are governed by the national rules of procedure. The Court of Justice is not the court of last instance in these proceedings. However, the system of preliminary references pursuant to Article 267 TFEU (previously Article 234 EC) is available in proceedings before Community trade mark courts, thus ensuring a uniform interpretation of the CTMR provisions on infringement and validity, to the extent that they arise in CTM courts. Aspects of infringement of a Community trade mark that are not covered by the CTMR provisions are, according to Article 14 (2) CTMR, governed by the national law relating to infringement of national trade marks unless otherwise provided in Articles 94 to 108 CTMR. An example in this context is Article 102 CTMR that provides the sanctions when a Community trade mark court has found that the Community trade mark has been infringed. Apart from the order to prohibit the defendant from continuing the infringing acts the court must, with regard to any other sanctions, rely on the law of the Member States in which the acts were committed.

1.54 Article 97 CTMR lays down the rules on international jurisdiction of Community trade mark courts by defining the Member States in which the infringement proceedings can be brought in a court. The territorial extent of this jurisdiction is determined by Article 98 CTMR. It distinguishes between courts with community-wide jurisdiction and courts with jurisdiction limited to the Member State in which the courts are situated. Jurisdiction in this latter case derives from Article 97 (5) CTMR, according to which infringement proceedings can also be brought in the courts of the Member State, in which the acts of infringement have been committed or threatened.
Specific problems can arise when a Community trade mark court has Community-wide jurisdiction but the acts of infringement only occur in a particular region of the Community. In these cases, for example, the territorial scope of protection when likelihood of confusion is limited to parts of the Community, or the territorial scope of injunctive relief when the infringing use is limited to a certain area, has to be defined. There are no clear rules in the CTMR provisions on infringement that provide an answer. These issues are discussed in Chapter 3 B.

G. Impact of International law

I. Background

European trade mark law is strongly impacted by obligations incurred by the European Union and its Member States by virtue of their adherence to international conventions. All Member States are members of the Paris Convention (1967) as well as of the TRIPS Agreement (1994). The EU is party to the TRIPS Agreement, and is thereby bound to comply with Articles 1-12 and 19 of the Paris Convention (cf. Article 2.1 TRIPS). In addition, the EU as well as all Member States except Malta have adhered to the Madrid Protocol Concerning the International Registration of Marks (1989).

Furthermore, all EU Member States except Cyprus and Malta have adhered to the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks. The EU as well as all Member States except Bulgaria have signed up, and a majority of Member States has already acceded, to the Trademark Law Treaty (TLT; 1994). The more recent Singapore Treaty on the Law of Trademarks (2006), which builds upon the TLT, was also signed by a large majority of Member States, and accession procedures have been concluded in about half of them.

Recital 13 of the TMD sets out that, as Member States are bound to the Paris Convention, it is “necessary that the provisions [of the TMD] should be entirely consistent with those of the said Convention”, and that the obligations of the Member States resulting from that Convention “should not be affected”. Because of this situation, there was also no need seen to make provisions in the TMD implementing all Paris Convention obligations.

As far as the CTMR is concerned, when it was adopted the EU was not (yet) bound to observe any Paris Convention obligation. Nevertheless, it was clear that the CTMR must be compatible with the Paris Convention. The legislative approach was therefore to make specific provisions in the CTMR implementing all substantive Paris Convention obligations, such as the right of priority, the protection of well-known marks etc.

The CTMR was amended to create compliance with TRIPS (Regulation (EC) No 3288/94). It may appear unfortunate that at that time the Directive was not also amended.
As EU law is committed to the principle of compliance with international law, references to relevant provisions in the Paris Convention, the TRIPS Agreement, as well as to other international treaties will be made in the Study where appropriate.

II. Competence

The distribution of competence between the Community and its Member States to conclude TRIPS was the object of the ECJ’s Opinion 1/94. It was held that the Community and the Member States were jointly competent in the field, with the Community being exclusively competent to the extent that its internal competence to enact legislation in the areas covered by TRIPS had been exercised. The Opinion refers to trade mark law as one of the areas where only partial harmonisation has been achieved, as according to the Preamble of the TMD (recital 3), legislation is confined to the approximation of national laws “which most directly affect the functioning of the internal market” (Opinion 1/94, para 103).

In subsequent case law, the scope of the Community’s competence with regard to TRIPS has been interpreted rather broadly. In Case C-53/96 – Hermès International/FHT Marketing Choice, the ECJ held in a case concerning a preliminary injunction for alleged breach of copyright and trade mark law, that Community competence existed in both fields with regard to provisional and protective measures addressed by Article 50 TRIPS, due to the fact that the CTMR, which went into force briefly before TRIPS had been signed, includes an obligation to provide for injunctive relief in case of CTM infringement (Article 103 CTMR; then: Article 99).

After enactment of the TFEU, it has been questioned whether the ECJ’s Opinion 1/94 can still be regarded as good law, given that according to Article 3 e) in conjunction with Article 207 TFEU, the European Union is exclusively competent for issues concerning trade related aspects of intellectual property rights. Although there is no decision on the issue as yet, it is held by a majority opinion that all areas covered by TRIPS have thus become a matter of exclusive Community competence.

Without pursuing the issue further, it can be concluded that (at least) for trade mark law, it seems to be clear that all matters relating to protection of trade marks for goods or services fall into the scope of the European Union’s legislative competence. Of practical importance is the fact that this includes protection of marks for goods or services which are not registered, but which are well-known in the country where protection is sought in the meaning of Article 6bis Paris Convention and Article 16 (2), (3) TRIPS. The issue is addressed in Chapter 2 F.

H. Markets

This section contains a review of the economic and marketing literature which is relevant to the question how integrated and unitary the common market presently is. This question is relevant to the discussion of the relevance and role of national trade mark systems within the common market. It may be expected that if the
common market is highly integrated, then the uses of national trade marks within this integrated market will be quite limited. In contrast, if the common market were highly fragmented the challenges facing a unitary Community wide trade mark would be very high. In a highly fragmented market it is much more likely that signs that are distinctive or that have acquired a reputation in one part of the market will not have done so in another or several others. Also, in such a fragmented market the question whether there is genuine use of a trade mark is much harder to answer as it can only be properly answered with reference to a part or parts of the common market. What then should the correct criterion be for genuine use in such a fragmented market? Finally, note that the role of national marks within the fragmented market is quite important as it will always be easier to establish whether such marks are genuinely in use or have a reputation with reference to an economically, culturally and linguistically integrated submarket within the common market. Thus such national marks will be subject to less legal uncertainty for smaller entities not interested in community wide trade.

1.67 As this first paragraph shows the central question to be answered here is that of the degree of fragmentation of the common market. First it should be noted that the integration of the common market advanced significantly between 1985 and 1992 in the phase leading up to the creation of the single market (Monti, 2010). However, recent research confirms Monti’s view that the integration of the common market has slowed down in recent years (Balta and Delgado, 2009).

1.68 In order to answer the question of whether a market is integrated or fragmented it is necessary to have criteria or measures at hand that support such a conclusion. Before turning to the substantive question whether the common market is integrated or not is therefore reviewed as to the antecedent question how integration can be measured.

1.69 The economic literature offers several ways of approaching this question. In the economic geography literature it has become common to exploit the Law of one price (LOOP) in order to determine how closely integrated geographically neighbouring markets are in an economic sense. The idea here is to measure how shocks to demand and supply conditions for a homogeneous good in one market affect demand and supply of that good in those neighbouring markets. In an important contribution Parsley and Wei (1996) showed that it can take four to five quarters for half of the shock to the price of a tradeable in the United States to wear off as a consequence of trade between neighbouring markets. This demonstrates that even in a highly integrated national market it may take a surprisingly long time for trade to react to imbalances within the market.

1.70 This literature has also provided results suggesting that national boundaries can have substantial effects on trade. For instance the national border between the United States and Canada has been said to reduce trade as much as a geographic separation of 2500 miles between two markets within Canada or the United States (Engel and Rogers, 1996). More recently it has emerged that such results are not robust to the inclusion of migration and past trade flows (Millimet and Osang, 2007).

1.71 However, this does not mean that national borders or even more importantly cultural and language borders do not have effects on trade. Rather it means that
economists could not properly account for these effects before. In recent work it has been shown that ethno-linguistic borders often have stronger effects on trade than national borders (Heinemeyer, Schulze and Wolf, 2008) and that business and social networks have very strong effects on trade flows and integration of markets even within a highly integrated market such as France (Combes, Lafourcade and Mayer, 2005).

1.72 The upshot of this literature is that it is the extent to which labour migrates between parts of the common market and the degree to which firms link production across national boundaries which determines the degree of market integration. As these linkages become stronger the market will become more unitary.

1.73 Having established that these factors determine the degree of market integration it remains to survey the evidence on integration of the common European market. The economic geography and trade literature also provides some insight into this question. In a recent paper Wolf (2009) revisits the historical example of the integration of Germany after 1870. He shows that it took more than a generation (until 1925) for former borders within the newly unified country to become weaker barriers to trade than those constituted by the borders of Germany with other neighbouring countries. As an aside it may be interesting to note that Germany instituted a common trade mark system as of 1877.

1.74 More recent evidence is provided by Balta and Delgado (2009). They argue that consumption of goods within a fully integrated market should reflect production. Thus if the share of local goods in the overall production of a market such as the common market is small, then the local consumption of locally produced goods should also be small. They test this prediction and find that the common market fails the test of strong integration – on average an EU 15 country spends 86 percent on goods produced in that country and only 10 percent on goods produced within the EU. As noted above they also note that there is little evidence that this home bias is getting smaller over time.

1.75 A similar result is provided by Goldberg and Verboven (2005) who study the integration of the European car market. They conclude that this is “a market in which substantial cross-price differences still exist, but where progress towards integration is evident.”

1.76 Finally, Okazaki et al. (2007) survey marketing executives in the United States and in Japan and seek to answer the question whether the integration of the common market opens up the possibility for an integration of marketing activities across this market. The question whether firms can benefit from marketing integration across international markets is a long standing one, as there are substantial cost savings to be had. On the other hand it is recognized in this literature that over hasty integration of marketing activities can be damaging for firms where strong heterogeneity of local customs and preferences prevail. Okazaki et al. (2007) find that the managers they surveyed agreed that there was progress in the integration of the common market and that this did create opportunities for marketing integration. However, they also clarified that currently only very few firms are seeking to take advantage of these trends, which also suggests that these trends are not very strong.
Overall it can be concluded that there is not as much evidence on the integration of the common market as one might want to see. What evidence does exist suggests that market integration is far from full. This suggests that there still is a substantial role for national trade mark offices to provide local trade mark protection within those industries and markets that are currently not strongly integrated into the common market.

On a more positive note this review also points to those factors which can and ought to be measured in future to determine the extent of market integration within the common market: flows of migrant workers and networks of firm collaboration. The denser these become the smaller will be the role for the national trade mark offices within the community trade mark system.

**Bibliography**


Chapter 2 – Common issues for TMD and CTMR

A. Signs capable of being registered

I. Current law

2.1 A definition of protectable subject-matter (“signs of which a [Community] trade mark may consist”) is given in Article 4 CTMR and Article 2 TMD. Such signs must be capable of being represented graphically, and they must be capable of distinguishing the goods or services of one undertaking from those of other undertakings. In addition to those requirements, the provisions contain an exemplary, non-conclusive catalogue of protectable forms of signs.

II. Case law

1. Capability to distinguish

2.2 The ECJ ruled in a case concerning trademark protection for the element of transparency of a dust collector bin (for vacuum cleaners) that “Article 2 [TMD]...is to be interpreted as meaning that the subject-matter of an application ...which relates to all the conceivable shapes of a transparent bin...forming part of the external surface of a vacuum cleaner, is not a sign within the meaning of that provision and therefore is not capable of constituting a trade mark” (Case C-321/03, Dyson/Registrar of Trade Marks).

2.3 Other than that, no forms of signs have been considered as being precluded from trade mark protection per se. Concerning the TMD, it was made clear by the ECJ that the nature of a sign of which a trade mark may consist cannot be assessed differently from one country to another (Case C-283/01 – Shield Mark/Kist). Member States are therefore not free to exclude forms of signs from protection which do own the basic capability to distinguish goods or services of one enterprise from those of another.

2. Graphical representation

2.4 The requirement of graphical representation does not mean that signs are excluded from protection which are not perceptible visually (Case C-273/00 – Sieckmann/DPMA, para 45). However, signs must be capable of being represented in a manner that is “clear, precise, self-contained, easily accessible, intelligible, durable and objective” (Sieckmann, para 55).

2.5 For single colours, the condition cannot be satisfied merely by reproducing on paper the colour in question, but may be satisfied by designating that colour using an internationally recognized identification code (Case C-104/01 Libertel/Benelux Merkenbureau, para 37).
2.6 Colour combinations must be systematically arranged by associating the colours concerned in a predetermined and uniform way (Case C-49/02 - Heidelberger Bauchemie/DPMA, para 33).

2.7 For musical tunes, the requirements are satisfied where the sign is represented by a stave divided into measures and showing, in particular, a clef, musical notes and rests whose form indicates the relative value and, where necessary, accidentals (Case C-283/01 - Shield Mark/Kist, para 64). No ECJ decision so far has dealt with sonograms as a means of graphical representation of sounds. Sonograms of sounds not represented by musical notes are accepted by OHIM in accordance with Rule 3 of the Implementing Regulation, if filed in the form of a graphic representation plus a sound file representing the sound itself.

2.8 In the case of smell marks (olfactory signs), the requirements of graphic representability are not satisfied by a chemical formula, by a description in written words, by the deposit of an odour sample or by a combination of those elements. (Sieckmann, para 73; see also General Court, T-305/04 – The smell of ripe strawberries). No other forms of representation, like for instance chromatograms, have been tested so far in the jurisprudence of the General Court and ECJ.

III. Opinions

2.9 A broad majority of user associations consulted in the course of the Study expressed the view that the requirement of graphical representation of signs was outdated, and that the wording of the law should be changed so as to allow for a more liberal practice regarding representation of non-traditional signs. However, it was also stressed that this should not detract from the exigencies of legal security, as set forth in the Sieckmann decision.

IV. Issues

1. Capability to distinguish

2.10 It seems to be an accepted principle that basically all imaginable forms of signs which can be perceived by the human senses and hence are able to perform a communication function are also able to distinguish goods or services of one enterprise from those of another. The same view is reflected in the jurisprudence of the ECJ, as related above. Accordingly, the reference to a sign’s capability to distinguish in Article 4 CTMR and in Article 2 TMD rather constitutes a positive mandate to keep the system open for all conceivable types of distinguishing signs, and not a substantial restriction of access to protection, as the present structure of the provision seems to imply. The positive character of the criterion would emerge more clearly if the provision is reformulated so as to comply with the structure found inter alia in Article 15 (1) TRIPS.

2. “Sign” vs abstract concept
The confines of what may constitute a “sign” in the meaning of Article 4 CTMR and Article 2 TMD are somewhat unclear. In particular, no indication is found in the present text of the degree of concretization of subject matter which is required for a sign to be eligible for protection.

3. Graphical representation

a) Structure of the requirement

By virtue of its position in the initial part of Article 4 CTMR and Article 2 TMD, the requirement that a sign must be capable of being represented graphically might appear as a crucial defining element of the notion of a (Community) trade mark. The argument was indeed made on that basis that signs which cannot be represented graphically can by no means be considered as trade marks under European law, even if they are acquired (under national law) without registration. In order to prevent such misunderstandings, it should be made clear that, as important as graphical representation may be, it is only of relevance in the framework of the registration system and does not determine the protectability of marks as such.

b) Means of representation

The fact that Article 4 CTMR and Article 2 TMD in their present form demand graphical representation instead of being open for other forms of representation is often criticized as too restrictive. Whereas the issue has become moot where feasible ways of graphical representation have been identified through case law and practice, there is still considerable uncertainty with regard to some categories of non-traditional marks, like mere sounds (by contrast to musical tunes), smells, tastes, or haptic marks. Furthermore, in cases such as musical tunes and sound marks, representation by other than graphical means (e.g. by sound recordings) may even be preferable to mere graphical representation, if it allows for a more precise identification of the mark and thereby serves the aim of enhanced legal certainty. Apart from that, however, to allow for more flexibility with regard to the means of representation should not grant dispense from the basic concept underlying the list of criteria enunciated in the Sieckmann case. Whereas they do not have to be repeated literally, those principles should be expressed in the law in a general form.

V. Proposals

Article 4 CTMR and Article 2 TMD should be reformulated so as to refer to capability to distinguish as the essential criterion for protection, and not as an obstacle. Wording should be added in the Preamble to indicate that abstract subject matter, such as mere concepts, are excluded from protection.

Graphical representability of the sign should be removed from the basic definition. Rather, a separate paragraph should provide that signs may only be registered as
CTMs or national marks if they are represented in a manner which satisfies the requirements of the registration system. Further details should be left to the Implementing Regulation for the CTM system. For national trade marks, consideration should be given to harmonise the representation requirements in the Directive.

2.16 The principles set out above should also be addressed in the Preamble.

B. Shape of product marks

I. Current law

2.17 The shapes of products or their packaging are listed in Article 4 CTMR and Article 2 TMD as forms of signs of which a trade mark may consist. For the assessment of protectability, the same rules are applicable as for other kinds of marks. In practice, this means that protection for shapes must be refused if they are devoid of distinctiveness, may serve descriptive purposes, or have become generic (Article 7 (1) (b)-(d) CTMR and Article 3 (1) (b)-(d) TMD). In addition, and unlike other forms of marks, signs are barred from protection in an absolute manner if they exclusively consist of shapes which result from the nature of the goods, are necessary to obtain a technical result, or give substantial value to the goods (Article 7 (1) (e) (i)-(iii) CTMR and Article 3 (1) (e) (i)-(iii) TMD).

II. Case law

1. Distinctiveness, descriptive character

2.18 It is an established principle in ECJ case law that the standards to be applied in the assessment of distinctiveness are the same for all forms of marks, including the shapes of products (Joined Cases C-53/01-C-55/01 – Linde, Winward, Rado, para 46. However, in the perception of the buying public, unusual forms of marks like shapes (and colours \textit{per se}) are less likely to convey a message about commercial origin than other, more traditional forms of marks; therefore, it may be more difficult in practice to establish distinctiveness in relation to a shape of product mark than a word or figurative trade mark (Linde, Rado, Winward, paras 40, 41, 48; for a similar view on colour marks, see Case C-104/01 - Libertel, paras 65, 66).

2.19 As a matter of principle, the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater will be the likelihood of the shape being devoid of any distinctive character for the purposes of Article 7 (1) (b) CTMR. Only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of that provision (Case C-136/02 P – Mag Instruments/OHIM, para 31; see also Joined Cases C-456/01 P, 457/01 P – Henkel/OHIM, para 39). The interests of competitors in the availability of the shape do not constitute a relevant yardstick for
appraising the protectability of the sign within the ambit of Article 7 (1) (b) CTMR and Article 3 (1) (b) TMD (Case C-173/04 P - SiSi Werke/OHIM, para 63).

2.20 Apart from Article 7 (1) (b) CTMR and Article 3 (1) (b) TMD, protection of shape of product marks may also be refused on account of their descriptive character (Linde, Winward, Rado, para 6). In that context, it must also be examined whether the shape should be freely available to all and not be registrable (Linde, Winward, Rado, para 74). However, as long as the sign falls outside the ambit of Article 7 (1) (e) CTMR and Article 3 (1) (e) TMD, its registration may not be denied as a matter of principle (Linde, Winward, Rado, para 75 last sentence).

2. Permanent exclusion from protection

2.21 The leading case addressing permanent exclusion under Article 3 (1) (e) TMD is Case C-299/99 – Philips/Remington, concerning a picture mark representing a triple headed shaver. Regarding the rationale underlying all grounds for exclusion listed in Article 3 (1) (e) TMD, it was held that it shall “prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3 (1) (e) TMD is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark” (para 78). Regarding in particular Article 3 (1) (e) (ii) TMD, the Court pointed out that the provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product (para 79). Finally, concerning the question whether Article 3 (1) (e) (ii) TMD would not be applicable if the same technical result could be obtained by other forms, it was stated that Article 3 (1) (e) TMD, second indent, must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained (para 84).

2.22 Based on similar reasoning, the ECJ confirmed the decision by the Grand Board of Appeal at OHIM and of the General Court to cancel the CTM registration of the basic LEGO building block (Case C-48/09 P).

2.23 In Case C-371/06 – Benetton/G-Star, the ECJ was asked whether a shape of product mark could obtain protection in case that the appearance of the product (arrangement of stitches on a pair of jeans) had originally given substantial value to the goods in the meaning of Article 3 (1) (e) (iii) TMD, but had later-on, by virtue of intense advertising campaigns, acquired distinctive character, so that, at the
time of filing the application, the reputation enjoyed by the goods was largely attributable not to the aesthetic attractiveness of the shape but to the attractiveness resulting from recognition of the trade mark. The ECJ referred to the fact that the obstacles listed in Article 3 (1) (e) TMD are not mentioned in Article 3 (3) TMD, with the consequence that those obstacles cannot be overcome by establishing that the sign has acquired distinctiveness through use.

2.24 Registration was further denied by the 1st Board of Appeals at OHIM for the shape of a loudspeaker on the basis of Article 7 (1) (e) (iii) CTMR, whereas the same shape had been found inherently distinctive in a previous decision of the General Court. The case is pending before the General Court (Case T-508/08 – Bang & Olufsen/OHIM).

III. Opinions

2.25 Protection of shape marks was addressed in consultations with user organisations and other expert circles (judges from specialized courts) under two aspects: First, regarding difficulties to establish acquired distinctiveness throughout the Community (see on that issue Chapter 3 B). Furthermore, it was noted critically that this is an area where differences in legal practice are quite profound, not only between different offices, but also within the same office.

IV. Issues

1. Registration requirements for shape of product marks (and colours per se)

2.26 Trade mark protection for the shape of products is special in so far as it appears to defy the general rule that protection for marks does not restrict competition in goods or services as such. Similar to industrial design protection, protection of shape of product marks bars others from making and offering the same article on the market, and by contrast to industrial designs, that barring effect can be maintained without any limitations in time. In view of those particularities, some trade mark laws in previous times entirely excluded protection for trade marks consisting of the shape of products, or at least required a showing of acquired distinctiveness through use. Today, total exclusion from trade mark protection of the shape of products or their packaging would not be a feasible option, as Article 15 TRIPS requires that all forms of signs capable of distinguishing goods or services must be accepted for registration as marks. However, it is still possible under international law to stipulate as a general rule that shape of product marks can only be registered upon a showing of acquired distinctiveness (or “secondary meaning”). That rule has been espoused in major non-EU jurisdictions such as the USA and Japan.

2.27 Under EU law, no such requirement applies. Shape of product marks (and even more so the packaging of goods) can be registered, if they are significantly different from shapes usually found in the relevant market sector. However, actual practice has established a rather high threshold. Most courts and authorities, in observance of the ECJ’s jurisprudence, appear to take a rather cautious approach
towards the appraisal of inherent distinctiveness of product shapes. Where exceptions are made from that rule, the reasons for the decision are often not quite clear. The two main grounds for refusal, Article 7 (1) (b) CTMR/Article 3 (1) (b) TMD and Article 7 (1) (c) CTMR/Article 3 (1) (c) TMD, were not formulated with a view to unusual forms of signs such as product shapes, and are therefore not easy to apply. The situation is not improved by the division made in ECJ jurisprudence between Article 7 (1) (b) CTMR/Article 3 (1) (b) TMD and Article 7 (1) (c) CTMR/Article 3 (1) (c) TMD and the different subsets of the public interests on which each of those grounds is founded (see above Chapter 1 E). Those difficulties seem to be a major source for inconsistency and lacking transparency in OHIM’s and national offices’ registration practice, and this may result in unequal conditions for businesses seeking to protect their assets. Another source for concern regards the overlap between trade mark and industrial design protection: it is unclear whether and how the criteria for appraising inherent distinctiveness of a shape mark are distinguished from the criterion of “individual character” under design law, and whether the distinction is one of grade or of substance.

2.28 The situation could be relaxed in two ways: It could be clarified in the Preamble or elsewhere, that a “significant” distance from customary shapes should not be required, so as to lower the present threshold for protection. However, this is likely to lead to a proliferation of such registrations, entailing a host of conflicts. Vice versa, it could be stipulated that acquired distinctiveness must always be established as a precondition for registration. While this bars the possibility for obtaining protection on the basis of inherent distinctiveness for a few, it would not result in a massive change of present practice, while reducing the inconsistencies which today seem to be the main source of discontent. Fears that this would lead to serious protection gaps are soothed by the fact that shapes which are significantly different from the norm and thereby might arguably qualify as distinctive, could regularly be protected as industrial designs, if they are new on the market and therefore incapable of showing acquired distinctiveness. It is also important to note here that, as proposed under Chapter 3 B, the requirements for establishing acquired distinctiveness in the Community should be eased to some extent, so that obtaining protection for shape of product marks as CTMs would not become unrealistic.

2.29 Nevertheless, to promulgate a hard and fast rule barring access to trade mark protection for shape of product rules is not warranted. Courts and offices should be left with some flexibility to assess the individual circumstances of the case. However, in order to prevent inequality, guidelines should be given in the Preamble so as to preserve, or even enhance the cautious attitude reflected in ECJ jurisprudence concerning shape of product marks. The same would appear appropriate with regard to other forms of signs such as, in particular, colours per se.

2. Permanent exclusion from protection

a) Application to shapes only?

2.30 According to the wording, the permanent exclusion clauses in Article 7 (1) (e) (i)-(iii) CTMR and Article 3 (1) (e) (i)-(iii) TMD only apply to shape of product marks.
However, in view of the case law of the ECJ which requires the examination of marks consisting of a two-dimensional rendering of three-dimensional object (such as a product shape) to be carried out by applying the same standards applicable to 3D marks, it may well be that the exclusion in Article 7 (1)(e) CTMR and Article 3 (1) (e) TMD will be applied also to 2D marks (leading case: Case C-25/05 P – Storck/OHIM, para 29). (In the Philips case, which involved a 2D mark, it was agreed among the parties and the referring court that a 3D mark was at issue, and the ECJ treated it as such.) Also in a case like Benetton, the question might have been posed whether the trade mark – a pair of jeans displaying a special arrangement of stitches – actually consisted of a product shape in the strict sense. That question was not posed to the ECJ, but had it been of crucial relevance in the case, it could have been expected that the Court would have addressed it on its own motion. It can therefore be concluded that the notion of ‘shape’ presently found in the legal texts is interpreted rather broadly.

2.31 Nevertheless, the confinement of the permanent exclusion clauses to shapes might be too narrow. For instance, the corresponding exclusion clause for functional signs in US trade mark law does not contain any such restrictions, but can be applied to all kinds of signs, like colours, smells, or sounds. Whereas the practical relevance of the exclusion clause for such other forms of signs may be much smaller in practice than for shape marks, there is no pertinent reason for generally excluding other signs from its ambit. For instance, if the sound of a motorbike is produced by the technical properties of the engine, it could be of relevance to assess whether the sound results from the nature, or rather from the technical performance, of the goods it is intended to designate.

b) Functional and value-conferring shapes

2.32 Regarding the first two grounds for permanent exclusion, Article 7 (1) (e) (i) and (ii) CTMR and Article 3 (1) (e) (i) and (ii) TMD, exclusion from protection is motivated by the need to maintain the fundamental balance of interests reflected in the architecture of the intellectual property system. Where shapes are exclusively determined by the nature of the product, or by its functional or technical features, their attribution to a sole manufacturer, without any limits in time, would result in permanent monopolization of an important sector of a market, and would thereby lead to serious distortion of competition. This complies with the basic rationale of Article 3 (1) (e) TMD which the ECJ identified in Case C-299/99 – Philips/Remington, namely to “prevent the grant of a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors”. However, the same arguments hardly apply to Article 7 (1) (e) (iii) CTMR and Article 3 (1) (e) (iii) TMD. The legal objective of the clause is unclear, and case law under the TMD and CTMR as well as under its previous codification in the Uniform Benelux law is scarce and obscure. If it was originally meant as providing a demarcation line between the realms of industrial design and trade mark protection, it has long forgone its purpose – in practice, it does not pose a meaningful obstacle against simultaneous or subsequent protection of shapes under both laws. Worse, it might present a dilemma for particularly ambitious designs: as indicated above, (only) products which are significantly different from pre-existing forms may, under the standards established in ECJ jurisprudence, qualify as being inherently distinctive – however, if that makes them
also particularly attractive for consumers, they may, according to the logic of the
law which was confirmed in Case C-371/06 – Benetton, for the same reason be
barred from protection forever (that dilemma is brought to the fore in case T 508/08 Bang & Olufsen, pending before the General Court).

2.33 The problems are due to the fact that whereas the technical necessity of a shape
can be assessed in a fairly stable and objective manner, the answer to the
question whether a shape gives substantial value to a product (in terms of
determining its commercial attractiveness) is essentially depending on the public’s
apprehension, which involves subjective evaluations. It is inevitable that such
evaluations change with time, and where they do, this will directly affect the type
and impact of competitive advantage conferred by the sign. Where a shape has
initially attracted consumers by its aesthetic appeal, but has later-on developed a
high degree of distinctiveness and is mainly appreciated for that reason, the basic
rationale for Article 3 (1) (e) TMD articulated by the ECJ in Philips does not apply
any longer.

2.34 In view of those misgivings, it appears recommendable to delete Article 7 (1) (e)
(iii) CTMR and Article 3 (1) (e) (iii) TMD. Of course, this does not mean that the
competition concerns which underlie the first two subsections of Article 7 (1) (e)
CTMR and Article 3 (1) (e) TMD are completely meaningless with regard to
products the commercial value of which resides entirely or predominantly in their
shape. If that is the case, they should remain excluded from protection. That result
can be achieved by applying Article 7 (1) (b) or (c) CTMR and Article 3 (1) (b) or
(c) TMD, based on the consideration that as long as the product is bought for its
appearance without the appearance having become an indication of commercial
origin, the shape is not to be regarded as distinctive. That principle could also be
set out expressly, by stipulating that shapes determining the commercial value of
the goods are excluded from protection, unless the shape has become distinctive
through use.

V. Proposals

2.35 It should be indicated in the Preamble that shape of product marks (as well as
trade marks consisting of colours per se) usually need to establish acquired
distinctiveness for registration.

2.36 The basic notions to be expressed would be

- that for the assessment of distinctive character, the views of the public as
  well as the interests of competitors should be taken into account;

- that trade marks which are devoid of distinctive character, or which are
descriptive, or which have become customary in trade, should only obtain
protection upon establishing that the initial obstacles have been overcome
through use on the market within the Community;

- that this should apply in particular to forms of signs which are not
  immediately perceived by the public as indicating commercial origin, such
  as colours per se or the shape of products; and

TMD: Recital (17)
- that where a sign exclusively consists of features which confer on the proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors, registration on the basis of acquired distinctiveness should be excluded.

2.37 Article 7 (1) (e) (i) CTMR and Article 3 (1) (e) (i) TMD should be reformulated so as to extend to all signs which exclusively result from the nature or the (technical) performance of the goods. Article 7 (1) (e) (ii) CTMR and Article 3 (1) (e) (ii) TMD could remain unchanged. Article 7 (1) (e) (iii) CTMR and Article 3 (1) (e) (iii) TMD should be deleted or replaced by a provision stating that shapes determining the commercial value of the goods are excluded from protection, unless the commercial value of the shape has become distinctive through use.

C. Disclaimers

I. Current legislation

2.38 Disclaimers regarding CTMs are regulated in Article 37 (2) CTMR. If a trade mark for which an application for registration has been filed contains an element which is not distinctive and which might give rise to doubts as to the scope of protection, OHIM may request as a condition for registration that the applicant disclaims any exclusive right to such element. Rule 11 (2) and (3) CTMIR set out that if registration of a trade mark is subject to a disclaimer, the office shall notify the applicant accordingly, and shall invite him to submit the relevant statement within a period specified by it. If the applicant fails to comply with the request, the application will be refused. If the requested statement is filed by the applicant, it is published together with the application or registration of the CTM. In practice, OHIM appears to make little use of the possibility to request disclaimers.

2.39 The TMD does not contain a provision on disclaimer. As procedural issues do not form part of harmonisation under the present Directive, Member States are free to include that feature into their national laws.

2.40 Disclaimers are still part of the trade mark law of some countries, such as Ireland, Sweden and Latvia, while the United Kingdom abolished disclaimers some years ago.

2.41 Neither the CTMR nor the TMD address the legal effect of disclaimers in case of opposition or infringement proceedings.

II. Case law

2.42 The General Court has confirmed that OHIM is not obliged to request a disclaimer, but that it only has an option to do so (Case T-295/01 – Nordmilch/OHIM (“OLDENBURGER”), para 64). Furthermore, the Office cannot be criticized for not considering a disclaimer when it is clear that the mark is descriptive or not distinctive and must therefore be refused (Case T-461/04 – Imagination
Technologies/OHIM). OHIM is entitled to refuse an application in absence of a requested disclaimer (Joined Case T-425 and 426/07 – Agencja Wydawnica Technopol, currently on appeal to the ECJ).

III. Opinions

2.43 Disclaimers were not addressed in statements by user associations. In talks with members of the Boards of Appeal of OHIM, the opinion was voiced, but not supported by a majority, that in order to ensure that combination marks are not given too broad protection on the basis inter alia of elements which are not protectable as such, it should be made mandatory to demand disclaimers in regard of such elements.

IV. Issues

2.44 The legal rationale for providing for disclaimers has been the difficulty of judging conflicts between marks consisting of elements which as such would not be registrable. In view of inconsistent application and absence of disclaimers in most Member States their impact in practice appears to be unclear. Disclaimers are of no relevance for the registrability examination: the general rule is that when a trade mark consists of several elements of which some are descriptive or not distinctive, it will be refused registration if, and only if, it is devoid of distinctive character in its entirety. Disclaimers have no influence on the outcome of the examination. Rather, they are intended to remove doubts about the scope of protection, an issue which arises only when conflicts must be judged. When determining conflicts, the overall impression of the conflicting marks is decisive, and it is difficult to see how a disclaimer (of which the public to which the marks are addressed is entirely unaware) can change the outcome. This is the more doubtful because of the de facto absence of disclaimers in registered CTMs and the absence of such disclaimers in most marks protected in Europe. The optional character of disclaimer practice, and the required exercise of predicting or anticipating disputes between marks necessarily result in unequal treatment of applications which are basically identical in view of the factual and legal elements involved, without the affected person being able to call for judicial control and redress.

2.45 Similar concerns are raised by the way in which disclaimers, where they are filed upon or without an express request, may impact the scope of protection of a trade mark. Article 37 (2) CTMR seems to indicate that elements which have been disclaimed cannot be taken into account for assessing the similarity of signs. Trade marks for which a disclaimer has been filed are disadvantaged in that regard vis-à-vis other signs where, in practice, all elements of which the mark consists are taken into consideration for the overall impression to be compared with the conflicting sign, including elements which, as such, are descriptive or not distinctive. As a matter of principle, that result does not change with regard to disclaimed elements if the mark concerned becomes “strong” by way of intense and extended use on the market. Hence, in that regard as well, the use or non-use of disclaimers may result in unequal treatment.
The issue could be addressed by making disclaimers mandatory, and extend the power to request disclaimers also to the courts. In a certain variation of that rule, it could also be provided that disclaimers are mandatory (only) where an element consists of features that are entirely functional or result from the nature of the goods, and would be incapable of protection under Article 7 (1) (e) CTMR (in a similar vein, see opinion of Advocate General Mengozzi, Case-48/09 P – Lego Juris /OHIM, para 73). However, such a rule would likely create problems in practice, as it would force examiners to “dissect” every application, in particular applications for device marks or figurative marks, into the various elements, and subject them to separate tests of distinctiveness or functionality.

In view of these doubts and difficulties, rather than making disclaimers mandatory, the option under the CTMR to request disclaimers as a prerequisite for registration should be deleted. It needs to be observed, though, that such a move would have detrimental effects if it were understood as signalling that functional, descriptive or non-distinctive elements of combination marks regularly carry a weight of their own in the assessment of the mark’s scope of protection vis-à-vis similar signs. Whereas it is true that also non-distinctive elements are part of the overall impression conveyed by a sign, it should remain clear that as a rule, findings of likelihood of confusion cannot be based on elements which are not eligible for protection as such. It is a generally accepted principle that marks or elements of marks which are “weak” should only be given narrow protection; accordingly, where elements must be qualified as non-protectable, protection should not find a basis at all therein (see also para 2.195). Whereas that result – which must be applied consistently to all signs – largely corresponds to that achieved by disclaimers, it is more flexible in its effects, as it leaves room for taking account of the dynamics of consumer perception. Hence, if originally non-protectable elements become distinctive through use, their impact on the scope of protection will naturally change as well.

The proposed deletion of Article 37 (2) CTMR would leave the possibility open for applicants to add disclaimers, on a voluntary basis, regarding certain elements of the trade mark application. However, it should be clear that such disclaimers only serve clarification purposes and have no influence on the decision as to whether or not the trade mark is registrable, or on its scope of protection.

V. Proposals

Article 37 (2) CTMR as well as the rules in the CTMIR relating to the request of disclaimers should be deleted. Instead, it should be set out in the Preamble that a finding of likelihood of confusion cannot be based on elements which are not distinctive or otherwise not eligible for protection. The same rule should be set out in the Preamble to the TMD. Otherwise, no changes are proposed regarding the TMD. Alternatively, one could prescribe, in the provisions on absolute grounds for refusal, that Member States shall equally not be allowed to request disclaimers. Disclaimers filed by applicants on a voluntary basis would not be affected by these proposals.
To the extent that CTMs are registered with a disclaimer, no transition rule seems necessary. Alternatively, it might be considered to allow proprietors of CTMs to request deletion of any disclaimers entered voluntarily or upon request by the Office.

D. Loss of distinctiveness and acquired distinctiveness (relevant date)

I. Current law

According to Article 7 (1) (b)-(d) CTMR registration of a mark must be refused if the conditions of these provisions are met. This has been interpreted by OHIM to mean that the conditions must not only be fulfilled on the filing date, but also continue to be fulfilled on the date when the decision on registration is taken. This was perceived to be in line with Article 52 (2) CTMR according to which a mark that has obtained distinctiveness through use after registration cannot be declared invalid. In consequence of this approach it was considered by OHIM to be sufficient for refusing registration to show absence of distinctiveness or descriptiveness at the time that the decision was taken. However, the ECJ in a recent decision (Case C-332/09 P – OHIM/Frosch Touristik) has held that the only relevant date is the filing date, which seems to mean that a mark that has lost its distinctiveness after the filing date or that has become descriptive after that date cannot be refused.

Protection on the basis of acquired distinctiveness is regulated in Article 7 (3) CTMR and Article 3 (3) TMD. Registration of a trade mark shall not be refused, or be liable to a declaration of invalidity, on the ground of Article 7 (1) (b), (c) and (d) CTMR or Article 3 (1) (b) (c) and (d) TMD if the mark has acquired distinctive character in consequence of the use which has been made of it. The TMD specifies that the provision is mandatory when distinctiveness has been acquired prior to the date of application for registration. In addition, Member States may also provide that the trade mark is registrable if distinctiveness has been acquired in-between application and registration, or after registration.

II. Case law

As regards the first issue, the relevant date for assessing distinctiveness or descriptiveness, the ECJ recently confirmed a General Court judgment which had been appealed by OHIM, in view of its constant practice referred to above (Court Order of 23 April 2010, Case C-332/09 P – OHIM/Frosch Touristik).

As regards the second issue, the ECJ has confirmed that the present wording of Article 7 (3) CTMR does not allow any other interpretation than what is observed in practice by OHIM, namely that distinctiveness must have been acquired before the date of application (Case C-542/07 P – Imagination Technologies Ltd/OHIM, para 60).
III. Opinions

2.55 The relevant date for assessing (acquired) distinctiveness was rarely brought up as a topic during the consultations. However, being asked about their position regarding possible changes in the CTMR, it was signalled by members of the Appeal Boards at OHIM that it would be acceptable to switch to the date of registration as the relevant date for assessing protectability, including acquired distinctiveness, if it remained assured that this would not be to the detriment of third parties.

2.56 Apart from that, acquired distinctiveness was addressed with a view to a possible relaxation of the present requirements for CTM registration of signs which are non-distinctive throughout the Community. This will be addressed under another topic (Chapter 3 B).

IV. Issues

2.57 As regards the time for assessing protectability in general, an approach requiring to disregard developments between the filing date and the date when the decision on registration is taken does not appear in line with the principle that the absolute grounds for refusal must be assessed in the light of the general interest which underlies each of them. This general interest has to be taken into consideration at the time of the decision on registration. An examination of the protectability limited to the filing date could lead to the registration of marks which at the time of registration are not registrable, and which thereafter cannot be invalidated because loss of distinctiveness or descriptiveness are not grounds for invalidation. The only ground for invalidation on account of post-registration developments is the development of the mark to a common name for the product pursuant to Article 51 (1) (b) CTMR. Also, as regards judging registrability, the tasks of examiners is easier if focussed on the time when the decision is taken rather than on the earlier time when the application was filed, even though the actual perception of the mark by the relevant public may not have changed between these dates.

2.58 As regards acquired distinctiveness, the differences existing at present between the CTMR and national laws with regard to the relevant date for assessment of distinctive character create unequal conditions for protection within the EU. The legal rule applying with regard to the issue should be clear and uniform on the national as well as on Community level. The present practice observed by OHIM is dissatisfactory as it disregards the dynamism of market effects resulting from trade mark use, which may lead to changes in the perception and awareness of the public within months. If it is not possible for the applicant to prove the degree of acquired distinctiveness at a time which follows the application date, a new application must be filed, which entails additional costs and burdens for the applicant, and reduces the efficiency of proceedings. On the other hand, the interests of third parties should not suffer from the possibility to take account of acquired distinctiveness after the date of application. This could be ensured by postponing the relevant date from the date of application to the date for which acquired distinctiveness has been established with the Office, without the need to file a new application. Legal certainty as regards the relevant date can be ensured by a registration and publication of the date as of which acquired distinctiveness
was established, which will then become the filing date for purposes of establishing which of conflicting rights is earlier. If distinctiveness has been acquired after registration, the trade mark cannot be declared invalid (Article 52 (2) CTMR). Rights which were acquired by third parties during the time when the registered trade mark was not distinctive are to be treated as “intervening rights”, meaning that they cannot be opposed on the basis of the prior trade mark. The issue of “intervening rights” is dealt with in a different context (see Chapter 2 I).

2.59 Article 7 (3) CTMR also raises an issue with regard to the geographical breadth of the area for which distinctiveness needs to be established. This is of particular importance for trade marks which are considered non-distinctive throughout the EU, such as shape of product marks or colours per se. The issue is addressed under another topic (Chapter 3 B).

V. Proposals

2.60 It should be clarified either in the Preamble or in Article 7 (1) CTMR and Article 3 (1) TMD that the relevant date for assessing the absolute grounds for refusal is the date when the decision on registration is taken. The requirements of distinctiveness, absence of descriptiveness and genericness must also be examined as of the filing date.

2.61 Article 7 (3) CTMR and Article 3 (3) TMD should be amended so as to provide for the possibility to establish acquired distinctiveness at a date subsequent to the application date, and prior to the date of registration. In that case, the filing date, which is the date taken into account in determining conflicts between marks, should be adjusted accordingly.

E. Use requirement

I. Current law

2.62 The requirement of genuine use with a “grace period” of five years is the subject of Articles 10, 11 and 12 TMD and Articles 15, 42, 51, 57, 99 and 100 CTMR. As a matter of substantive law, what is required is

- use of the mark in the course of trade,
- use of the mark as a mark,
- use of the mark as registered or with variations not affecting its distinctive character,
- use of the mark for the goods or services for which it is registered,
- use of the mark by the proprietor or with his consent,
• use in the Community for CTMs or in the respective Member State for national marks; use on exported goods is sufficient,

• use following a “grace period” of five years from the date of registration for CTMs or from the date of the termination of the registration proceedings for national marks,

• use which is “genuine” or justified reasons for non-use.

2.63 Procedurally, the CTMR provides for the defense of non-use in opposition proceedings in Article 42 CTMR and in cancellation proceedings based on earlier rights in Article 57 CTMR as well as in infringement proceedings in Article 99 (defense) and Article 100 CTMR (defense to counterclaim based on earlier registered marks), and for the revocation on grounds of non-use in Articles 50 and 100 CTMR. These provisions are supplemented by provisions in the Implementing Regulation.

2.64 The TMD, in accordance with the absence of any mandatory procedural rules, does not provide for a set of procedural rules comparable to the CTMR, but essentially only obliges Member States to make provisions for the revocation on grounds of non-use and the refusal of invalidation on grounds of unused earlier marks. It is for each Member State to determine, if it has an opposition procedure, to provide for the defense of non-use, and the same applies for infringement actions.

2.65 Later CTMs acquired during a time when a CTM or an earlier national trade mark was subject to revocation on grounds of non-use are protected from subsequent cancellation (Article 57 (2) (3) CTMR) (intervening rights). There is no comparable provision as regards infringement actions. No provisions on intervening rights are found in the TMD. The issue is addressed under Chapter 2 I.

II. Case law

1. Substantive law

a) Use of the mark in the course of trade

2.66 There is no non-use specific case law on the use in the course of trade. From other cases having interpreted that term, it appears that “in the course of trade” must be distinguished primarily from private use. Also, pure internal use within a company is not use in the course of trade.

b) Use of the mark as a mark

2.67 The mark must be used as a mark, i.e. as a sign distinguishing the goods or services of the proprietor from those of others. It is therefore necessary to make a distinction between “trade mark use” and other forms of use. There are no decisions by the ECJ directly on this issue.
c) Use of the mark as registered or of an acceptable variation

2.68 Whether the mark is used as registered or not is determined by a (visual) comparison of the registration with the actual use. The use of a registered mark together with another mark, or even as part of another mark, is not detrimental, as long as the mark maintains its independent character.

2.69 Whether the used version is a variation of the registered mark sufficiently close to the registration so as not to affect the distinctive character is judged on a case by case basis. The case law does not allow any general rules to be derived.

2.70 The ECJ has taken the view in the Bainbridge case (Judgment of 13 September 2007, Case C-234/06 P – II Ponte Finanziaria S.p.A.) that where the proprietor has several similar registrations the use of a particular mark cannot be taken as use of a similar registration on account of that similarity:

86 “In any event, while it is possible, as a result of the provisions referred to in paragraphs 81 and 82 of the present judgment, to consider a registered trade mark as used where proof is provided of use of that mark in a slightly different form from that in which it was registered, it is not possible to extend, by means of proof of use, the protection enjoyed by a registered trade mark to another registered mark, the use of which has not been established, on the ground that the latter is merely a slight variation on the former.”

2.71 In the General Court’s judgment in the Bainbridge case the same issue was treated somewhat differently, the Court considering that a particular use may be attributed only to one particular registration (Judgment of 23 February 2006, Case T-194/03, para 50: “… However, Article 15 (2) (a) does not allow the proprietor of a registered trade mark to avoid his obligation to use that mark by relying in his favour on the use of a similar mark covered by a separate registration.”). There is no reason given for this apodictic statement.

d) Use for the goods or services for which the mark is registered

2.72 The use made must be “for” goods or services. This does not necessarily require use directly on the goods or their containers, but the use must be in relation to the goods, or, in the case of services, in relation to these services. The use may also be in the course of advertising, even if the marks do not appear directly on the product. This follows from the Judgment of 11 March 2003, Case C-40/01 – Ansul BV v. Ajax Brandbeveiliging BV – Minimax, para 37 :

“...It follows that ‘genuine use’ of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial raison d’être, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which
preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10 (3) of the Directive, by a third party with authority to use the mark."

2.73 The use of the mark must be made for the registered goods or services. Use for goods or services similar to the registered goods or services, or for dissimilar goods or services, is not sufficient.

2.74 OHIM practice considers the complete class headings for a class of the International Classification as encompassing all the goods or services falling into that class, even if the goods or services are not specifically included in the specification and may not actually fall under any of the generic terms used in the class headings. An example: A mark is registered for musical instruments, the class heading of class 15, but used only for carrying cases for violins, which are also classified in class 15. Under OHIM practice, the mark would not be subject to revocation entirely, because used for goods in class 15, but would be restricted to a proper generic indication, such as “carrying cases for musical instruments”. In some national systems the mark would be considered as not having been used for any product for which it is registered and thus removed from the register entirely. That issue is dealt with under the aspect of classification (see Chapter 4 B).

2.75 Where the mark is registered for a generically defined group of products (e.g., scientific apparatus) but is used for a specific product (e.g. microscopes) only, the case law of the General Court, most prominently the leading case Aladin/Alladin (Judgment of 14 July 2005, T-126/03, Reckitt Benckiser (España) SL v. OHIM – Aladin Gesellschaft für innovative mikrobiologische Systeme GmbH), requires an analysis to determine the appropriate sub-genus. A more restrictive approach, limiting the proprietor to the specific goods for which the mark has been used, has been refused. According to the General Court, the mark will then be taken as registered for that sub-genus, and comparisons in likelihood of confusion cases must take that sub-genus into account. A partial cancellation will be available, limiting the registration to the sub-genus.

e) Use of the mark by the proprietor or with his consent

2.76 The mark must be used by the proprietor or with his consent, such as by a licensee or a related company. The ECJ has confirmed a General Court judgment which had taken the view that even without specific evidence of consent the circumstances allowed the conclusion that the use was made under the authority of the proprietor (Vitafruit, Judgment of 11 May 2006, Case C-416/04 P – The Sunrider Corp).

f) Use in the Community or in the respective Member State

2.77 The use must be made in the Community for CTMs and in the respective Member State in case of national marks. There is as yet no case law from the ECJ or the General Court specifically dealing with the territorial extent of use.
g) Use and starting date of “grace period”

2.78 The use must begin, in order to support the registration and avoid cancellation, no later than five years after the date of registration for CTMs and five years after the end of the registration procedure for national marks.

2.79 According to the Häupl judgment (Judgment of 14 June 2007, Case C-246/05 – Häupl v. Lidl Stiftung & Co. KG – Chef de Cuisine), it is for each Member State to determine when the registration procedure ends, also in case of IR marks.

2.80 The same five-year period applies when the use of the mark is interrupted.

h) Genuine use

2.81 The ECJ has defined “genuine use” in the leading “Minimax” case ( Judgment of 11 March 2003, Case C-40/01 – Ansul BV v. Ajax Brandbeveiliging BV), as follows:

“Article 12 (1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that there is ‘genuine use’ of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark. The fact that a mark that is not used for goods newly available on the market but for goods that were sold in the past does not mean that its use is not genuine, if the proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of those goods.”

2.82 What is decisive therefore is not the absolute volume of sales, but the genuineness of actual use, modest as it may be. The Minimax judgment was confirmed in the subsequent La Mer Order (27 January 2004, Case C-259/02 – La Mer Technology Inc. v. Laboratoires Goemar SA). The principles have been confirmed by the ECJ in cases reaching the court on appeals from the General Court, notably in the Vitafruit judgment ( Judgment of 11 May 2006, Case C-416/04 – The Sunrider Corp.). Numerous General Court judgments have applied these principles.

2.83 The ECJ has also held in the Wellness case ( Judgment of 15 January 2009, Case C-495/07, Silberquelle GmbH v. Maselli-Strickmode GmbH) that the use of a mark on goods distributed “free” with other, unrelated goods does not amount to...
genuine use. On the other hand, the Court has held in the Radetzky case (Judgment of 9 December 2008, Case C-442/07, Verein Radetzky-Orden v. Bundesvereinigung Kameradschaft Feldmarschall Radetzky) that services provided for free by charitable institutions satisfy the use requirement.

2.84 As regards justification of non-use, the ECJ has expressed the principles in the Häupl judgment (Judgment of 14 June 2007, Case C-246/05 – Häupl v. Lidl Stiftung & Co. KG – Chef de Cuisine) as follows:

“Article 12 (1) of Directive 89/104 must be interpreted as meaning that obstacles having a direct relationship with a trade mark which make its use impossible or unreasonable and which are independent of the will of the proprietor of that mark constitute ‘proper reasons for non-use’ of the mark.”

2.85 The ECJ has also held that “defensive” registrations under national law (in that case: Italy) do not justify non-use (Bainbridge, supra).

2. Procedure

2.86 As regards CTMs, many procedural aspects have been brought before the General Court, and the Court of Justice, and it does not seem necessary to report these judgments.

2.87 On procedural issues in national law, the Häupl judgment (supra) held that the “termination of registration proceedings” (in the specific case for a Madrid mark), set as the beginning of the grace period, is a matter for each Member State to determine.

3. Bad faith

2.88 Neither the CTMR nor the TMD contain a definition of bad faith. There is also no case law by the ECJ or the General Court on the question whether the absence of an intent to use or any other circumstance surrounding the use requirement could in general amount to “bad faith”. However, the ECJ has held in Case C-529/07 – Lindt&Sprüngli AG/Hauswirth that an application may be in bad faith “when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market” (para 44).

2.89 OHIM Guidelines provide that re-filing an unused mark and thus seeking to obtain a new “grace period” constitutes bad faith.

III. Opinions

2.90 Most of the comments by user associations regarding the use requirement concerned the territorial scope of genuine use made of CTMs, which is addressed
under another topic (Chapter 3 A). As in that context, opinions were also divided with regard to other aspects concerning use, including the general question whether the use requirement in its current form results in too many unused signs being protected as CTMs or national marks, leading to a cluttering of registers. The background for those divergences may be found in subjective evaluations based on personal experiences of various kinds, as well as in differences between relevant sectors of industry. While it is not possible therefore to arrive at conclusions reflecting the unanimous view of users, the fraction of those voicing concerns about the present situation regarding the use requirement and other aspects of relevance in the same context, in particular concerning classification, is relatively strong. However, only a minority among user associations endorsed the proposal to reduce the grace period for showing genuine use from 5 years to the international minimum standard of 3 years, or to require a declaration of intent to use at the time of application. A somewhat higher degree of support, but also a fair degree of scepticism was raised by proposals to demand a declaration of use at a later point in time, e.g. at the time of prolongation. Such proposals were considered as acceptable only if the requirements would be relatively simple to deal with, without requiring too much of an administrative effort.

2.91 A similar picture also derived from the talks with the offices. Also there, the (geographical) extent of the use requirement was in the foreground of discussions; however, apart from that, most of those representing the national offices were open to measures which would reduce the volume of non-used marks in their registries, or pointed to implementation of such measures which had already been taken under national law (including measures concerning classification).

2.92 The Allensbach survey showed that a relative majority of agents (41 percent of the entire sample) agreed to the statement that too many CTMs are in the register which are not (fully) used. The degree of consent varies strongly between countries, with agents from the UK being the most critical, followed by those from new EU Member States. Proprietors, on the other hand, tend to be less concerned; however, in that group, the portion of those who do not issue any opinion at all is particularly high (50 percent). Regarding reactions to proposed changes, a clear majority of proprietors favoured maintaining the present grace period of 5 years over a shortened period of three years (55 percent compared to 28 percent), while the difference between those positions was not quite as pronounced (but still clear enough) among agents (54 percent compared to 40 percent).

IV. Issues

1. General remarks

2.93 It was established at the time the TMD and the CTMR were adopted that a proper enforcement of the use obligation is considered essential for the European trade mark system, both as regards CTMs and as regards national marks. Use of marks is the essential justification for their protection. Also, the ability to remove unused marks from the registers is necessary in order to facilitate the acquisition of new marks and reduce the number of potential conflicts.
Currently, when availability searches reveal potentially conflicting marks, costly inquiries need to be made into whether these marks are actually used for the goods or services for which they are registered, and these inquiries are often inconclusive, thus leaving potential risks for new applicants. On the other hand, trade mark owners must have the ability to obtain registration prior to actual use, in accordance with their current or potential business needs. Under the CTM system, trade mark proprietors may claim broad protection without any examination as to their needs, as the CTMR does not provide for an intent-of-use requirement applicable at the time of filing or registration. The TMD is silent on the issue, but some Member States require a present intent of use and thereby limit overbroad specifications.

A properly administered requirement of use regime is essential for the functioning of the European trade mark system, both at the level of the Union and at the level of the Member States. Accordingly, appropriate measures must be taken to ensure that registered marks are actually used, after the expiry of the “grace period”, and that unused marks are removed from the trade mark registers. In the first place, this is achieved by the current rules governing the requirement of use.

In addition, this chapter addresses the issues of “intent of use” and “declaration of use” as further points of discussion. Other aspects of the same topic are addressed in more detail in the context of “Classification” (Chapter 4 B) and in the context of “Fees” (Chapter 4 F).

The issue of broad specification is, on the one hand, the other side of the “intent of use” issue, dealt with hereafter, and, on the other hand, related to the use of the Nice classification, treated separately (“Classification”, Chapter 4 B).

2. Requirement of use

The principal issue currently discussed relates to the substantive and territorial scope of use required to maintain a CTM. That issue is dealt with elsewhere (Chapter 3 A). No problems are perceived in this regard with national marks.

In most other respects the use requirement as currently provided for and interpreted is considered appropriate and not in need of substantial change. Nevertheless, a number of issues appear in need of clarification:

a) Multiple registrations of similar marks

Where the mark as used is invoked to maintain a registered variation, but the used version is also separately registered, the Bainbridge judgments have created doubts whether the use of the variant will still be sufficient to support any registered mark that does not differ as to its distinctiveness.

b) Use for the registered goods or services

The issue of whether the use of class headings covers all the goods or services in a particular class is dealt with in the context of “Classification” (Chapter 4 B).
c) Grace period

2.102 As regards the "grace period", the question has been posed whether it should be reduced to three years from the current five years.

2.103 As to the beginning and the end of the "grace period" for CTMs, the CTMR is specific: the date of registration controls.

2.104 The beginning of the grace period of Madrid marks protected in the Community begins with the publication stating that the mark is protected in the Community. As for the beginning of the grace period in case of Madrid marks protected in the Community which are subject to a (partial) refusal for some of the goods or services, either on absolute grounds or on relative grounds, it appears that under current law the grace period begins, also for the unobjected goods or services, when the proceedings for the contested goods or services are finally terminated. This may postpone the use obligation actually for many years, even though the proprietor already enjoys full rights, at least for part of the goods or services.

2.105 The TMD leaves the determination of the beginning of the grace period – the termination of registration proceedings – to each Member State, contributing to a complex situation even if the mark is the same and protected in several Member States. This situation is compounded when the grace period for a Madrid registration needs to be determined.

d) Genuine use

2.106 Aside from the territorial scope of use for CTMs, the ECJ’s case law on genuine use has found broad acceptance.

2.107 This does not apply, however, to the use of the mark for goods distributed “free” with other unrelated goods (Silberquelle). The issue of whether use is “genuine” also arises when the mark is registered and used for “secondary” or promotional items, which the proprietor makes available along with the primary goods or services (e.g., printed matter for marks of financial institutions; soap and toiletry items by hotels; pencils or writing instruments distributed as promotion items, etc.). It appears that as long as goods are genuinely used on the market the question whether they are distributed for free or only against payment should not be decisive.

e) Procedure in national systems

2.108 For national systems, provisions on appropriate proceedings to assert non-use are missing, except that the defense of non-use must be available in cancellation cases.
3. Intent of use

2.109 If intent of use would be required as a filing requirement, broad specifications including goods or services which the proprietor would be unlikely to use, either himself, or through authorised users such as licensees, would potentially be excluded or reduced. Whereas that aim is laudable as such, the introduction of a general requirement of intent to use at the time of filing, possibly sustained by a declaration specifying the way in which the use shall be made, would constitute a breach of fundamental tenets of the present system. It should therefore only be envisaged if the current legal situation leads to massive grievances which cannot be resolved by other, less radical means.

4. Bad faith

2.110 The filing of a trade mark without the intent of using the mark or the re-filing of a mark not put into use may be considered acts undertaken in bad faith, and marks thus obtained may be subject to invalidation or revocation. There are however no clear precedents for this (except for C-529/07 – Lindt & Sprüngli AG/Hauswirth, which concerned a specific situation among competitors). OHIM’s Examination Guidelines for cancellation contain the statement that refiling an unused mark is an act done in bad faith.

5. Declaration of use

2.111 In some (very few) legal systems the requirement of use is enforced by obliging trade mark proprietors to file statements of use, and submit evidence of actual use, at periodic intervals, or in any event at the time of renewal. These requirements might be effective in reducing the number of registered marks which are not used. Other than the requirement of intent to use at the time of filing, the introduction of such an obligation would not be completely incompatible with the present European trade mark system, as it does not interfere with the full enjoyment of the grace period. To impose such an obligation would even be in accordance with the strong statement in recital 10 of the Preamble to the CTMR that there is “no justification” for protecting (Community) trade marks except where the mark is actually used.

2.112 However, to require a declaration of actual use places additional burdens on trade mark proprietors as well as on offices. It must also be noted that the efficiency of such declarations appears to be doubtful. No European trade mark system applies such a rule, and also from an international perspective, the number of trade mark systems including that feature is on the decline. The introduction of such a requirement could only be considered on the basis of a thorough costs-benefits analysis. At present, the data available about the “cluttering” of registers and the costs generated thereby do not furnish any basis for such a novel feature. In particular, it is unclear for lack of relevant data to what extent pre-filing costs are actually increasing by virtue of a growing complexity of searches, and how those costs are related to unused or “overbroad” trade mark registrations. Therefore, it is recommended that the cluttering issue should be observed further, with the
requirement of a declaration of use remaining an “ultima ratio” in the event that serious problems should emerge which can not be solved by other measures.

6. Other measures

2.113 It has been suggested to provide monetary incentives for trade mark proprietors to surrender (unused) marks or restricting their registrations. However, apart from the fact that to handle such “paybacks” would create administrative burdens and costs, it must be considered that the offices regularly render the full service covered (e.g.) by the basic fee by processing the application and registering the trade mark in its original form and breadth. When part of the trade mark is surrendered later-on, this rather adds to the workload of offices than providing an economic basis for refunds.

2.114 Furthermore, it is of relevance in this context that proprietors of unused rights will usually not consider it worth-while to pay renewal fees, especially if those fees – as for CTMs – are relatively high. The Allensbach survey has shown that the level of fees does have a major impact on users’ decisions to register or renew a trade mark. It can therefore reasonably be expected that most unused marks will finally lapse due to non-renewal after ten years, so that the blocking effect becomes a temporary issue. This effect might even be enhanced if fees for each single class would have to be paid for renewals.

V. Proposals

1. Multiple registrations

2.115 As regards the issue arising out of multiple registrations of similar marks, it is proposed to add a sentence to Article 10 TMD and Article 15 (1) (a) CTMR clarifying that the use of a mark may be taken to satisfy the use of a registered variant of that mark even if the used version is also registered.

2. Grace period

2.116 As regards the length of the grace period, the suggestion to reduce the grace period to three years has not met with any substantial support. It is proposed to maintain the current five years.

2.117 As for the beginning of the grace period in case of Madrid marks protected as CTMs which are subject to a (partial) refusal for some of the goods or services, either on absolute grounds or on relative grounds, it should be clarified that the grace period begins for the “cleared” goods or services when the proceedings for these goods are terminated.

2.118 An amendment of Article 160 CTMR, which provides that the grace period begins with the publication of the grant of protection in accordance with Article 152 (2)
CTMR, is not necessary as long as it is assured that the grant of protection will be published with regard to goods or services not subject to objection.

2.119

As regards national marks, including Madrid marks, it is proposed to adopt a clear rule parallel to the rules found in the CTMR. In particular as regards countries with a post-registration opposition system, it should be made clear that the delay of the beginning of the grace period until the end of the registration procedure applies only with regard to the goods or services actually opposed.

3. Genuine use

2.120

As regards genuine use, it is proposed to have language in the Preamble confirming the principles established by the ECJ. The issue of the territorial scope of use for CTMs is addressed in a different context (Chapter 3 A). The problem of “free” goods should also be addressed in the Preamble.

F. Well known and reputation marks

I. International law

2.121

Article 6\(^{bis}\) Paris Convention obliges Member States to grant protection against registration and use of a trade mark which is

"considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods."

2.122

The obligation under the Paris Convention is extended by Article 16 (3) TRIPS so as to cover also goods or services which are dissimilar, if use of the sign for those goods or services would indicate a connection between the merchandise and the proprietor of the mark, provided that the interests of the proprietor are likely to be damaged by such use. Protection of well-known marks under Article 6\(^{bis}\) Paris Convention applies irrespective of whether or not a mark is registered, whereas extended protection pursuant to Article 16 (3) TRIPS can be made dependent on registration.

2.123

The concept of a well-known mark and the scope of protection it shall enjoy are further elaborated in the WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (JR 1999). Article 2 (1) JR 1999 lists as relevant factors inter alia

- the degree of knowledge of the mark in the relevant sector of the public
- the duration, extent, and geographical area of the use or promotion
- the value associated with the mark.

2.124

Pursuant to Article 2 (2) JR 1999, the relevant public consists of
- actual or potential consumers of the goods or services concerned;
- persons involved in the channels of distribution;
- business circles dealing with the relevant goods or services.

2.125 Furthermore, it is stipulated in Article 2 (3) JR 1999 that registration may not be required as a condition for determining whether a mark is well-known. According to Article 4 JR 1999, protection of well-known marks extends to use for dissimilar goods in cases covered by Article 16 (3) TRIPS, in cases of dilution and in cases where unfair advantage is taken of the well-known mark. Pursuant to the JR 1999, this extended protection may be claimed regardless of whether or not the well-known mark is registered in the country where protection is claimed. This means that the option under Article 16 (3) TRIPS to require registration as a precondition for extended protection has been renounced.

2.126 In contrast to international conventions to which the EU or its Member States have adhered, Joint Recommendations are not binding. However, the EU regularly refers to (inter alia) JR 1999 in its negotiations with third countries about Partnership or Association Agreements, and thereby commits itself to observation of the principles set out therein.

II. Current law in the European Union

2.127 Article 8 (2) (c) CTMR lists well-known marks as a relative ground for refusal. The TMD as well contains a mandatory provision on well-known marks as relative grounds for refusal in Article 4 (2) (d) TMD. Due to the scope of the TMD which is limited to the protection of registered trade marks, no provision in the TMD addresses remedies against infringing use of well-known marks; nevertheless, such provisions are found in most or all Member States' trade mark laws. The CTMR does not contain a corresponding provision.

2.128 The regulations under national law differ widely in their structure and contents. This concerns in particular the manner in which the relationship between protection for reputation marks and that of well-known marks has been addressed. The most common approach found in national law is that well-known marks are granted extended protection under the same conditions as registered marks, i.e. if they have a reputation. A cumulative approach was chosen in Spain, Slovakia and Lithuania; those countries have promulgated separate provisions based on Article 4 (4) (a) and 5 (2) TMD as well as on Article 16 (3) TRIPS respectively.

2.129 Whereas most Member States refer to “well-known marks” or to Article 6\textsuperscript{bis} Paris Convention without further indications as to the conditions qualifying a mark as being well-known, some Member States (Estonia, Bulgaria, Romania) have included in their trade mark laws lists of criteria resembling those of the WIPO JR 1999. In others, such as Lithuania, the trade mark offices have issued guidelines for that purpose.
III. Case law

2.130 The ECJ has ruled in Case C-328/06 – Nieto Nuño/Franquet that in order to be considered well-known in a Member State in the meaning of Article 6bis Paris Convention, “a trade mark cannot be required to be well known ‘throughout’ the territory of the Member State and it is sufficient for it to be well known in a substantial part of it”. An analogy was drawn to Case C-375/97 - General Motors/Yplon, paragraph 28, which concerned “the kindred concept of the ‘reputation’ of a trade mark for which Article 5 (2) of the Directive refers also to an assessment ‘in the Member State’.“ (C-328/06, para 17). More specifically, the criteria and aspects to be considered for assessing whether a mark has reputation in a Member State (or region, like the Benelux), were listed in General Motors as follows (C-375/97, paras 23-27):

- it is necessary to establish knowledge of the earlier mark by a significant part of the public concerned by the products or services covered by that trade mark;
- the ‘public concerned’ includes either the public at large or a more specialised public, for example traders in a specific sector;
- to be considered are also the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting the sign.

IV. Opinions

2.131 The opinions received on the issue were nearly unanimously in favour of clarifying the relationship between well-known and reputed marks, without making specific proposals as to how this should be done.

V. Issues

1. Relationship between well-known and reputation marks

2.132 The elements listed in ECJ jurisprudence for determining whether a mark has a reputation are very close to those enunciated in Article 2 (1) and (2) of the WIPO JR 1999 as relevant for determining whether a mark is well-known (with the difference that in addition to the criteria listed above, JR 1999 also allows or requires that aspects of “international” reputation are taken into account). Furthermore, the ECJ considers the concepts of well-known marks and reputation marks as closely related (“kindred concepts”). These elements furnish a sufficient basis for concluding that marks which have attained a level of reputation that qualifies for extended protection would likewise have to be protected as well-known marks within the meaning of Article 6bis Paris Convention and vice versa. This means that well-known marks also fulfil the requirement of “reputation” within the meaning of Articles 8 (5) and 9 (1) (c) CTMR and Articles 4 (4) (a) and 5 (2) TMD.
The question remains whether such marks also qualify as reputation marks in the legal sense in absence of registration. That question should be answered in the affirmative. It does not appear appropriate to deny the extended protection for lack of registration in cases when the substantive requirements for protection as a well-known mark, and of reputation in the meaning of the relevant articles in European trade mark law, are satisfied. To insist on registration as an indispensable condition for this protection would contradict the explicit provision of Article 2 (3) JR 1999. In spite of its non-binding character, the Joint Recommendation does have substantial authority as an international document which was adopted unanimously by the WIPO and Paris Union Assemblies. Furthermore, it has gained relevance as an element frequently stipulated by the EU in trade negotiations with third countries.

2. Protection of well-known marks

2.134 Due to the fact that the TMD as well as the CTMR solely deal with protection of registered marks, protection in case of infringement is only granted to unregistered well-known marks on a non-harmonized basis at the national level. The protection presently available to trade marks which are well-known in one or several Member States therefore remains confined to the Member States concerned and must be litigated separately, unless a common forum can be established under the Brussels I Regulation (Regulation No 44/2001). There is no possibility for the owners of unregistered trade marks which are well-known in the Community to get access to the judicial system established under the CTMR.

2.135 As was pointed out above (Chapter 1 G), the EU is subject to the obligations under TRIPS and, by implication, the Paris Convention. Furthermore, the EU has the competence, under Article 118 TFEU as far as Community trade mark law is concerned, and under Articles 114, 115 TFEU as far as approximation is concerned, to adopt legislation for the protection of well-known marks even if they are not registered. It therefore appears appropriate to address the issue of protection for well-known marks against infringing use within European trade mark law, as an issue of approximation and as an issue of unitary law, instead of leaving the matter to the Member States.

2.136 This means, first, that earlier well-known marks should be entitled to claim protection as earlier marks in opposition and invalidation proceedings also where protection in absence of likelihood of confusion is claimed.

2.137 Secondly, protection of well-known marks against infringing use should become part of the TMD. The current limitation to registered trade marks in Article 1 TMD should therefore be complemented by a reference to unregistered marks which are well-known in a Member State. Furthermore, by setting out the conditions and scope of protection for well-known marks in Article 5 TMD, the current diversities of national laws should be replaced by harmonised protection which ensures full compliance with the Paris Convention and TRIPS, and which also takes account of the WIPO JR 1999.

2.138 Thirdly, it could be envisaged to regulate that trade marks which are well-known in the EU should receive the same protection as registered CTMs. This would mean
that the owners of such marks would be entitled to claim protection against infringing use in proceedings before Community trade mark courts.

2.139 One possible argument against this approach relates to the fact that in view of the ECJ judgment in Case C-301/07 – Pago/Tirolmilch, trade marks enjoying the status of well-known marks throughout the territory of one Member State might qualify as marks which are well-known in the Community. However, as is explained in more detail elsewhere (Chapter 3 B), this would not automatically mean that such marks obtain protection throughout the EU. Rather than that, protection could be denied for those parts of the EU where, due to the fact that the mark is not well-known there, likelihood of confusion or detriment to reputation would be lacking. If those reservations are adopted by the case law of the ECJ, the practical effects of elevating the protection against infringing use of well-known marks to the Community level would not differ much from the degree of protection currently available under national law. Nevertheless, the decision to include well-known trade marks into the Community trade mark system is ultimately of a political character.

VI. Proposals

1. TMD

2.140 It should be clarified that current Article 4 (4) (a) TMD applies to unregistered well-known marks having a reputation in the Member State.

2.141 The prerequisites and scope of protection for well-known marks against infringing use should be addressed in Art. 5 TMD. It should be clarified that a mark which satisfies the conditions of reputation in the Member State at the same time qualifies as well-known in the meaning of Article 6bis Paris Convention. Protection should be granted against likelihood of confusion, and it should also extend to infringements caused by detriment done to or unfair advantage taken of the reputation or distinctive character of the well-known mark. Registration should not be a condition for such protection.

2.142 In accordance with the proposed changes, Article 1 TMD should be complemented by stating that the Directive applies also to trade marks which are well-known in the Member State.

2. CTMR

2.143 In order to ensure full compliance with the obligations incurred by the EU by virtue of its adherence to TRIPS, it could be envisaged to include into the CTMR a provision granting the proprietors of trade marks which are well-known in the Community the same rights as are enjoyed by proprietors of registered CTMs. The effect of such a regulation would most clearly be felt in infringement proceedings, as proprietors of well-known CTMs would gain access to the judicial system established under the CTMR.
In addition to that, the CTMR should be amended so as to include unregistered (national) well-known marks among the marks which enjoy protection beyond likelihood of confusion pursuant to Article 8 (5) CTMR.

G. Exclusive rights, conflicts, infringement (Article 9 CTMR, Article 5 TMD)

I. Current law

1. Conflict

Current law governing conflicts between trade marks or other signs is found in Articles 4 and 5 TMD and in Articles 8, 9 and 53 CTMR.

Under Articles 8 (1), 41 (1) and 53 (1) CTMR an earlier CTM or national trade mark prevails over a later CTM application or registration in opposition or cancellation proceedings in three situations:

- if the trade marks and the goods are identical (‘double identity’)
- if in the absence of double identity the trade marks and the goods or services are identical or similar, provided there exists likelihood of confusion
- irrespective of likelihood of confusion, if the trade marks are identical or similar and if the earlier trade mark has a reputation and the use of the later mark would be detrimental to or take advantage of the distinctiveness or reputation of the earlier trade mark.

Other earlier rights prevail if and to the extent that they provide their proprietors with the right to prohibit the use of a later (registered) trade mark (Articles 8 (4) and 53 (2) CTMR).

The same rules apply in conflicts at the national level, except that protection of national trade marks in the absence of likelihood of confusion is optional (Articles 4 (4) (a) and 5 (2) TMD). All Member States except Cyprus have made use of those options. The right for proprietors of non-registered trade marks or other signs used in the course of trade to file either opposition or a cancellation request, and for proprietors of other earlier rights to request cancellation, as provided for in the CTMR in Articles 8 (4), 41 (1) and 53 (1) and (2), is also optional under Article 4 (4) (b) and (c) TMD.

2. Infringing acts

Current law is found in Article 5 TMD and in Article 9 CTMR.

The proprietor of a registered trade mark has exclusive rights entitling him to prohibit the use of any trade mark or sign in the course of trade where the conflict criteria mentioned previously are met.

Articles 9 (2) CTMR and 5 (3) TMD provide a non-exclusive list of prohibited acts falling into the ambit of the provisions, such as affixing the trade marks, offering
goods and services, importing and exporting goods, and using the sign on business papers and in advertising.

2.152 According to Article 5 (5) TMD, Member States may provide trade mark protection when a trade mark is used for other purposes than distinguishing goods or services and the use takes advantage of or is detrimental to the distinctiveness or reputation of the trade mark. It appears that only in Benelux law has this option been exercised. No such provision is found in the CTMR.

II. Case law

1. Double identity

2.153 As regards identity, the ECJ has held that visual identity of the trade marks is required (Case C-291/00 – LTJ Diffusion (“Arthur”/“Arthur et Felicie”)); only minor differences not normally recognized by the public to which the trade marks are addressed are irrelevant. Goods and services are considered to be identical where the goods or services covered by the earlier trade mark include the goods or services covered by the later trade mark; there are many General Court judgments to this effect.

2. Likelihood of confusion

2.154 The ECJ has established the general criteria for judging likelihood of confusion in a series of preliminary rulings (Cases C-251/95 – Sabel/Puma; C-342/97 – Lloyd Schuhfabrik Meyer/Klijsen Handel (“Lloyd/Loints”); C-425/98 – Marca Mode/Adidas; C-39/97 – Canon Kabushiki Kaisha/MGM (“Canon/CANNON”), C-120/04 – Thomson Multimedia/Medion AG (“Thomson Life”)) and refined these further in a number of appeals from the General Court.

2.155 It was clarified as a matter of principle that the concept of likelihood of association which is mentioned in Articles 9 (1) (b) CTMR and 5 (1) (b) TMD is not an alternative to that of likelihood of confusion, but serves to define its scope, meaning that application of the provisions is excluded where there is no likelihood of confusion on the part of the public. As regards similarity of marks or signs, the comparison must be made with regard to visual, phonetic and conceptual similarities, taking into account the distinctive and dominant elements of the marks. As regards the similarity of goods or services, all relevant circumstances must be taken into account, such as their nature, destination, use, complementarity or competitiveness, normal channels of distribution and normal commercial origin. Likelihood of confusion is present when the public to which the marks are addressed is likely to assume that the respective goods or services have the same commercial origin or originate from economically related undertakings. Likelihood of confusion is judged by taking into account all relevant circumstances, and notably the degree of distinctiveness of the earlier mark, the degree of similarity of the goods or services and of the respective marks, and the degree of attention of the relevant public. Strong marks deserve a greater scope of protection than weak marks.
3. Reputation marks

2.156 As regards trade marks with a reputation, the cases have clarified that in essence this is a protection without the need to prove likelihood of confusion (C-292/00 – Davidoff/Gofkid (“Davidoff/Durffee”); C-408/01 – Adidas/Fitnessworld). Instead of likelihood of confusion as determinative the ECJ uses the notion of “link” (Adidas/Fitnessworld).

2.157 As regards the degree of knowledge to establish “reputation”, the ECJ has held that the trade mark must be known to a significant proportion of the relevant public (C-375/97 – General Motors./Yplon S.A (“Chevy”)). In addition, courts must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

2.158 As regards the territorial scope of reputation for CTMs, reputation must exist in a “significant part” of the Community (C-301/07 – PAGO International/Tirolmilch), and the territory of a single Member State may be sufficient.

2.159 Detriment and taking unfair advantage requires taking into account all the circumstances of the case (Intel). For detriment to distinctiveness, the ECJ requires economic damage or likelihood of such damage to the proprietor of the reputed mark as a result of a change in the economic behaviour of his customers (C-252/07 – Intel Corporation/CPM). No such requirement exists for detriment to reputation or for taking unfair advantage of distinctiveness or reputation (C-487/07 – L’Oréal/Bellure).

4. Use in the course of trade

2.160 Article 5 TMD and Article 9 CTMR require that a sign is used “in the course of trade” in order for infringement to be found. According to the formula used by the ECJ, such use will be found “where it occurs in the context of commercial activity with a view to economic advantage and not as a private matter” (Case C-206/01 – Arsenal/Reed, para 40; regularly repeated in subsequent decisions). In addition, the use must be made in the alleged infringer’s own commercial communication (Joined Cases C-236/08 to C-238/08 – Google France/Louis Vuitton Malletier, para 56).

2.161 Most conflicts do not pose a problem with regard to separating the private and commercial sphere. However, the boundaries become blurred in the digital environment, for instance when goods are offered for sale on Internet platforms. Until now, the question whether such sales constitute infringement where they concern non-genuine goods, or goods which were not released on the market in the Community by the proprietor, has not been addressed at the Community level, and is resolved differently in the Member States. The same applies to the use of trade marks in “virtual worlds”, such as Second Life.
Apart from the distinction between private and commercial use, use in the course of trade also poses an issue with regard to goods which are passing the territory of the EU or its Member States by way of transit, or which are kept in customs-free zones. The issue is addressed below (para 2.212).

5. Use as a mark

As a requirement for infringement, the sign must be used “as a mark”. The issue has given rise to a number of ECJ decisions. The great majority of those decisions deal with the “double identity” rule, Articles 5 (1) (a) TMD and 9 (1) (a) CTMR.

One of the first judgments applying Article 5 (1) (a) TMD concerned commercialization of genuine goods which had been imported, without the proprietor’s consent, from a non-EU country (C-355/96 – Silhouette/Schmied). The ECJ declared in that decision that Article 5 (1) provides that the proprietor of the trade mark shall be entitled to prevent all third parties not having his consent from using the trade mark (para 17). No qualifications of any kind were mentioned.

The requirement that a mark must be used “as a mark” was first articulated in Case C-63/97 – BMW/Deenik (para 38): the “scope of application of Article 5 (1) and (2) of the Directive... depends on whether the trade mark is used for the purpose of distinguishing the goods or services in question as originating from a particular undertaking”. In Case C-2/00 – Hölterhoff/Freiesleben, it was further held that “Article 5 (1) of the Directive is to be interpreted as meaning that the proprietor of a trade mark cannot rely on his exclusive right where a third party, in the course of commercial negotiations, reveals the origin of goods which he has produced himself and uses the sign in question solely to denote the particular characteristics of the goods he is offering for sale so that there can be no question of the trade mark used being perceived as a sign indicative of the undertaking of origin.” (para 17). In a slightly different vein, it was declared in Case C-228/03 – Gillette/LA Laboratories that “in accordance with Article 5 (1) (a), the holder of that exclusive right shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered” (para 28). The provision was therefore held to be applicable, although the referring court had pointed out that the reference made to the proprietor’s trade mark on stickers affixed to the competitor’s products “could not in any way have given the impression that there was a commercial connection between (the parties)” (para 21).

In Case C-206/01 – Arsenal/Reed, it is set out that “for the trade mark to be able to fulfil its essential role in the system of undistorted competition..., it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality” (para 48). Therefore, “the proprietor must be protected against competitors wishing to take unfair advantage of the status and reputation of the trade mark by selling products illegally bearing it” (para 50). However, “the exclusive nature of the right conferred by a registered trade mark on its proprietor under Article 5 (1) (a) of the Directive can be justified only within the limits of the application of that article” (para 52). Purely descriptive use therefore remains excluded from its ambit (para 54), whereas use is infringing if it is “such as to create the impression that
there is a material link in the course of trade between the goods concerned and the trade mark proprietor” (para 56).

2.167 In Case C-23/01 - Robeco/Robelco (para 34), the ECJ considered that use in order to designate a business as such does not constitute trade mark infringement. Also in Case C-245/02 – Anheuser-Busch/Budejovice Budvar it is said that if the targeted consumers consider the use of the sign as being the use of a company or trade name, the case must be judged under national law in accordance with Article 5 (5) TMD (para 64). However, according to Case C-17/06 – Céline Sarl/Céline SA, Article 5 (1) TMD is applicable where the public considers use of a company name as (also) relating to the goods or services offered by the company (para 23).

2.168 In Case C-48/05 – Adam Opel/Autec, the conditions for the exclusive right of the trade mark proprietor to apply against use of the trade mark by a competitor are further explained: first, the use must be made in the course of trade, (para 17; see already above); second, it must be without the consent of the proprietor (para 19); third, it must be “in relation to goods or services”. The ECJ affirms that (with the exception of references to the object of services rendered, a constellation decided by the ECJ in the BMW/Deenik case) “Article 5 (1) (a) only covers the use of a sign identical to the trade mark in respect of goods marketed or services supplied by the third party”, i.e. not in respect of those of the proprietor (paras 28 and 29). As the fourth criterion, the ECJ points out that even in the case of an identical mark being used for identical goods or services, “Article 5 (1) (a) of the directive does not apply unless it affects or is liable to affect the functions of that trade mark.” And, as the ECJ continues to explain, if it is found by the national court “that the relevant public does not perceive the sign identical to the Opel logo appearing on the scale models marketed by Autec as an indication that those products come from Adam Opel or an undertaking economically linked to it, it would have to conclude that the use at issue in the main proceedings does not affect the essential function of the Opel logo as a trade mark registered for toys” (para 24). This does not exclude, however, that protection is granted in the event that other functions of the mark are affected (para 25), or against unfair advantage being taken, or detriment being done to, the reputation or distinctive character of the trade mark under Article 5 (2) TMD (para 31 et seq.).

2.169 In Case C-533/06 – O2/Hutchinson, the ECJ concluded that “use by an advertiser, in a comparative advertisement, of a sign identical with, or similar to, a competitor’s mark may constitute use within the meaning of Article 5 (1) and (2) of Directive 89/104” (para 33). Such advertisement is considered to constitute use by the advertiser in relation to his own goods or services, because “it is aimed at promoting the goods and services of that advertiser” (para 35). If the sign used for the purpose of comparison is only similar to, and not identical with, the proprietor’s mark, the case falls under Article 5 (1) (b) TMD, with the effect that likelihood of confusion must be established (para 50). As regards the relationship between comparative advertising and trade mark use, the Court held that “the proprietor of a registered trade mark is not entitled to prevent the use by a third party of a sign identical with, or similar to, his mark, in a comparative advertisement which satisfies all the conditions, laid down in Article 3a (1) of Directive 84/450, under which comparative advertising is permitted” (para 51).
In Case C-487/07 – L’Oréal/Bellure, the ECJ confirmed the holding in O2 that use of a competitor’s trade mark in comparative advertising constitutes use of that mark in relation to the advertiser’s own goods and services, and that such use cannot be prohibited in case that all the conditions of the Directive on comparative advertising are fulfilled. Furthermore, it is reaffirmed that a party’s exercise of the exclusive right under Article 5 (1) (a) TMD “must be reserved to cases in which a third party’s use of the sign affects or is liable to affect the functions of the trade mark, to ensure that the trade mark can fulfil its functions” (para 58). And the Court continues: “These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the goods or services in question and those of communication, investment or advertising” (para 58). Therefore, the protection conferred by Article 5 (1) (a) TMD is said to be broader than that under Article 5 (1) (b) TMD, which requires a showing of likelihood of confusion (para 59). In any case, “the proprietor of the mark cannot oppose the use of a sign identical with the mark on the basis of Article 5 (1) (a) if that use is not liable to cause detriment to any of the functions of that mark” (para 60).

Finally, the ECJ held in Joined Cases C-236-238/08 – Google/Vuitton that a referencing service which permits advertisers to select, as keywords, signs identical with trade marks, stores those signs and displays its clients’ advertisements alongside the natural search results, does not ‘use’ those signs within the terms of Article 5 TMD and Article 9 CTMR because it does not use the mark in its own commercial communication (para 56; see already above). As regards an advertiser using an Internet referencing service and purchasing as a keyword a sign identical with another’s trade mark, the Court concludes that he uses that sign within the meaning of Article 5 (1) (a) TMD as interpreted by the case law of the Court. Thus, the selection by an advertiser of a sign identical with a trade mark as a keyword in the context of an internet referencing service falls within the concept of use ‘in relation to goods or services’ within the meaning of Article 5 (1) (a) TMD (para 73), irrespective of whether this is done with the aim to present his goods as an alternative to those of the competitor, or with the aim to mislead consumers about the commercial origin of the goods. However, the proprietor “cannot oppose the use of a sign identical with the mark if that use is not liable to cause detriment to any of the functions of that mark”, whether that be the function of indicating origin or one of the other functions (paras 77 and 78). Regarding the essential function of indicating origin, that function is adversely affected by the keyword-generated advertisement if the latter " … does not enable normally informed and reasonably attentive Internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party” (para 84). Hence, the origin function would be adversely affected (only) in the case where a third party’s ad suggests that there is an economic link between that third party and the proprietor of the trade mark (para 89). Turning to the question of whether the advertising function of a mark is adversely affected by its selection as a keyword by a competitor, the ECJ acknowledges that the proprietor, wishing to purchase his own mark as a keyword, will have to pay a (high) price for a sponsored link in order to be ranked high in the order of those links when his mark is used as a search term. According to the Court, this will not affect the list of natural results,
where the proprietor will usually appear, free of charge, in one of the highest positions. The Court therefore concludes: “… use of a sign identical with another person’s trade mark in a referencing service such as that at issue in the cases in the main proceedings is not liable to have an adverse effect on the advertising function of the trade mark” (para 98).

2.172 The ECJ decided two similar cases in the same week as it decided the Google cases, by repeating the holdings in these cases (Cases C-278/08 – BergSpechte/Guni; C-91/09 – Eis.de/BBY (by way of order); see also the subsequent decision in C-558/08 – Portakabin/Primakabin). Additional cases involving the liability for keyword advertising and similar issues (liability of auction platforms) are still pending before the Court.

2.173 In Case C-449/09 – Canon, the ECJ confirmed the rule set out in the Silhouette judgment that Article 5 TMD applies to the use of a trade mark for goods of the trade mark proprietor which have been placed on the market in the EEA without his consent.

6. Prohibited acts: custom-free zones, importation, transit

2.174 As regards the territorial scope of protection, the Court has held that any use in free-trade zones or any use prior to clearance for entry into the stream of commerce of the internal market is not a use which the proprietor of the mark may prohibit (Case C-405/03 - Class/Unilever). Infringement will only be found where goods placed under the external transit procedure are subject to the act of a third party which necessarily entails their being put on the market in the Member State of transit (C-281/05 – Diesel/Montex, para 23).

7. Third-party liability

2.175 All the cases so far decided involved “direct” infringement. The ECJ has so far not acknowledged that European law extends the rights to contributory or secondary infringement. In the Google cases, the Court did not exclude such infringement theories, but referred to national law.

8. Non-trade mark use

2.176 Article 5 (5) TMD relating to the use of signs for other purposes than to distinguish goods or services is a clause allowing Member States to provide for protection in cases where a sign is used for purposes other than distinguishing goods or services. The ECJ has therefore regularly emphasized that such uses are only subject to the provisions of national law (Cases C-23/01 – Robeco/Robelco, para 31; C-245/02 – Anheuser Busch/Budejovicky Budvar, paras 62 and 64).
III. Opinions

2.177 As a matter of principle, the scope of exclusive rights is not considered as giving rise to fundamental concerns from the perspective of users. Only a few issues were addressed by stakeholder associations as points of interest for further harmonisation. Apart from clarification of the relationship between well-known marks and reputation marks, which is treated under another topic, this concerns in particular the possibility to seize goods in transit, where the present situation is considered as unsatisfactory. Some user associations also raised the issue of “look-alikes”, i.e. usually cheap products resembling in their appearance the overall get-up of the market leader(s), without coming close enough to the protected trade mark(s) to evoke a likelihood of confusion. In a similar vein, user associations as well as one representative of a national office emphasized the importance of the ECJ’s statement in L’Oréal/Bellure that in addition to the origin function, trade mark law also serves to protect further trade mark functions, such as the function to guarantee quality, as well as the advertising, communication and investment functions. Furthermore, fairly broad support was found for the suggestion that use of signs for other than distinguishing purposes, which at present is left for national law to regulate, should become part of the TMD and CTMR.

2.178 The scope of exclusive rights and in particular the requirement that a mark must be used as a mark also figured as themes of a workshop held within the framework of this Study with trade mark experts from the international academic community. There was general agreement among participants that the current jurisprudence of the ECJ in respect of those issues is neither consistent nor satisfactory. However, no consensus was reached as to the manner in which more transparency and consistency can be achieved. While it was held by some that ‘use as a mark’ should be interpreted as broadly as possibly in order to encompass all possible modes of trade mark use under the provisions of trade mark law, others warned against extending trade mark protection too far, as it might lead to an increase in the prohibitive power of trade mark holders at the expense of free competition and consumer information. Against that, it was held that only by providing common legal ground for all possible modes of trade mark uses under the umbrella of trade mark law, could it be avoided that marketing practices typically extending over national borders such as trade mark use on the Internet, are adjudicated differently under national unfair competition law or similar regulations, and that a mosaic approach must be applied in cases of such uses being made of CTMs. Regarding the necessary balance which must be maintained between the interests of proprietors and those of consumers and other market actors, it was emphasized on the one hand that this could best be achieved by strengthening and extending, where necessary, the limitations and exceptions to the rights conferred. On the other hand, it was contended that some modes of use which should generally fall under trade mark law, such as use of a mark to identify goods and services as those of the proprietor (referential or nominal use), should not even be considered as infringement in the first place, unless they do not comply with honest commercial practices, meaning that the burden of showing unfairness should rest on the trade mark holder, instead of shifting to the alleged infringer, as is usually the case with regard to defenses such as limitations and exceptions. Further in this context, it was stated that it is not for trade mark law alone to provide a full and satisfactory catalogue of limitations and exceptions, but
that this also depends on the contents of adjacent regulations, such as Directive 2006/114 on comparative advertising. For instance, the fact that it had been prohibited in L’Oréal/Bellure to use another person’s trade mark on a chart comparing the smells of perfumes was not primarily caused by a (too far-reaching) extension of trade mark law as such, but rather resulted from Article 4 (1) (g) Directive 2006/114 which had been created for exactly that purpose.

IV. Issues and conclusions

1. Trade mark functions

Trade mark functions have long played a role in the legal and economic analysis of trade mark law. In European trade mark law the function to guarantee the trade mark as an indication of origin has been in the forefront, exemplified by the Preambles to the TMD and the CTMR. Additional functions – guaranteeing quality, communication, advertising, investment – have recently surfaced in ECJ case law (L’Oréal/Bellure, Vuitton/Google). It appears that the reference made to those additional functions was motivated not least by the need to state a reason for holding that the conduct at stake may fall into the ambit of Article 5 (1) (a) or (b) TMD, although the risk of jeopardizing the function of indicating origin, which the ECJ had previously declared as crucial for a finding of infringement under the pertinent provisions, was non-existent or only of little relevance in the actual cases. Although in particular L’Oréal/Bellure has been welcomed by proponents of strong trade mark protection, it is undeniable that the increased focus laid on trade mark functions as an element defining the concrete ambit and scope of trade mark law has blurred the picture, notably in the double identity cases.

a) Double identity

If an identical sign is used for identical goods or services, this may concern use made of the proprietor’s mark either as an indication of origin for the infringer’s own goods or services, or in order to identify or refer to the goods or services of the proprietor. In the first situation, the function of indicating origin will regularly be jeopardized. By contrast, use made of the mark for the purpose of identifying or designating the goods or services of the proprietor (nominal or referential use) does not clash with the origin function. Nevertheless, according to ECJ jurisprudence, such uses may fall into the ambit of trade mark law under the double identity rule (Silhouette, BMW, Gillette, O2, L’Oréal, Vuitton/Google).

Under current law, infringements falling under the double identity rule are considered as “absolute” in the meaning that no likelihood of confusion needs to be established. On the other hand, this does not mean that protection in these cases is unlimited. If the sign is used on goods or in connection with services not originating from the proprietor infringement will be excluded (only) if the function of guaranteeing origin is not affected, because the public does not consider the mark as a sign indicating origin. This is a limitation inherent in Article 5 (1) (a) TMD and Article 9 (1) (a) CTMR. When a mark is used to identify the goods or services of the proprietor (referential or nominal use), limitations follow in the first place from
the exceptions and limitations set out in Articles 6 and 7 TMD and Articles 12 and 13 CTMR, or from other rules determining the boundaries of legitimate commercial communication. The fact that the “double identity” rule may relate to two different types of cases, as well as the limitations to which each of them is subject, should be set out in the Preamble.

2.182 Use of signs relating to the goods or services of the proprietor may also occur if the sign is not identical with, but only similar to, the protected mark. This may concern use of signs in comparative advertisement (C-533/06 O2/Hutchinson), or as Internet adwords (C-558/08 – Portakabin/Primakabin), or on genuine goods which are imported under a trade mark which is (slightly) different from the mark under which the same goods are sold by the proprietor in the country of importation (unless such goods are re-branded in compliance with the criteria set forth in Case C-379/97 – Pharmacia & Upjohn SA/Paranova). Under the current provisions, such cases are treated under the aspect of likelihood of confusion, which requires an encroachment of the origin function (see below). As a rule, however, the origin function is not affected in the relevant cases; at least, risks for confusion, where they occur, do not result from the similarity of signs, as is stipulated by Article 9 (1) (b) CTMR and Article 5 (1) (b) TMD. Rather than fitting into the scheme of likelihood of confusion, those uses fall into the same category as referential or nominal use of signs in double identity cases, and should be treated accordingly.

2.183 A straightforward way of regulation would be to promulgate a specific provision concerning use of an identical or similar sign in order to refer to the proprietor's goods or services in commercial communication or for commercializing genuine products, while the “double identity” rule in Article 9 (1) (a) CTMR and Article 5 (1) (a) TMD would remain reserved for cases when the sign is used for designating the commercial origin of goods or services which do not originate from the proprietor. However, this would result in a profound change to the current structure of the provisions on exclusive rights, which might entail further problems and misunderstandings. No such changes are therefore proposed in this Study.

2.184 As regards the additional trade mark functions, in particular those of guaranteeing the quality of the goods, communication, investment and advertising, and their interpretation in double identity cases, it should be accepted as a principle for the future practice that these functions do not play an autonomous role in defining the scope of protection under Article 5 (1) (a) TMD and Article 9 (1) (a) CTMR. An adverse effect on these functions has no relevance for protection under the double identity rule.

b) Likelihood of confusion

2.185 In likelihood-of-confusion cases under current law as interpreted by the ECJ the origin-indicating function must be infringed. This does not mean, however, that a trade mark would “lose” its other functions when Article 5 (1) (b) TMD or Article 9 (1) (b) CTMR are applied. Detriment to the earlier mark’s other functions may therefore also arise in non-identity cases. It might have been possible to interpret “likelihood of confusion” as including damage to such additional functions.
However, current case law recognises such damage or detriment only in reputation cases.

c) Reputation marks

2.186 Current law protects marks with a reputation from detriment to or the taking advantage of its distinctiveness or its reputation. Distinctiveness and reputation may be described as part of the “goodwill” function of a trade mark, or its value as a tool of communication between proprietor and customer. There is thus no need for explicit recognition of additional trade mark functions.

d) Conclusion

2.187 Issues relating to the purpose and scope of trade mark protection should be addressed in the Preamble. The aim should be to give a full account of the functions performed by trade marks, without thereby blurring the contours of legal provisions determining the ambit of trade mark law.

2. Conflicts

2.188 Overall, the state of law as regards definition of conflicts and infringement appears satisfactory. However, some adjustments appear to be called for.

a) Double identity

2.189 As was pointed out above, it should be clarified that the use of an identical mark for identical goods may concern use for the third party’s own products or for those of the proprietor. In both cases, it is decisive for the application of Article 5 (1) (a) TMD that the use is made, and is perceived by the public, as identifying and distinguishing goods and services in regards of their commercial origin. Other modes of use are encompassed by the proposed mandatory implementation of Article 5 (5) TMD (see below).

b) Likelihood of confusion

2.190 Criticism has been raised regarding the supposedly “mechanical” approach of the Luxembourg courts, as regards the so-called “neutralisation” theory, and regarding the inability to distinguish properly between weak and strong marks.

2.191 There is not much that can be done about the way courts decide cases. The legal rules appear to be sufficiently flexible to take into account differences in the factual situations. Nevertheless, the following remarks highlight some concerns in view of the present practice.
2.192 The “neutralisation” theory, according to which conceptual differences between marks may counteract any existing visual or phonetic similarities and thus lead to a denial of any likelihood of confusion, applied by the General Court and confirmed by the ECJ in Cases C-361/04 P (Picasso/PICARO) and C-206/04 P (SIR/Zirh), is based on the perception of the respective marks by the relevant public, an element in the balancing of all relevant circumstances. Such conceptual differences may or may not be decisive, as everything depends on the factual circumstances in each case. There is no room (or reason) for a special legal rule excluding taking into account conceptual differences.

2.193 A similar issue arises in the case of conflicts between marks sought to be protected for pharmaceutical products. According to ECJ case law, the relevant public to be taken into account includes, also in cases of prescription medicine, not only professionals such as doctors and pharmacists, but also the end user of the product (Case C-412/05 P – TRIVASTAN/TRAVATAN, para 58). One would have expected that this would lead to taking into account the imperfect recollections of end consumers and the risk of mistaking one medicine for another. However, the ECJ has also supported the conclusions reached by the General Court that the relevant public, including the end user, are particularly attentive (“high degree of attentiveness, loc.cit., para 65). This has the result that marks for pharmaceutical products may be closer to each other than marks for other consumer products. This leads to unfortunate consequences. It is reported, for example, that the European Medicines Agency (EMA) in judging the suitability of proposed names for new medicines is rejecting proposed names in more than 50 percent of cases because of their similarity with existing names even though the proposed names have been registered and continue to be registered as trade marks. In this regard as well it seems impossible to write a special rule for conflicts involving pharmaceutical products. However, OHIM in its opposition or invalidation decisions should attempt to re-orient its practice in these cases, and it may be hoped that the Boards of Appeal and eventually the General Court and the ECJ will follow suit, particularly if appropriate factual assessments are presented by the parties to such cases. Also, OHIM should be encouraged to establish working relations with the EMA in order to obtain an alignment of the respective practices.

2.194 As regards the scope of protection of “strong” and “weak” marks, the case law does not distinguish properly between inherently distinctive marks and marks well established on the market through use. Inherently distinctive marks should, in the absence of use, be taken to possess no more than “average” distinctiveness, while marks well established on the market through use may as a result of such use obtain a high degree of distinctiveness. Also, the case law, while recognizing “weak” marks, often does not accept the conclusion that protection must be denied in situations where a “strong” mark might prevail (see Case C-235/05 P – FLEX/FLEXI AIR, where the ECJ confirmed the decision of the General Court by Order and stated, inter alia: “45 The applicant’s approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical
with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing considerations and not that that difference denoted goods from different traders.”). The result in this case and other similar cases appears to be out of line with the general principles announced by the ECJ in the series of cases referred to earlier, and specifically with the following statement found in the Canon case (C-39/97, para 18): “... the more distinctive the earlier mark, the greater the risk of confusion (SABEL, paragraph 24). Since protection of a trade mark depends, in accordance with Article 4 (1) (b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character.” It is proposed to address the issue in the Preamble.

2.195 It could be asked whether it would add clarity to the legal provisions if the reference to likelihood of association were deleted from the text of Articles 9 (1) (b) CTMR and 5 (1) (b) TMD, as association does not as such furnish a reason for a finding of likelihood of confusion (Case C-251/95 – Sabel/Puma). However, as is set out in the same decision, likelihood of association may have some use as an element in defining the scope of likelihood of confusion, in particular by clarifying that confusion in the meaning of the provision will also be found if the signs or the goods and services are recognized as different, but if the public is nevertheless misled into thinking that they originate from economically or legally linked enterprises. If the reference to likelihood of association were deleted, this might create the erroneous impression that likelihood of confusion in the latter, larger sense would no longer be regarded as infringement.

2.196 No changes to Articles 5 (1) (b) TMD and 9 (1) (b) CTMR are proposed with a view to encompassing look-alikes. It is considered that those cases can be resolved in a satisfactory manner on the basis of the pertinent provisions, either in the framework of likelihood of confusion (which, apart from the degree of similarity of the signs and products also depends on the strength of the mark), or, with stronger prospects for success, on the basis of claiming extended protection for reputation marks.

c) Reputation marks

2.197 Articles 8 (5) and 9 (1) (c) CTMR and Articles 4 (4) (a) and 5 (2) TMD should be changed so as to express the principle that protection is granted irrespective of whether the infringing sign is used for identical, similar or dissimilar goods, in accordance with ECJ Case C-292/00 – Davidoff.

2.198 As regards the TMD, the optional provisions in Articles 4 (4) (a) and 5 (2) should become mandatory. The provisions should be relocated to the first paragraphs in Articles 4 and 5 (Articles 4 (1) (c) and 5 (1) (c) TMD). In the CTMR, it appears appropriate to integrate what currently is Article 8 (5) CTMR into Article 8 (1) CTMR, as it is already done in Article 9 CTMR.
Case law requires actual or serious likelihood of “economic harm” to the proprietor in cases of detriment to distinctiveness (Intel). This has been criticised as making the enforcement of dilution claims unnecessarily difficult. However, the cases so far show that the courts also take probabilities and likely developments into account, as they must, for example, in opposition cases where the contested mark often has not yet been used. Furthermore, the claimant can always rely on the “taking advantage of” branch of the claim.

The current English text allows an interpretation that “unfairness” applies only to the taking advantage, but not to the detriment caused. The requirements should be set out in detail to avoid that interpretation. This would also add to the understanding of the “taking advantage” part of the provision insofar as “unfairness” and lack of “due cause” need to be assessed separately, and are not implied in the taking of commercial advantage as such.

3. Infringing acts; forms of infringement

a) Infringement claims subject to earlier rights

Neither the CTMR nor the TMD contain a clear rule according to which the proprietor of a trade mark cannot successfully invoke his rights against the use of an identical or similar sign already subject of an earlier right. It may seem obvious that this should be the result in view of the principle of priority, but the way Article 99 CTMR is currently drafted (giving the proprietor of an earlier right only a defense subject to the ability to obtain a declaration of invalidity of the claimant’s mark) actually reinforces these doubts. The solution proposed consists of adding language in Article 9 CTMR and Article 5 TMD that infringement claims are without prejudice to earlier rights. This is entirely in line with Article 16 (1) 3rd sentence TRIPS Agreement.

b) Use in the course of trade

Traditionally, the criterion that a mark must be used in the course of trade has not caused major difficulties. Such use is regularly found when a person uses a mark for her own commercial gain by offering or marketing goods or services physically in the jurisdiction where the earlier mark is protected. New ways of marketing and selling, including through the Internet, present new challenges. Thus, problems may arise in Internet cases with regard to the exact location of the infringement. Of much practical relevance is also the issue of contributory liability, as the current wave of litigation against Internet service providers and auction platforms demonstrates. Furthermore, it is unclear to what extent Internet sales of privately owned goods fall under the exemption for non-commercial activities, and similar difficulties arise in connection with other forms of “semi-private” communication over the Internet.

Similarly, the fight against counterfeit products, an international phenomenon, presents new challenges. In their efforts to “dry out” the market for counterfeit goods, some Member States do not limit criminal or administrative sanctions to
use in commerce, but prohibit and punish even private purchases or possession of counterfeit goods. In the context of counterfeiting, it also needs to be questioned whether current law provides sufficient possibilities for the intervention with and seizure of counterfeit goods in transit situations.

2.204 There is no uniform response to all those challenges. In particular, it is not proposed that the criterion of use in the course of trade should be changed or abolished. However, legislative action may be called for in view of specific issues such as use of marks in custom-free areas, such as harbours or special zones outside the intra-Community internal market, goods in transit, and contributory liability. Those issues are addressed under a different heading (below, para 2.212 et seq.). Apart from that, the current provisions are flexible enough to allow for appropriate solutions. The following remarks serve to give some indications on that.

2.205 Regarding the localisation of potential infringements caused by use of signs on the Internet, the WIPO Joint Recommendation of 2001 (Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet) have established the principle that use on the Internet will only be found infringing if it produces a commercial effect in the territory where it conflicts with an earlier mark. That solution appears to be generally accepted and is applied by courts in its essence, irrespective of whether the decisions actually refer to the Joint Recommendation or not.

2.206 Issues concerning the borderline between “private” and “commercial” use must be solved on a case-by-case basis by the courts, with the ECJ’s jurisprudence providing the general guideline. The decisive aspects are therefore whether

- the use is made for commercial gain rather than as a private matter, and
- whether it took place in the alleged infringer’s own commercial communication.

2.207 With regard to the latter aspect, it should be understood, however, that an enterprise offering to third parties commercial services which involve, or are technically connected with, another party’s trade mark, always uses the mark “in the course of trade”. A different result appears justified only if another person’s trade mark is used in strictly internal commercial communication, like internal analyses of the other party’s commercial success, etc.

c) “Trade mark” use

2.208 It appears appropriate to maintain the requirement established by case law that use must be made for the purpose of (identifying and) distinguishing the commercial origin of goods or services. This requirement is also called for in order to delimit the “standard” infringement cases from other cases, currently addressed in Article 5 (5) TMD, but now proposed also for the CTMR.
2.209 Use for the purposes of distinguishing should not be interpreted in the sense that marks and goods/services must always appear together. For example, advertising by use of a mark, without showing the goods/services, would still be use for the purposes of distinguishing. Use for the purposes of distinguishing goods can also exist in case of use of a mark in comparative advertising.

d) Use of trade names

2.210 Use of a sign for goods or services has been denied in ECJ jurisprudence where the sign is (solely) used for designating a business. While this has support in the wording of Article 9 CTMR and Article 5 TMD, the distinction is difficult in practice. To distinguish between use as a trade name and as a trade mark is frequently impossible with regard to service marks which do not appear on physical products, but are only used in connection with the activities of the company rendering them. Also in cases of product marks, the name of a company frequently becomes associated with the products it produces and sells, and vice versa, the company is often identified with its products. Moreover, it is a general principle of trade mark law that use of conflicting marks is prohibited because the public must not be misled as to the source (or the links between the sources) from which the goods or services emanate. Exactly the same risk – confusion as to source – is at stake when a company uses the same or a similar sign as a trade name in such a way that a link is established between the company bearing the name and the goods or services coming from that company.

2.211 It therefore makes sense to treat trade name use of a protected mark as an infringing act under Article 9 CTMR and Article 5 TMD if the requirements of use for goods or services are met. This should be set out in Articles 9 (2) CTMR and 5 (3) TMD. However, in view of the wording, and considering the interpretation given to those terms by the ECJ, this is not sufficient to encompass all possible conflicts. The use of a trade name to merely identify a company or to designate a business is dealt with as use of a sign for purposes other than distinguishing goods or services under the current Article 5 (5) TMD, which, according to this Study, should become mandatory and should also form part of the CTMR. This provision leaves scope for a balancing of interests as it requires a use which is made without due cause and contrary to honest practices in industrial or commercial matters. This balancing of the interests seems particularly necessary to prevent cross border commercial activities of companies under trade names that are used within the meaning of Article 5 (5) TMD from being unduly blocked by trade mark rights.

e) Custom-free zones; transit

aa) Custom-free zones

2.212 The ECJ has held that an infringement requires that the mark is used within the territory of the European Union after customs clearance. While the leading case (C-405/03 – Class/Unilever) involved allegedly original goods (released on the market in a third country with the consent of the trade mark proprietor) placed in a
customs-free zone for purposes of shipment to another third country, the holding of the court is not limited to transit situations or to original goods. Rather, the holding seems broad enough for the conclusion that any use of an infringing trade mark (or any of the acts that a trade mark proprietor is authorised to prohibit) when taking place before clearance of the goods for the free circulation in the internal market (or when such a use in the internal market is necessarily implied) may not be prohibited. While this conclusion has some validity for transit goods – dealt with hereafter – the general proposition contradicts long-standing principles of intellectual property law in European countries and elsewhere, namely that the validity – and enforceability – of intellectual property rights, including trade mark rights, covers the whole territory of the country without regard to customs rules. Customs rules, including the introduction of so called customs-free zones follow their own economic logic; however, they cannot provide a justification for abstaining from enforcing intellectual property rights in such zones. For example, producing goods bearing an infringing trade mark in a customs-free zone for export constitutes or in any event should constitute an infringement just as much as the sale of goods bearing an infringing mark in a customs-free zone, for example in an airport, would constitute such an infringement. It may even be doubted whether the exclusion of customs-free zones is compatible with TRIPS obligations. Therefore, it appears appropriate to clarify that the right to prohibit infringing uses applies throughout the territory making up the European Union, or, in the case of national marks, the territory of that Member State. This principle in no way prejudices whether or not goods in transit that bear an infringing trade mark may be held up by customs and are subject to the proprietor’s infringement claims, an issue dealt with hereafter.

bb) Transit

2.213 Pursuant to the ECJ’s case law, infringement in transit cases will only be found if it can be established that the goods on which the mark is used are subject to activities in the course of which they will necessarily be brought into free circulation on the common market. Depending on the circumstances, the required evidence may be very difficult, if not impossible to adduce. Goods suspected of infringement and held in detention on the basis of the (present) Border Measures Regulation may therefore often have to be released again in the course of subsequent infringement procedures. While that result appears odd, it can be justified to some extent by the argument that freedom of international trade constitutes an important policy concern to which the interests of national right holders must yield because and in so far as domestic commerce is not directly and demonstrably affected. However, prevalence of free trade must not be endorsed under all circumstances. If the relevant shipment concerns clear counterfeit goods, it would amount to misuse if the argument of free transit is invoked, even if it is obvious that the goods must be kept off the market in any case. There is no reason for guaranteeing free passage of fake goods to the country of destination, where they are equally illegal.

2.214 The solution therefore must encompass the interests of either side. The fact that counterfeiting and piracy constitute serious threats to global trade which must be tackled efficiently is as undisputed as the principle that care must be taken so as
not to disrupt international trade where it is legitimate. Furthermore, while efficiency militates in favour of an early reaction, by stopping goods in transit so as to keep them away from markets where they would cause infringement, it is no less important that for reasons of comity, right holders should not be given too ample opportunity to establish jurisdiction in transit countries for litigation which should appropriately be conducted in the country of origin or final destination. This means that the possibility for courts and authorities in transit countries to consider infringement should be narrowed down to obvious cases, where no doubt exists as to the illegality of the relevant goods under the laws of the transit country as well as those of the country of final destination.

2.215

The rule proposed with regard to transit is therefore limited to counterfeit goods, as defined in footnote 14 (a) to Article 51 TRIPS Agreement ("counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation"). Furthermore, it is required that the mark must be infringing in the territory of transit as well as in the country of destination. Consideration has been given to providing for the right to intervene in the transit country when the production in the country of origin amounted to infringement, regardless of the legal situation in the country of destination. However, as the activity in the country of origin was terminated with the goods physically leaving the country, this Study does not propose to broaden the scope of the right to intervene to those cases as well.

2.216

Apart from that, the principle remains valid that infringement will also be found if it can be established that the goods will be brought into free circulation in the EU or its Member States, as under the current case law.

f) Liability of legal persons for acts committed on their behalf

2.217

The current law holds "persons" liable for acts of infringement. No special rules exist for the (civil) liability of legal persons for acts committed by their employees or on their behalf. To provide for such a rule appears appropriate because although the direct action was taken by a natural person, the infringement ultimately benefits the legal person on behalf of which it was committed. It is submitted that most or all national laws would come to the same result anyway by applying general rules of tort law or civil liability. For the sake of clarity and transparency, however, it is proposed to adopt provisions both in the CTMR and in the TMD providing for the liability of legal entities in such situations.

g) Preparatory acts

2.218

Current law has no provision allowing to proceed against import, distribution and sale of labels and packaging and similar products which may be combined with products and convert them to infringing products. Some national laws have explicit rules covering this activity. To introduce such rules in the CTMR and the TMD
appears appropriate, as it provides another practically relevant and efficient contribution to the combat against counterfeiting.

h) Third party liability (contributory or secondary liability; indirect infringement)

2.219 The issue of third-party liability, under criminal law called “aiding and abetting”, in civil law “indirect infringement”, “secondary liability”, “inducement” etc., is currently under review in the context of the Enforcement Directive.

2.220 It seems obvious that all IP laws, whether at the European Union level or at the national level, should provide for harmonised rules for third-party liability. In view of the ongoing developments at the European level in a “horizontal” context, no specific proposals are submitted at this time.

i) Right to prohibit non-trade mark use in special situations

2.221 It appears appropriate to provide for protection against other uses of the mark in the course of trade in circumstances currently covered by Article 5 (5) TMD. That provision should be made part of the mandatory TMD provisions, and should be included in the CTMR as well so as to provide common ground regarding the legal situation in the Member States and at the Community level. The result could thus be avoided that – as under pertinent law – the proprietor of a CTM must rely on a mosaic approach involving different national legislations in order to establish infringement in cases when the use sought to be prohibited does not fall into the ambit of current Article 9 CTMR. The aim of the proposed amendment is therefore to enhance the level of harmonisation and transparency, and not to expand the general level of trade mark protection presently available in the Member States under a combined approach based on trade mark law and (national) unfair competition law or similar regulations. For a finding of infringement, it will regularly have to be shown that the interests of the proprietor are seriously affected, and that the use is not justified for any reason. Regarding the latter aspect, the limitations set out in Article 6 TMD and Article 12 CTMR may serve as a guideline, but do not confine the breadth of arguments which can be considered in the evaluation.

2.222 The current Article 5 (5) TMD does not establish reputation as an initial threshold, but requires that distinctiveness or reputation are abused or detrimentally affected. In view of the rather strict prerequisites for showing detriment to distinctive character, and given that abuse or detriment to reputation necessarily require that the mark is reputed, the ambit of the provision may nevertheless be restricted, with the result that no protection is granted if the trade mark does not live up to the level of reputation required under Article 9 (1) (c) CTMR and Article 5 (2) TMD. The result would be unsatisfactory for instance in cases when a likelihood of confusion ensues from use of an identical or similar sign for the purpose of designating a business (and thus not falling under Article 5 (1) TMD and Article 9 (1) CTMR). It is therefore proposed to complement the current wording by declaring as inadmissible use which is likely to mislead the public about the
existence of a commercial link between the proprietor of the trade mark and a third party.

V. Proposals

1. TMD and CTMR

2.223 The TMD and the CTMR should, as far as possible, provide the same protection to trade marks. Accordingly, the structure and the provisions should be aligned. Several provisions which are currently optional in the Directive should be made mandatory. (See under Part V Chapter 1).

2. Preambles

2.224 The Preambles of the TMD and the CTMR should be supplemented by adding explanations about the scope of protection, and infringing acts.

2.225 The basic principles in the Preamble to the Directive could be expressed as follows (the Preamble to the Regulation would contain parallel principles):

- That a primary purpose of trade mark protection is to provide proprietors of trade marks the means to distinguish their goods or services from those of others, allowing their customers to identify the goods or services and purchase them or make use of them without any risk of being confused about the commercial origin of the goods or services, thus contributing to a system of undistorted competition;

- that trade marks represent the actual or potential goodwill linking the goods or services with their producers and providers; that they are advertising tools and thereby serve to confirm the links that consumers perceive between the goods and services and the proprietors of their trade marks. That it is fundamental, in order to facilitate the free movement of goods and services and to assure a system of undistorted competition in the European Union;

- that registered trade marks enjoy the same protection under the legal systems of all Member States; that the protection afforded by the registered trade mark applies to use made by third parties for their own goods or services as well as to use designating goods or services as being those of the proprietor;

- that in case of an identical mark being used for identical goods or services which do not originate from the proprietor, protection is absolute because and to the extent that it adversely affects the essential function of the trade mark, which is to guarantee the trade mark as an indication of origin; that in case of a mark being used to designate the goods or services of the proprietor in commercial communication referring to those goods or services or in the context of commercialising such goods or services, protection is granted where the use does not comply with honest commercial practices, as specified in the limitations, or where it relates to
goods or services that are not legitimately commercialised on the market in the EU and the EEA;
- that the protection should apply also in the case of similarity between the mark and the sign and the goods or services; that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; that the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market and the degree of its distinctiveness, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection;
- that trade marks with high degree of distinctiveness should receive more extensive protection than those with a low degree of distinctiveness; that a high degree of distinctiveness requires that the mark has become established on the market as a result of extensive use; that where a trade mark is composed of or consists of an element which is not itself registrable, a finding of likelihood of confusion cannot be based on the fact that both marks consist of or contain that element;
- that trade marks which have a reputation in the Member State should be entitled to protection without the need to prove likelihood of confusion where the use of the later mark or sign would be likely to dilute or take advantage of the distinctive character or would be likely to be detrimental to or take advantage of the reputation of the earlier trade mark in a manner contrary to honest practices in industrial or commercial matters;
- that protection should also extend to trade marks which are not registered, but are well-known in the sense of Article 6bis of the Paris Convention and Article 16 (2) and (3) of the TRIPS Agreement; that unregistered trade marks having a reputation in the Member States should be afforded protection as well-known marks under the same rules which apply to registered trade marks;
- that infringement of a registered trade mark requires a finding that the infringing mark or sign is used for purposes of distinguishing goods or services; use for other purposes is subject to a separate rule;
- that infringement requires use of the mark in the territory of the Member State, which includes customs-free zones; that in order to interrupt trade in counterfeit goods, infringement should also cover the transit of such goods through the territory of the Member State, without, however, interfering with the flow of legitimate trade;
- that registered trade marks should also be protected against any use made of the mark or a similar sign in the course of trade for purposes other than to distinguish goods or services, provided such use is likely to mislead the public about the existence of a commercial link between the proprietor of the trade mark and a third party, or is likely to be detrimental to or take advantage of the distinctiveness or reputation of the trade mark in a manner contrary to honest practices in industrial and commercial matters.
3. Conflicts

2.226 Article 4 TMD and Article 8 CTMR should be aligned. Protection of marks with reputation should become mandatory under the TMD (currently optional pursuant to Article 4 (2) TMD), and should become part of the respective first paragraph. The criteria for reputation marks should be specified more clearly, by including cases where the goods or services are identical or similar, and by better separating the types of cases.

2.227 Corresponding adaptations should be made with regard to the infringement provisions (Article 5 TMD and Article 9 CTMR).

2.228 The optional provisions in the Directive concerning the right to oppose or to obtain cancellation on the basis of rights other than (registered) trade marks (Article 4 (3) and (4) TMD) should become mandatory (see under 3. b).

4. Infringement

2.229 Trade mark infringement should be defined as use for the purposes of distinguishing goods or services. Other forms of objectionable trade mark use should be covered by a mandatory provision in the Directive and by a corresponding provision in the CTMR, on the basis of what is currently an optional provision in the Directive (Article 5 (5) TMD).

2.230 Infringement rights should be without prejudice to earlier rights, in accordance with Article 16 (1) 3rd sentence TRIPS Agreement.

2.231 Infringement rights should cover the whole territory of the European Union (or the respective Member State).

2.232 Transit of goods bearing an infringing trade mark should be covered provided that the goods are also infringing a parallel right existing in the country of destination. The interference with transit goods should be limited to counterfeit goods, as defined in footnote 14 (a) to Article 51 TRIPS.

2.233 Furthermore, use of a mark in comparative advertising not complying with Community rules relating to such advertising shall constitute trade mark infringement, if the requirements for infringement under trade mark law are met (see also below, Chapter 2 H).

2.234 Infringement should also cover certain acts prior to the affixing the infringing mark to goods, such as acts relating to labels etc.

2.235 Liability of legal persons for acts committed in their undertaking should be provided for.

2.236 No proposals are made for third-party liability, for the reasons explained earlier.
H. Limitation of rights

I. Current law

2.237 Article 6 TMD and Article 12 CTMR provide for three exceptions to the exclusive rights of trade mark proprietors: use of one’s own name or address (lit. a), descriptive use (lit. b), indication of intended purpose of product (lit. c). These uses are only justified if they are in accordance with honest practices in industrial or commercial matters.

2.238 Due to the principle of exhaustion (Article 7 TMD, Article 13 CTMR) the proprietor of a trade mark is not entitled to prohibit the use of the mark in relation to goods which have been put on the market in the EU under that trade mark by the proprietor or with his consent. This principle, however, does not apply where the proprietor has legitimate reasons to oppose the further commercialization of the goods.

2.239 At present, the TMD and the CTMR do not provide for any other explicit limitations.

II. Case law

1. Use of own name, descriptive use, indication of intended purpose

2.240 Article 6 (1) (a) TMD has been interpreted broadly by the ECJ. The provision is not limited to the use of names of natural persons (Case C-245/02 – Anheuser-Busch/Budejovicky Budvar). This interpretation, however, is not in accordance with the Joint Statement of the Council and the Commission (OJ OHIM 1996, p 606).

2.241 Indications of product characteristics may also be used in a trade mark sense; e.g., an indication of geographical origin was allowed even though it had the same appearance as a trade mark (Case C-100/02 – Gerolsteiner/Putsch ("Gerri/KERRY Springs")). The provision is primarily designed to prevent a proprietor from prohibiting third parties from using descriptive terms which are within the scope of the mark, i.e. because they are similar to the mark or are the same as elements of a composite mark that are themselves descriptive. It may also authorise a third party to use a trade mark if such use consists in giving an indication concerning the kind, quality or other characteristics of products marketed by that third party (Case C-48/05, Opel/Autec, para 42, 43). However, it was held that Article 6 (1) (b) does not to justify the use of trade marks on toy reproductions of original products (Opel/Autec, para 45).

2.242 The limitation concerning the use of a trade mark as an indication of the purpose of a product (Article 6 (1)(c) TMD, Article 12 (c) CTMR) is not limited to uses for accessories or spare parts, which are only mentioned by way of example (C-228/03 – Gillette/LA Laboratories). Use of the mark by a third party as an indication of the purpose of the product will not be in accordance with honest practices if it is done in such a manner as to give the impression that there is a commercial connection between the third party and the trade mark owner;
2) if it affects the value of the trade mark by taking unfair advantage of its distinctive character or repute; if it entails the discrediting or denigration of that mark;

3) or where the third party presents its product as an imitation or replica of the product bearing the trade mark of which it is not the owner (Gillette, para 49).

2. Exhaustion

2.243 Trade mark rights are exhausted only when products were put under that mark on the market in the Community or the EEA by the proprietor or with his consent (Article 7 TMD, Article 13 CTMR). The TMD does not leave it open to the Member States to provide in their domestic law for exhaustion of the rights conferred by a trade mark in respect of products put on the market in non-member countries (Article 355/96 – Silhouette International /Hartlauer, para 26). The concepts of “putting on the market” and “consent” require a uniform interpretation throughout the EU (Joined Cases C-414/99 to C-416/99 – Zino Davidoff et al.). Goods are put on the market when the proprietor transfers the right to dispose of the goods to a third party and thereby realises the economic value of the mark (Case C-16/03 – Peak Holding). Making available “perfume testers” to dealers while prohibiting the sales of these testers does not amount to a disposition leading to exhaustion of rights (Case C-127/09 – Coty/Simex). Implied consent cannot be inferred from the fact that the goods carry no label prohibiting their resale in the EEA or from the fact that the proprietor of the mark does not impose contractual restrictions on buyers which prohibit the re-sale of the goods within the EEA (Zino Davidoff et al.).

2.244 The notion of consent also covers acts undertaken by separate persons or entities who are economically linked to the proprietor in a manner which allows him to exercise control as to the marketing of the products, such as members of the same group of companies, subsidiaries or licensees (Case C-9/93 – IHT Heiztechnik/Ideal Standard; C-59/08 – Copad/Dior).

2.245 Trade marks are exhausted only with respect to the individual items of the product which have been put on the market (Case C-173/98 – Sebago/Unic). Resellers are also free to use the mark in order to bring to the public’s attention the further commercialisation of those goods (Cases C-63/07 – BMW/Deenik and C-558/08 – Portakabin/Primakabin).

2.246 The following grounds have been recognised as legitimate reasons which allow the trade mark owner to oppose the further commercialisation of the goods:
- the condition of the goods is changed or impaired (Article 7 (2) TMD, Article 13 (2) CTMR);
- the use of the mark seriously damages the reputation of the mark (Cases C-337/95 – Dior/Evora, C-63/07 – BMW/Deenik, C-59/08 – Copad/Dior);
- the reseller suggests that that there is a commercial connection between itself and the trade mark proprietor (BMW/Deenik, Portakabin/Primakabin); the use of the mark in connection with notions such as “used” or “second-hand”, however, will not normally evoke this impression (Portakabin/Primakabin);
- the removal of identification numbers applied for legitimate purposes (Case C-349/95 – Loendersloot/Ballantine);
- the resale of pharmaceutical products after repackaging unless it satisfies the criteria set forth in Case C-348/04 – Boehringer Ingelheim;
- the removal of the trade mark from the products (“de-branding”) (Portakabin), although the trade mark may not have been used “in relation to goods or services” in this situation.

2.247 The following grounds do not by themselves constitute legitimate reasons for the proprietor to oppose the use of the mark:
- the reseller derives an advantage from the reputation of the mark by reselling quality goods (BMW/Deenik),
- the reseller uses the trade mark in advertising for its resale activities which include the sale of other second-hand goods (Portakabin/Primakabin),
- the reseller affixes a different trade mark on the product, if the product is sold under that mark in the state of importation, and if all other criteria set out in Case C-348/04 – Boehringer Ingelheim are satisfied (Case C-379/97 – Pharmacia & Upjohn SA/Paranova). In that case, Article 7 (1) TMD does not apply because the marks used in the country of importation are not the same as in the country of origin; the permissibility of such acts follows from Article 34, 46 TFEU.

3. Comparative advertising

2.248 The trade mark owner cannot prevent the use of his trade mark in comparative advertising which satisfies the requirements of Article 4 of Directive 2006/114/EC (Cases C-533/06 – O2 and C-487/07 – L’Oréal). Hence this provision functions as an additional exception which covers some cases of referential use and which partly overlaps with Art 6 (1) (c) TMD and Article 12 (c) CTMR, since the reference to OEM products by independent manufacturers of spare parts can be comparative advertising (Case C-112/99 – Toshiba/Katun) while at the same time benefiting from the Article 6 (1) (c) TMD and Article 12 (c) CTMR exception (Gillette/LA Laboratories).

4. Interrelations between conditions of infringement and limitations

2.249 The limitations in Articles 6 and 7 TMD and Articles 12 and 13 CTMR apply only in cases where an infringing use is established. In the absence of such use, there would be no room for applying the limitation. The “use” requirement and the requirement made under Article 5 (1) (a) and (b) TMD and Article 9 (1) (a) and (b) CTMR that the use must be capable of having an adverse effect on the protected trade mark functions can have the same effect as exceptions. Descriptive use may not be trade mark use (Case C-2/00 – Höltnerhof/Freiesleben - “Sun Spirit”) and the use of a trade mark on a toy which reproduces the original product may not interfere with the protected functions (Case C-48/05 – Opel/Autec).

2.250 Under Article 5 (2) TMD and Article 9 (1) (c) CTMR trade mark exceptions do not play an independent role as uses of reputation marks which would benefit from
one of the exceptions are made “with due cause”. The use of a mark which is perceived as an embellishment by the public will not constitute an infringement under Article 5 (2) TMD and Article 9 (1) (c) CTMR unless the public establishes a link with the reputation mark (Case C-408/01 – Adidas/Fitnessworld).

III. Opinions

2.251 Limitations and exceptions were not frequently addressed by user associations or other stakeholders consulted in the course of the Study. However, the need to counterbalance an extension of the present ambit of trade mark law to basically all modes of trade mark use was strongly emphasized in the statement by the German Association for Intellectual Property (GRUR).

2.252 The interplay between the scope of exclusive rights conferred by trade mark law and the exceptions and limitations balancing that scope was also a main topic in the academic workshop arranged by the MPI within the framework of this Study (see above, G III). There was broad agreement among those favouring an ‘opening’ of trade mark law for all modes of use that the present catalogue of exceptions and limitations should be expanded accordingly. In particular, it was considered as important to include a reference to comparative advertisement and general issues of free speech. Moreover, a majority of participants was in favour of making the catalogue of limitations “open-ended”, so as to encompass also other cases of legitimate conduct comparable to the constellations explicitly mentioned.

2.253 No comments were received with regard to exhaustion or related topics.

IV. Issues and conclusions, proposals

1. Article 12 CTMR and Article 6 TMD

a) Use of name or address

2.254 Due to the broad interpretation by the ECJ, Article 6 (1) (a) TMD and Article 12 (a) CTMR at present apply to all trade names, even where they do not contain the personal name of the owner. Such a broad scope of the limitation does not seem appropriate. It creates unequal conditions for trade names and trade marks in case of conflicts, as trade names are regularly granted unrestricted protection against younger trade marks. It thereby clashes with a maxim which is well-established in the legal tradition of most or all Member States, namely that all types of distinctive signs belong to the same branch of law, and that conflicts between them should be uniformly resolved on the basis of the priority principle. Exceptions from that rule are necessary only where the use of the later sign is founded on the legitimate interest of the owner to use his own personal name in commerce in order to designate his business.

2.255 Article 6 (1) (a) TMD and Article 12 (a) CTMR should therefore be restricted to the use of the name of natural persons. The Study does not take a position on whether this is limited to family names or includes also forenames, and whether
the right to use a name will continue when there is a succession in ownership and when there are transformations, such as from a partnership to a limited liability company.

b) Use of descriptive indications

Article 6 (1) (b) TMD and Article 12 (b) CTMR are currently applicable primarily if the use is made of a descriptive indication, i.e. an indication which would not as such be registrable pursuant to Article 3 (1) (c) TMD and Article 7 (1) (c) CTMR (in the absence of acquired distinctiveness). The same exception should also apply to signs or indications which are lacking any distinctive character. The arguments for allowing the free use of non-distinctive signs or indications are just as strong as those for exempting the use of descriptive indications from trade mark infringement claims.

In addition, Article 6 (1) (b) TMD and Article 12 (b) CTMR could be extended to cover all cases in which a trade mark, even if distinctive as such, is not perceived as an indication of commercial origin by the relevant public. However, in these cases, protection under Article 5 (1) (a) or (b) TMD and Article 9 (1) (a) or (b) CTMR will regularly have to be denied. Such cases would therefore fall under the current Article 5 (5) TMD, if it is made mandatory in accordance with the proposal made in this Study (see under G IV 3). It will be sufficiently clear then that such use is only prohibited if it conflicts with honest practices. As Article 6 (1) (b) TMD and Article 12 (b) CTMR are also subject to compliance with honest business practices, the result would be the same.

c) Use to indicate purpose

Article 6 (1) (c) TMD and Article 12 (c) CTMR are just one example of the use of a trade mark as an indication of the trade mark owner’s products (rather than, as is the case in “standard” situations, as identifying the infringer’s products). It appears appropriate to make provision for a broader clause exempting “honest referential use” from infringement, i.e. cases where the protected trade mark is used as a reference to the proprietor’s goods or services.

d) Honest referential use

As pointed out above, a close relationship exists between the provisions on infringement and limitations. In particular the requirement that a mark must be used to distinguish goods or services can constitute a functional equivalent to limitations; the same applies to the requirement in current Article 5 (2) TMD and Article 9 (1) (c) CTMR, that the use made of a sign must be unfair and without due cause. Whether and which limitations are needed depends therefore of the principal breadth of protection accorded to trade marks under Article 5 TMD and Article 9 CTMR.

Under current law, the use of a trade mark as a correct identification of the trade mark owner’s own products (referential use) has been held to be use of the mark in relation to the third party’s own products (O2). Furthermore, it was held that
Article 5 (1) (a) not only protects the essential function of indicating origin but also other functions such as the quality, investment or communication function (L’Oréal). As a result, many cases of referential use may come within the scope of Article 5 (1) (a) TMD and Article 9 (1) (a) CTMR. The protection afforded by this provision, however, is “absolute” in the sense that it does not depend on any balancing of interests, apart from a functional analysis. Although many cases of “honest referential use” will constitute comparative advertising and will hence come under Article 4 of Directive 2006/114/EC, the present state of law is unsatisfactory.

The situation would not change significantly in the relevant aspects if the analysis and proposals made above with regard to Article 5 (1) (a) TMD and Article 9 (1) (a) CTMR are taken into account (for details, see G IV 1): It is proposed to clarify in the Preambles that the provisions comprise use in respect of the alleged infringer’s own goods or services as well as use designating the goods or services of the proprietor. No additional functional analysis is needed in the second case. It is only declared that the use must be within the limits of honest business practices, as reflected in the relevant provisions. Hence the need for an explicit limitation regarding honest referential use is even enhanced. Furthermore, in addition to its direct application in conflicts falling under Article 5 (1) (a), the catalogue of limitations in Article 6 TMD and 12 CTMR would also provide guidance (inter alia) for assessment of the criterion in the implementation of Article 5 (5) TMD that the use must be “unfair and without due cause” (see the proposal under G IV 3).

The new provision should refer generally to “referential use” and list as examples use for purposes of indicating replacement or service, currently in Article 6 (1)(c) TMD and Article 12 (c) CTMR and use for purposes of commentary and criticism, currently not provided for. It should also be specified that parodies, as particular form of criticism or comment, also fall into the ambit of the provision. The use would be allowed to the extent that it does not contravene principles of honest practices in industrial and commercial matters. Referential use for purposes of comparative advertising would be lawful if it complies with the applicable provisions of Community law, as currently set out in Directive 2006/114 EC. These provisions contain their own limits to permissible comparative advertising, which of course apply. Comparative advertising not complying with these rules, when making use of protected trade marks, would constitute trade mark infringement provided that the requirements for infringement under trade mark law are fulfilled. This is reflected in the proposals for Article 5 TMD and Article 9 CTMR (above, G IV 4).

It should be noted that use of the mark for communication purposes characterised as free speech, or in artistic works, would frequently not be covered by the exclusive rights provided for in Article 5 (1) TMD and Article 9 (1) CTMR. To the extent that such use falls under the new (proposed) provision regulating use for purposes other than distinguishing goods or services in the course of trade, the “fair use” limitation to the exclusive right is found in the new provision itself. As set out above, the catalogue of limitations would offer a certain guideline for the assessment, without being directly applicable.

Furthermore, in order to clarify that a trade mark cannot be used under the aspect of honest referential use in case that the goods or services to which it relates were
E. (Non)compliance with honest business practices

2.265 It is further proposed that it should be set forth in Article 6 (2) TMD and Article 12 (2) CTMR under which conditions use of a trade mark will not be considered as complying with honest business practices in the meaning of both paragraphs in the provision. This is the case if use of the sign creates the impression that a link exists between the parties, or if it affects the reputation or distinctive character of the mark or if it discredits or denigrates the mark.

f) Fair Use?

2.266 In a more general sense the introduction of a general “fair use” clause could be contemplated. It would allow for flexibility in situations not previously envisaged by legislation and would thus cater for new business models which, in particular, regularly are created in the context of the internet. A possible legislative technique would be the combination of a general exception with specific examples, as it can be found in Articles 5 to 9 of the Unfair Commercial Practices Directive (2005/29/EC).

2. Exhaustion

2.267 The present wording of Article 13 CTMR and Article 7 TMD only relates to the Community market. However, according to the Agreement on the European Economic Area, exhaustion will also occur if the products were released on the market in a Member State of the EEA which is not an EU Member. This follows from No. 8 of the Protocol 1 on Horizontal Adaptations, which provides as follows:

2.268 REFERENCES TO TERRITORIES
Whenever the acts referred to contain references to the territory of the "Community" or of the "common market" the references shall for the purposes of the Agreement be understood to be references to the territories of the Contracting Parties as defined in Article 126 of the Agreement.

2.269 As the TMD belongs to the “acts referred to”, this clarifies the situation for the TMD. The CTMR is not one of the “acts referred to”, and the exhaustion under the CTMR for goods placed on the market in an EEA member has remained unclear. In the interest of clarity, the fact that exhaustion applies with regard to the entire area of the EEA should be set out in the texts of the relevant Articles in the TMD and the CTMR.
As the present wording of Article 13 (1) CTMR and Article 7 (1) TMD refers to putting a product on the market under the trade mark in respect of which exhaustion occurs ("that" trade mark), it does not offer a basis for cases when a trade mark must be exchanged by the importing company for another trade mark under which the same product is commercialized by the proprietor in the country of importation. However, as such cases are rare, and in view of the fact that the situation has been clarified by the ECJ (Case C-379/97 – Pharmacia & Upjohn SA/Paranova), it should suffice to state in the Preambles that the principles developed by the ECJ in respect of free movement of goods remain to be valid in addition to and, were applicable, beyond the express codification in the TMD and CTMR.

Finally, the fact that the notion of “consent” in Article 13 (1) CTMR and Article 7 (1) TMD also covers the situation that the products were released onto the market by a separate party over whom the proprietor of the mark is entitled to exercise legal control should likewise be set out in the Preambles.

I. Further Defenses (earlier rights, non-use, acquiescence, prescription, intervening rights)

I. Current law

Apart from exhaustion (Article 13 CTMR and Article 7 TMD) and the limitations provided for in Article 6 TMD and Article 12 CTMR, proprietors of later marks as well as alleged infringers may raise further defenses, such as earlier rights, non-use, acquiescence, and prescription.

As regards CTMs, the defense of “earlier right” of the alleged infringer is provided for in Article 99 (3) CTMR, where the condition is that the allegedly infringed CTM is subject to invalidation on account of an earlier right of the defendant. The defense of non-use is available in opposition and invalidation proceedings (Articles 42 and 57 CTMR), and in infringement proceedings (Article 99 (3) CTMR). Acquiescence as a defense to an invalidity action is provided for in Article 54 CTMR and to an infringement claim in Article 9 (1) TMD. Prescription is not provided for as a defense.

As regards the TMD, only acquiescence is a mandatory defense to invalidation and infringement (Article 9 TMD). The defense of non-use is a mandatory defense only to invalidation (Article 11 (1) TMD).

II. Case law

Case law is relatively rich with decisions regarding the use requirement, whereas decisions involving acquiescence until now have been rare. There is no need to go into any detail about that, as both issues are treated elsewhere in this Study.
III. Opinions

2.276 No specific opinions were expressed on the issues in focus here, i.e. prescription and intervening rights as defenses in infringement proceedings.

IV. Issues and proposed solutions

1. Earlier rights

2.277 As regards earlier rights, it is proposed to provide in Article 9 CTMR and Article 5 TMD that claims for infringement are not available against proprietors of earlier rights (see above, G V, 2.230). This corresponds to the general principle of priority governing IP law. The same principle is expressed in Article 16 (1) 3rd sentence TRIPS Agreement. The defense based on an earlier right of the defendant, as currently provided for in Article 99 (3) CTMR, is in line with this principle.

2. Non-use, intervening rights

2.278 As regards non-use, proprietors of later CTMs are “safe” from refusal or invalidation on the basis of earlier CTMs and national trade marks when these trade marks have not been used, as provided for in Articles 42 and 57 CTMR. Details of this constellation are analysed in the section of “Requirement of use”.

2.279 Proprietors of later national trade marks need to be given the same “safety” in the Directive. While non-use is already a defense to cancellation (Article 11 (1) TMD), the defense of non-use should also be mandatory in opposition proceedings. This requires Article 11 (2) TMD to become a mandatory provision.

2.280 Alleged infringers, including proprietors of later trade marks, whether Community or national trade marks, are provided only with the defense of non-use under Article 99 (3) CTMR, which requires that the allegedly infringed CTM is subject to revocation at the time the infringement action is brought. No provision is made for protecting proprietors of “intervening rights”, i.e. of later trade marks which cannot be declared invalid pursuant to Article 57 CTMR. It appears necessary to protect these proprietors not only from invalidation but also from being found liable for infringement, regardless of whether the infringement action is brought on the basis of an earlier CTM or national mark. Therefore, the defense of an “intervening right” as well as the defense of non-use to an infringement action should be provided for both in the CTMR and in the TMD.

3. Absence of distinctiveness, intervening rights

2.281 When a CTM has been registered even though it is actually defective because of being non-distinctive, descriptive or generic, its cancellation is precluded if it has become distinctive through use after registration (Article 52 (2) CTMR). No such
provision is found in the TMD. For reasons of coherence it is proposed to add to the TMD a corresponding provision.

2.282
Neither the CTMR nor the TMD provide an answer to the question whether a later trade mark filed or registered at a time when the earlier mark was still subject to invalidation may be declared invalid and its use be prohibited. It appears appropriate to provide for the “safety” of such intervening rights in these situations, both in the CTMR and in the TMD.

4. Absence of likelihood of confusion, absence of reputation; intervening rights

2.283
When a trade mark can not be invoked against a subsequent mark because the proprietor of the earlier mark can not yet rely on likelihood of confusion or reputation since the mark had not yet been established on the market, the question arises as to whether, once the requisite use has been made, the later mark can still be invalidated and its use can be prohibited. It appears appropriate to provide for the “safety” of such intervening rights both in the CTMR and in the TMD.

5. Acquiescence

2.284
Acquiescence is a defense both to invalidation and to infringement (Articles 54 CTMR and 9 (1) TMD); no new provisions are necessary.

6. Prescription of claims

2.285
The lack of provisions in the CTMR and TMD on prescription of claims has so far not created any problems, as far as the opinions submitted and the case law researched have shown. While prescription is usually not an issue with regard to injunctive relief, it becomes relevant where it limits the possibility to claim damages for past infringements. In order to create equal conditions throughout the EU, and in the interest of transparency and legal security, an appropriate period (e.g. three years), starting from the time when the plaintiff had obtained knowledge of the infringement and the person of the infringer, should be set out both in the CTMR and the TMD.

2.286
It is recommendable to undertake a survey on pertinent rules applying under national civil law in preparation of the proposal. For the time being, no specific proposal is made in this Study.
J. Trade Marks and GIs

I. Current law

2.287 Trade marks and geographical indications (GIs) belong to the category of distinctive signs. Trade marks are protected as intellectual property rights under EU law (CTMR and TMD), whereas GIs are protected in part under specific EU legislation relating to wines, sparkling wines, spirits, and foodstuffs and agricultural products, in part under international agreements to which the EU and Member States belong and in part under provisions of national law which are GI-specific or which protect GIs under general clauses prohibiting misleading and unfair business practices.

2.288 At the international level, protection for GIs is provided for in the TRIPS Agreement (1994).

2.289 Specific conflict rules are found in the Community legislation mentioned.

1. Community Trade Mark Regulation

a) Specific conflict rules

2.290 In the CTMR, specific rules governing conflicts between GIs and trade marks are found in the absolute grounds of refusal, notably Article 7 (1) (j) and (k) CTMR, and in Article 164 CTMR which preserves the application of Regulation (EC) No 510/2006.

b) General conflict rules

2.291 General rules applicable to conflicts between GIs and trade marks are provisions excluding the registration of non-distinctive, descriptive or generic indications (Article 7 (1) (b), (c), and (d) CTMR), provisions providing that certain earlier rights other than registered trade marks may constitute relative grounds of refusal or invalidation (Articles 8 (4) and 53 (2) CTMR), and provisions limiting the exclusive rights of trade mark proprietors vis-à-vis the “fair use” of geographically descriptive indications (Article 12 (b) CTMR/Article 6 (1) (b) TMD).

c) Collective marks

2.292 Community collective marks may be registered also for GIs but do not entitle to prohibit the “fair use” of GIs by those entitled to use them (Article 66 (2) CTMR).

2. Trade Mark Directive

2.293 The TMD does not contain the specific conflict rules found in the CTMR.
General conflict rules are aligned with those in the CTMR, except that the right to rely on certain earlier rights other than registered trade marks as relative grounds of refusal or invalidation does not expressly extend to rights protected under Community law.

II. Case law

The ECJ has rendered a substantial number of judgments interpreting the Community rules protecting GIs and conflicts that may arise with trade marks.

Decisions of OHIM (or of national authorities) refusing trade mark applications ex-officio on the basis of Article 7 (1) (j) or (k) CTMR have not been subject to review by the General Court or the ECJ.

The General Court has been called upon repeatedly to review decisions taken by OHIM in opposition cases where oppositions were based on earlier GIs. One of these cases, involving a conflict between the Czech GI “BUD” protected under the Lisbon Agreement and a later CTM application “BUD” is currently pending before the ECJ (Case C-96/09 P).

III. Issues

1. General remarks

Conflicts between GIs and trade marks present issues which have led to much litigation in Europe (and elsewhere).

The solutions adopted in the TRIPS Agreement constitute the current (minimum) consensus at the international level. Aside from per se protection of GIs for wines and spirits, GIs are protected in the WTO Members only if their use is liable to mislead consumers. Under these conditions trade marks may not be registered, while earlier trade marks acquired in good faith remain valid.

Under European Union legislation the general rule is that a trade mark may not be registered if it conflicts with an earlier GI, whereas a later GI generally coexists with an earlier trade mark, unless the earlier trade mark has a reputation, in which case a later GI may not be protected. The rules applicable for wines, spirit drinks and foodstuffs and agricultural products still evidence differences among each other.

The CTMR reflects these positions: Trade marks consisting of or including GIs for wines and spirits may not be registered for goods of a different origin (Article 7 (1) (j) CTMR). Trade marks consisting of or containing GIs for foodstuffs or agricultural products may not be registered if they contravene Article 13 of Regulation 510/2006 (Article 7 (1) (k) CTMR). Generally, descriptive, non-distinctive or generic indications, whether geographic in character or not, may not
be registered as trade marks (Article 7 (1) (b), (c), and (d) CTMR), an exception being the registrability of GIs as collective marks (Article 66 (2) CTMR).

2.302 The TMD does not contain specific conflict rules found in Article 7 (1) (j) and (k) CTMR. This does not present a major problem because the Member States must apply the provisions on conflict found in the applicable legislation anyway. Member States’ current trade mark laws frequently list GIs either as absolute or relative grounds for refusal of conflicting trade mark applications.

2. Absence of “harmony” in the EU legislation protecting GIs

2.303 The lack of harmony between the various EU legislative acts has been narrowed recently with the wine and spirits legislation following to a large degree the model developed for foodstuffs and agricultural products, now found in Regulation 510/2006 (successor to Regulation 2081/92). However, it is for the EU legislator dealing with these specific areas to create more harmonious provisions.

3. CTMR

a) Specific “reservation” of Regulation 510/2006

2.304 Article 164 CTMR was added to the CTMR (as Article 142a) at a time when the specific absolute ground in Article 7 (1) (k) CTMR did not yet exist. Today, the specific “reservation” of Regulation 510/2006 in Article 164 CTMR appears out of place, where EU legislation in other product areas contains similar rules dealing with conflicts between GIs and trade marks. If the consideration is justified that later EU legislation, such as the 2009 codification of the CTMR or eventual subsequent changes, might supersede earlier specific legislation, the “does not affect” provision in Article 164 CTMR should be made general.

b) Specific exclusions in the CTMR

aa) Wines and spirits – Article 7 (1) (j) CTMR

2.305 Article 7 (1) (j) CTMR was added to the CTMR after the TRIPS Agreement was adopted and before the reform of GI protection for wines and spirits in EU legislation, now in Regulations No 479/2008 (wines) and No 110/2008 (spirits).

2.306 As regards GIs for wines, the clause governing conflicts with trade marks in Article 44 of Regulation No 478/2008 requires that the product for which trade mark protection is sought falls “under one of the categories listed in Annex IV” (the products in Annex IV comprise wine, liquor wine, sparkling wine and many other wine-based products, including wine vinegar). However, the scope of protection provided for in Article 45 (2) of that Regulation provides that protection is applicable to “comparable” products not complying with the product specification of the protected name” as well as any other product “insofar as such use exploits the
2.307 As regards GIs for spirits, the clause governing conflicts with trade marks in Article 23 of Regulation No 110/2008 refers to Article 16 of that Regulation, which provides that protection is applicable to “comparable” products as well as any other product “insofar as such use exploits the reputation of the registered geographical indication”. This range of the prohibition is not reflected in Article 7 (1) (j) CTMR.

bb) Foodstuffs and agricultural products – Article 7 (1) (k) CTMR

2.308 As for GIs for foodstuffs and agricultural products, the exclusion in Article 7 (1) (k) CTMR applies only for “the same type of product”, a term not used either in Article 14 (1) Regulation 510/2006 (there the terminology is “same class of product”), or in Article 13 (1) of that Regulation (“comparable product”). Even though Article 13 (1) (a) of Regulation 510/2006 provides for protection also against the use of protected GIs for any other product “in so far as using the name exploits the reputation of the protected name”, no such protection is available under Article 7 (1) (k) CTMR.

2.309 Furthermore, Article 7 (1) (k) CTMR is, unlike Article 14 (1) Regulation 510/2006, limited to trade marks which contain or consist of a geographical indication registered under Regulation 510/2006 and which fall under one of the situations covered by Article 13 Regulation 510/2006. By this wording, Article 7 (1) (k) CTMR does not include trade marks which use the protected geographical indication in translation or with delocalising additions even if they “evoke” the geographical indication in the meaning of Article 13 (1) (b) Regulation 510/2006.

cc) GIs as earlier rights

2.310 It has been accepted in practice and by the courts that earlier GIs (can) constitute rights entitling the bringing of opposition or invalidation actions against later CTMs. The language used in Articles 8 (4) and 53 (2) CTMR is sufficiently broad.

IV. Proposals

1. CTMR

a) Specific “reservation” of Regulation 510/2006

2.311 The specific “reservation” of Regulation 510/2006 in Article 164 CTMR should be replaced by a general clause referring to EU legislation in general.

b) Specific exclusions in the CTMR
2.312 The specific exclusions from registration in Article 7 (1) (j) and (k) CTMR should be aligned with the current law governing the protection of designations of origin and geographical indications for wines, spirits and foodstuffs and agricultural products. Article 7 (1) (j) CTMR should be amended to include trade marks filed either for “comparable” products or for other products if the use of the mark would exploit the reputation of the protected geographical indication. Article 7 (1) (k) CTMR should be amended to cover trade marks which are an imitation or evocation pursuant to Regulation 510/2006.

c) GIs as earlier rights

2.313 No proposals are made for the amendment of Articles 8 (4) and 53 (2) CTMR.

2. TMD

2.314 The same provisions which are already in the CTMR or proposed for the CTMR should also become part of the mandatory rules of the TMD.

Chapter 3 – Functioning of the CTM system - Issues of substantive law

A. Territorial aspects of genuine use

I. Current law

3.1 Current law on genuine use of a CTM and its territorial requirement is contained in Article 15 CTMR. Article 15 reads as follows:

“If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.”

3.2 The question of whether the use, in order to be recognized, must extend beyond the borders of a Member State has been widely discussed before and after the adoption of the CTMR. At the time of the adoption, the Council and the Commission adopted a Joint Statement, which was entered in the minutes of the Council session at which the CTMR was adopted and reads as follows:

CTMR: Recital (25)
“The Council and the Commission consider that use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community”. (Joint Statement of 20 December 1993)

II. Case law

3.3 The ECJ and the General Court have so far not been asked to take a position on the issue of the requirements of genuine use in the Community in terms of its territorial scope. It is however relevant that the ECJ has, on at least two occasions, come out in favour of an interpretation of “genuineness” which does not analyse actual volumes of sales, or territories where the mark is actually present, in objective and quantitative terms, but rather inquires as to whether what the proprietor is doing is actually using the mark on the market. Under this approach, there is neither a “de minimis” limit nor a territorial scope in absolute terms. Genuine use is rather determined by taking into account all the circumstances of the case (ECJ Case C-40/01 para 38 - Ansu, Case 259/02 para 27 - La Mer Technology).

3.4 In the leading “Minimax” case (Judgment of 11 March 2003, Case C-40/01 – Ansu BV v. Ajax Brandbeveiliging BV), the ECJ defined “genuine use” as follows:

“Article 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that there is 'genuine use' of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark. The fact that a mark that is not used for goods newly available on the market but for goods that were sold in the past does not mean that its use is not genuine, if the proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of those goods“.

3.5 What is decisive therefore is not the absolute volume of sales, but the genuineness of actual use, modest as it may be. The Minimax judgment was confirmed in the subsequent La Mer order (27 January 2004, Case C-259/02 – La Mer Technology Inc. v. Laboratoires Goemar SA). The principles have been confirmed by the ECJ in cases reaching the court on appeal from the General Court, notably in the Vitafruit judgment (Judgment of 11 May 2006, Case C-416/04 – The Sunrider Corp.). Therefore, they are also applicable to CTMs. Numerous General Court judgments have applied these principles.
OHIM’s current approach to the genuine use issue follows the Joint Statement of 20 December 1993 that genuine use of a CTM within the meaning of Article 15 CTMR in one Member State is regarded as sufficient for a use “in the Community”.

III. Opinions

1. The Joint Statement

Many positions have been submitted on the issue of the territorial scope of use necessary to maintain a CTM.

As far as user associations are concerned, some opinions (FICPI, APRAM, COAPI, ECTA, VFA, AIPPI Belgium) support the position that the threshold set in the Joint Statement by the Council and the Commission of 20 December 1993 (use in one country only) is too low for the present scale of the EU and should be increased e.g. by introducing the requirement of a use in a substantial part of the EU. On the other hand, some statements (INTA, AIM and LESI, IP Federation, EFPIA, BusinessEurope, MARQUES) support the position presented in the mentioned Joint Statement. They consider that the question of whether or not use of a CTM is genuine use within the Community must be assessed on the facts of each case, not solely on the basis that the use has taken place only in one Member State. It has also been proposed to leave the question to the European Union courts and ask for guidance and the establishment of a correct set of criteria thereby taking into account the concept of the unitary character.

Also regarding the national offices, opinions are not unanimous. While it is confirmed by some offices that they consider the Joint Statement of 1993 as valid guideline for their own practice, others call for a revision. Much attention has been raised in this context by the decision of the Benelux Trade Mark office of 15 January 2010 (ONEL/OMEL). Pointing out that the Joint Statement is not legally binding, and that it stems from a time when the European Community comprised much fewer members than today, it was held that use in one Member State should not “by definition” constitute use in the Community. The case is currently pending at the appeal stage; it has been announced that the issue of genuine use will be referred to the ECJ. The ONEL decision and its reasoning were supported in a public statement by the Hungarian Patent office (see also the decision by the Hungarian Patent office of 11 February 2010, Case No. M0900377 “C City Hotel”). The view that the Joint Statement of 1993 no longer adequately reflects the actual dimensions of the Community was further endorsed in a number of statements received from national offices. Most of those statements strongly favour the notion that the substantive requirements for “genuine use” of CTMs, such as scope, volume and extent, should be higher than for national marks. It is argued that a lax approach would have detrimental effects on the coexistence between the systems, as it would provide yet another incentive to opt for a CTM when objectively one or more national marks would be entirely appropriate to cover the economic needs of the undertaking. As a further possible disadvantage of requiring a low threshold for genuine use, it is pointed out that the acquisition of new national marks could be blocked forever on the basis of an earlier CTM used in a totally remote territory without any likelihood of a true commercial conflict. However, most statements by national offices also emphasize that the sufficient scale of genuine use cannot be
determined on the basis of a quantitative approach linked to national borders. The view that a CTM must be used in at least two (or three, or all) Member States seems to be held only by a minority. Most statements agree to the point that there is no rule which applies mechanically. It is frequently stated that the solution needs to be found on the basis of a case-by-case approach, taking into account all circumstances, such as in particular the nature of the goods and services, as well as the size and type of business activities by the proprietor.

2. Coexistence with subsequent marks

3.10 Another issue discussed in the context of genuine use concerns the suggestion that if a trade mark application is filed, or if a mark has been registered, in a part of the Community where a prior CTM was never used although it has been registered for a long time (10 or 15 years), the possibility for the proprietor of the CTM to oppose or file for cancellation of the later mark should be restricted. Whereas the proposal found support from representatives of national offices as well as from certain user organisations, who found that this would be an adequate corollary to the rule that CTMs retain their validity throughout the Community even if they are only used in a (small) part of the territory, others reacted sceptically, arguing that this would invite abusive registrations, and might lead to fragmentation of the market.

IV. Issues

3.11 The ongoing discussions on the scope of the Joint Statement and its continued validity are partly due to the fact that it can be read in two different ways. Under one reading, any use sufficient to maintain a national trade mark is at the same time sufficient to maintain a CTM. Under a different reading, the Statement only clarifies that if use of the CTM use does not extend beyond the territory of a single Member State, this does not exclude a finding of genuine use within the meaning of Article 15 CTMR. This latter interpretation appears to be the correct one. It is based on the “single market” theory where the frontiers between Member States are not a relevant criterion. As stated above, a majority, even among national offices with a basically critical attitude towards the Joint Statement, seems ready to accept that latter view. It also seems to be accepted by most that the solution cannot be found in the application of a schematic rule, but that it depends on the circumstances of individual cases. However, controversial views still persist on the issue as to whether genuine use of a CTM should be more substantial in volume and scope than that required for national marks.

3.12 In addition, views are diverging on the issue as to whether the right of the proprietor of a CTM to prevent others from acquiring a subsequent trade mark should be limited to some extent in the event that the CTM has remained unused for a prolonged period in the relevant part of the EU.
V. Analysis and conclusions

1. Criteria for assessment of genuine use

3.13 In accordance with the principle that CTMs are unitary intellectual property rights for the whole of the EU and thus for Europe’s “single market”, territorial boundaries made up of political frontiers should be accepted only if they are necessary to implement the principle of coexistence, notably in the context of earlier rights. In view of the “single market” concept, any approach for the protection of CTMs which is linked as a decisive criterion to the frontiers of Member States is inappropriate. Political frontiers are not necessary for the determination whether there has been “genuine” use “in the Community”. Requiring use in more than one Member State would establish an arbitrary criterion, alien to the “single market” theory. For example, a barely perceptible use at the border between Germany and Luxembourg might then qualify as “more than one Member State”, while widespread use throughout France would not. Also, use of the mark on exported goods would fall outside such an approach.

3.14 This position does not mean, however, that the conditions for “genuine use” of national marks and of CTMs are exactly the same. If these conditions are applied in the light of proportionality, a use which suffices to maintain the protection of a national trade mark is not necessarily sufficient for a genuine use within the meaning of Article 15 CTMR.

3.15 An expression of that approach is already part of the CTMR: Pursuant to Article 112 (2) (a) conversion into a national mark is available even though a CTM has been revoked for lack of genuine use if the use would suffice to maintain a national registration.

3.16 It is a matter for the ECJ to develop criteria within the context of the genuine use issue which take into account the territorial dimensions of the EU.

3.17 This means that in view of the size of the EU and the significance of the rights conferred by a CTM it may well be that the courts apply stricter standards as to what constitutes “genuine” use when a CTM is involved than when a national mark is involved. On the other hand, the CTM system must remain open for small, medium and large enterprises alike, and the level of use required for maintaining a CTM should not make it unnecessarily difficult for enterprises to take advantage of the CTM system. Also, the time of the challenge for non-use must be taken into account. As there is a “grace period” of five years following registration it would be unrealistic to expect wide-spread use soon after the expiry of that period, while the requirements after a longer period, such as after a first renewal, may well be different.

2. Coexistence with subsequent marks

3.18 In the sections dealing with the requirement of use as a “common issue” (2. a) 1) (d)), proposals are made to limit the possible “blocking” effect of unused marks, such as an additional class fee for each class (as compared to the current fee system for OHIM which includes three classes in the basic fee), some adaptations
as regards the use of class headings, and the general requirement that registration of a trade mark requires an intent of use, even though that intent must be realised only after the expiry of the grace period.

3.19 Under the genuine use concept analysed above a CTM, if genuinely used, can be maintained by being used in only a small part of the European Union. This has the consequence that the right to oppose or to invalidate a later trade mark filed or registered in a Member State extends to Member States where the CTM, even after a long time following the expiry of the grace period, has not been used and a conflict on the market would be “hypothetical”. It would seem disproportionate to permit a CTM proprietor to prevail in such a situation in any case. It is clear that during the five-year grace period no limits on the exercise of rights can apply. It would also seem appropriate to provide the CTM proprietor with sufficient time after the expiry of the grace period to extend the use across other parts of the European Union beyond those which are sufficient for a genuine use under Article 15 CTMR, without any restrictions on the exercise of his rights. However, when this has not occurred within a rather long period after the registration, it appears appropriate and reasonable to restrict under certain circumstances the right of the CTM proprietor to oppose or invalidate a later trade mark in a Member State located in a part of the European Union remote from the area where the mark has been used. The underlying rationale for this restriction is that, since the commercial activity under the CTM was limited to a part of the Union remote from that Member State there is no likelihood that a conflict will actually arise in that Member State in the future. A person adopting, in this situation, a national trade mark intended to be used only within that Member State will regularly have no reason to assume that the proprietor of an earlier CTM will actually be detrimentally affected. The concept is thus similar in its objectives to that underlying acquiescence and results in a coexistence.

3.20 Such a rule would have to be subject to substantial qualifications.

3.21 First, the time period that must have expired after registration must be sufficiently long to allow for the development of a market and the spreading of goods or services marketed under the CTM. A period of 15 years would seem to be reasonable.

3.22 Second, as regards the territory which has not been covered by any use of the earlier CTM, the rule should only apply if merely minimal use of the earlier CTM has been made in a part of the Community which is remote from the relevant Member State. This requirement would imply that whenever the CTM was used either in the relevant Member State or in neighbouring parts or other major parts of the European Union, the proprietor of the earlier CTM would prevail and the argument that the younger mark was acquired in good faith could not be raised.

3.23 Third, it should be set out expressly that registrations of younger national trade marks must fail unless they have been applied for in good faith. Such good faith would be lacking in cases where in view of the circumstances an actual conflict existed or was likely to occur at the time when the younger trade mark was filed for registration, and also in cases of misuse, for example when the person adopting the younger trade mark deliberately targeted the CTM.
The requirement of good faith corresponds to the exception applying with regard to acquiescence. According to Article 9 (1) last half sentence TMD acquiescence by the holder of an earlier CTM cannot be raised as a defence if the application for the younger national mark was made in bad faith. However, in contrast to that, good faith should form a positive requirement which must be established by the person claiming to be entitled to register the younger trade mark. Whereas the law usually avoids obligations to establish “negative facts”, i.e. the absence of bad faith, good faith as a positive requirement has already been adopted as the relevant criterion in the context of enlargement of the Community under Article 165 (5) CTMR for the right of proprietors of earlier national trade marks to prohibit the use of a CTM in a new Member State. Requiring good faith should, in principle, not mean that the younger trade mark cannot be validly registered if the applicant knew or could have known of the existence of the CTM. Proving good faith would not require the proof of a state of mind, but the presence (or absence) of factual circumstances. As a rule, the decisive aspect would be whether in view of the circumstances of the individual case, the applicant had no reason to expect that the registration would lead to a conflict on the market. The relevant factors to be taken into account for the assessment should comprise in particular the market activities of the CTM holder, the goods or services concerned, and the awareness of the relevant public. The more the territory of use of the CTM is limited in its geographical extent and is distant from the relevant Member State the more speaks in favour of good faith of the applicant. Good faith should, however, be excluded if the relevant market sector is small, so that even minor activities tend to have an impact on the entire Community market. Furthermore, in cases of abusive registrations, good faith would be excluded independently of any findings relating to a potential conflict on the market. Evidence suggesting that the CTM was the object of deliberate usurpation would bar any assumption of good faith. National registrations undertaken for speculative purposes and thus with abusive intent are typically characterized by their near identity with prior CTMs, and by the absence of any plausible explanation for choosing that particular trade mark. For instance, the registration of a figurative sign combined with word elements which is identical with an existing CTM would provide strong prima facie evidence of bad faith and would hinder the applicant or proprietor of that mark from invoking good faith.

Fourth, as a matter of procedure, the rule would become operative only when the applicant or registrant of the national mark, confronted with an opposition or invalidation application, or an infringement claim under Article 9 CTMR requests proof of use by the proprietor of the earlier CTM and invokes the new coexistence rule. If that proof does not satisfy the substantive requirements explained earlier, i.e. shows use only in an area remote from the Member State in question, it would then still be for the applicant or proprietor of the national mark to establish his good faith, as explained before.

It is crucial to emphasize that the right of the CTM proprietor to use the CTM everywhere in the European Union would not be subject to any restriction. It is therefore always possible for him to extend the use of the CTM to the Member State where the intervening right was registered, without the national trade mark proprietor being able to oppose or otherwise restrict the use of the CTM. Also in that respect the coexistence rule is similar in its structure to the acquiescence rule which provides in Article 9 (3) TMD that the proprietor of the later registered trade mark shall not be entitled to oppose the use of the earlier trade mark. It does not
have to be feared, therefore, that the proposal would lead to fragmentation of the market. The unitary character of the CTM remains unaffected. The CTM can be used and enforced against other third parties, throughout the European Union.

3.27 In case of a national trade mark having been successfully registered on the basis of the proposed rule, the CTM would have to coexist with that trade mark in the same territory. However, this is not different from what results from acquiescence or other provisions leading to coexistence of signs, e.g., when the proprietor of a prior trade mark must tolerate intervening rights (see Chapter 2 I). It is generally acknowledged that in such situations, coexistence of signs must be reconciled with the overarching goal of protecting the public against the risk of confusion, for instance by adding indications clarifying the identity of goods or services, or by similar measures in order to avoid any confusion. This principle follows from the regulation under the Unfair Commercial Practices Directive (2005/29/EC), in particular Article 6 (2) (a) of that Directive. In contrast to the current coexistence provisions in European trade mark law, it should be explicitly set forth in the new provision that the responsibility for taking such measures is on the proprietor of the younger national trade mark, under the reservation that he cannot be forced to abandon any use of the mark.

3.28 It is true that by relying on the concept of good faith, the application of the proposed rule may require rather complex evaluations. However, although this presents a particular challenge, it is not entirely unusual – such complexities are a typical feature of legal provisions which, like the proposed rule, are based on notions of equity and fairness. It is also true that, depending on the stage of proceedings in which such provisions become relevant, the assessment will take a summary form rather than embarking on a full-depth analysis. For instance, if the proposed rule has to be applied in opposition proceedings which in some or most Member States are conceived as summary proceedings, the assessment will typically be restricted to a screening of the facts, and evidence procured by the parties will generally be limited to written documents. Since it should be for the applicant of the younger trade mark to establish good faith, doubts would regularly weigh in favour of the CTM proprietor. More thorough examination could be expected in proceedings before appeal bodies or the courts, for instance when decisions taken in the course of registration proceedings are appealed, or requests for cancellation are filed, or the issue is raised in infringement litigation. Also in that regard, the proposed limitation does not pose substantially different or more serious problems than other complex provisions which may likewise have to be assessed during the registration procedure or in cancellation or infringement cases, such as applications filed in bad faith, opposition against or cancellation of marks of “unfaithful agents” (Article 8 (3) CTMR), or extended protection for marks having a reputation. Legal uncertainty will result from the proposed rule no more and no less than from existing legal provisions dealing with such cases.

3.29 The main idea behind this proposal is to reduce the possible effects of Union-wide protection for CTMs that are used in only a small part of the European Union. Thus, the rule is intended to strengthen the coexistence between the CTM system and the national trade mark systems. The proposal does not have any adverse effect on the unitary character of the CTM, and it is in line with the principle to grant in CTM infringement cases, as a rule, Community-wide relief (see below Chapter 3 B V 7). Infringement claims under Article 9 CTMR against the use of a
sign that is registered as a younger national trade mark are always subject to possible defenses limited to a Member State, such as acquiescence, the existence of an intervening national right, the absence of likelihood of confusion or the absence of taking unfair advantage of the repute of the CTM due to a lack of reputation in the relevant Member State. The proposed coexistence rule would have the same effect on Union-wide infringement claims.

VI. Proposals

3.30 It is proposed to reject an approach which would require use in more than one Member State. The wording of Article 15 should be left unchanged. The requirements for genuine use of CTMs, including the question of the territorial extent of such use, should be developed on a case-by-case basis. However, it should be clarified in the Preamble to the CTMR that political boundaries do not constitute valid criteria in determining the genuineness of use. Likewise, it should be set out that this does not exclude that courts and authorities take the dimensions of the European Union into account for the assessment.

3.31 The registration and use of subsequent national trade marks in a Member State remote from the part of the Community where a conflicting earlier CTM, which has been registered for a period of at least 15 years, was used should be allowed provided that the later mark was applied for in good faith. Such registrations should coexist with the earlier CTM which continues to be valid and enforceable and may also be used in that Member State. It should be explicitly set out in the rule that it only applies to CTMs if only minimal use of the CTM has been made in a part of the Community which is distant from the relevant Member State.

B. Further territorial issues of CTM protection

I. General remarks

3.32 Community trade mark law is governed by the principles of autonomy, unitary character and coexistence. The unitary character is related to coexistence because any earlier right existing in any of the Member States entitles their proprietors to oppose or request invalidation of a later CTM.

3.33 In many respects, the unitary character creates unique problems of substantive and procedural law. Among these is also the issue whether a CTM must be used in a specific territory in order to be maintained, which was addressed in the previous section.

3.34 Further principal territorial issues are:

- the refusal on absolute grounds when the ground is factually limited to a part of the EU,
- the question of where distinctiveness through use must have been acquired,

- the question of how to determine the territorial scope of protection when likelihood of confusion, or enhanced distinctiveness, or reputation, do not exist everywhere in the EU.

3.35 Those issues are treated in the following.

3.36 The problems that arise are often linked to the fact that there are many languages spoken in the Community, and a particular term or sign may be distinctive in one part, but descriptive in another language, or may cause confusion in one language but not in the other.

3.37 Different kinds of problems arise because of the large size of the EU. In spite of the EU constituting a “single” or “internal” market, factually there are several “sub-markets” into which the goods or services for which a CTM is used may never reach (see also above, Part III H).

II. Current law

3.38 Under current law, the unitary principle is expressed in Article 1 (2) CTMR, as follows:

Article 1
Community trade mark
1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a “Community trade mark”.

2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.

Territorial aspects are addressed in the following provisions:

Article 7
Absolute grounds for refusal
3. ... 
4. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

Article 8
Relative grounds for refusal
5. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered
(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; ... 
4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign
(c) rights to that sign were acquired prior to the date of application for registration of the Community trade mark...;
(d) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.
Article 9
Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community …

III. Case law

1. Absolute grounds of refusal

3.39 Under current OHIM practice, so far followed by the Luxembourg courts, the notion of “part” under Article 7 (2) CTMR is not the same as “Member State”. However, according to the ECJ, the part of the Community referred to in Article 7 (2) CTMR may be comprised of a single Member State (ECJ Case C-25/05 P, para 83 – August Storck). OHIM, when examining for descriptiveness or absence of distinctive character, takes the official languages recognized at Community level into account, which do not necessarily coincide with the frontiers of countries. Some languages are official languages in more than one Member State (e.g., German, French and English). For example, the word “Companyline” for services in the field of insurance and financial affairs was held to be not distinctive in English-speaking areas of the Community and, consequently, devoid of any distinctive character within the meaning of Article 7 (1) (b) CTMR (ECJ C-104/00 P, para 21).

3.40 OHIM has so far not taken into account languages recognized at national level, such as the Basque or Catalan languages in Spain, but not part of the 23 languages making up the “official” languages.

3.41 OHIM also has not recognized languages spoken by minorities in the Member States, such as Turkish or Arabic, for example in France and Germany, or Russian, for example in the Baltic States. For example, the word mark “Gazoz”, the Turkish word for sparkling mineral water, has been registered as a CTM in class 32 for mineral water. An action for infringement of this CTM in Germany against the use of the sign “Gazoz” on mineral water bottles that were distributed in grocery shops specializing in Turkish food was dismissed because the use was held to be descriptive (German Supreme Court, Case I ZR 23/02).

2. Acquired distinctiveness

3.42 Article 7 (3) CTMR provides that the absence of distinctiveness or the presence of descriptiveness may be overcome through use rendering the sign distinctive.

3.43 OHIM practice requires distinctiveness through use being proved for those parts of the Community where the deficiency exists. This principle is the logical counterpart to the application of Article 7 (2) CTMR and has been confirmed by the ECJ (Case C-25/05 P, para 83 – August Storck).
3.44 As regards language-related word marks, OHIM requires evidence of acquired distinctiveness for those parts of the Community where that language is spoken or known. As regards signs consisting of shapes or colours, OHIM generally requires evidence of acquired distinctiveness for all parts of the Community. However, OHIM does not require evidence for each Member State separately, but takes the markets in the Community into account.

3.45 Case law of the General Court seems to suggest that acquired distinctiveness in the latter cases (shapes, colours) must be shown for all Member States (CFI Case T-399/02, para 47 – Eurocermex; CFI Case T-402/02, para 86 – August Storck). The ECJ has accepted this position of the General Court (ECJ Case C-25/05 P, para 86 – August Storck).

3. Relative grounds of refusal

3.46 Under Article 8 (1) (b) CTMR a CTM shall, upon opposition by the proprietor of an earlier trade mark, not be registered if because of the identity or similarity of the marks and the goods or services covered by the marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected.

3.47 By this reference to the territory of protection of the earlier trade mark the point of view of the public in the Member State in which the earlier trade mark is registered must be taken into consideration in order to assess likelihood of confusion in an opposition or cancellation proceeding based on an earlier national mark. For example, the likelihood of confusion between the earlier Spanish word mark “Matratzen” registered in class 20 for mattresses and the CTM application “Matratzen Concord” for the same goods was examined from the perspective of the Spanish public that was unaware of the descriptive nature of the word “Matratzen” in German (ECJ Case C-3/03 P, para 10 and 30 – Matratzen Concord).

3.48 The General Court, in an opposition case, has examined two earlier United Kingdom trade marks consisting of the word MOU, the contested CTM being KIAP MOU, with a recognized meaning in Indochinese languages as if they were arbitrary marks, even though the applicant claimed that the marks were both directed at an Indochinese public in the United Kingdom and that the word MOU meant “pork” and KIAP meant “crispy”. Based on these findings the General Court confirmed the finding of likelihood of confusion in the territory of the United Kingdom (Judgment of 25 November 2003, Case T-286/02, Oriental Kitchen – Mou Dybfrost (MOU/KIAP MOU)).

3.49 If the earlier trade mark is a CTM, the General Court applies Article 8 (1) (b) CTMR even where the relative ground for refusal applies only in a part of the Community (CFI Case T-33/03, para 39 – Shark; CFI Case T-355/02, para 36 – Muelhens; CFI Case T-172/05, para 33 – Armacell). This interpretation has been accepted by the ECJ. (ECJ Case C-514/06 P, paras 56 and 57 – Armacell). The ECJ held in this case that the registration of the later CTM ARMAFOAM was properly refused because of the earlier CTM NOMAFOAM since the descriptive
nature of “foam” for the products involved (insulating material) applied only in the English speaking parts of the Community, while in other parts the element “foam” was inherently distinctive. Due to the existing visual and phonetic similarity between the marks from the point of view of the relevant non-English speaking public the ECJ confirmed the finding of a likelihood of confusion in the non-English speaking parts of the Community.

3.50 Under Article 8 (4) CTMR the proprietor of a prior non-registered trade mark or of another prior sign used in the course of trade of more than mere local significance may oppose a CTM application if that sign confers the right to prohibit the use of a later trade mark. The requirements of Article 8 (4) CTMR are in the focus of a case currently pending before the ECJ (Case C-96/09 P – Anheuser-Busch/Budejovicky Budvar). In this matter, the General Court held that the significance of the sign concerned is closely bound up with the territory where that right is protected and that this protection must not be merely local (Joined Cases T-225/06, T-255/06, T-257/06 and T-309/06, para 180). Unlike the Board of Appeal the General Court stated that a sign (in the case at issue the sign “Bud”, which is protected under the Lisbon Agreement and under a bilateral treaty between Austria and the Czech Republic, originally concluded in 1976 by Austria and the Czechoslovak Socialist Republic) which is used in France has a significance which is not merely local in the meaning of Article 8 (4) CTMR. In his opinion delivered on 14 September 2010, the Advocate General favoured a different approach. According to the Advocate General the mere existence of a protection “throughout the territory of a Member State, or even in a number of them, does not ensure that the requirement of significance is met” (para 133). The Advocate General continues by stating: “interpreting the requirement of significance as being synonymous with the territorial scope of legal protection would lead to the exclusion without prior analysis of the right to invoke under Article 8 (4) signs which are protected in the whole territory of a Member State but not beyond its borders, since such signs would never have more than local significance” (para 137).

4. Scope of protection

3.51 Territoriality issues can arise with regard to the scope of protection

- when likelihood of confusion under Article 9 (1) (b) CTMR is involved,

- when the issue of an enhanced scope of protection for widely used marks comes into play, and

- when protection of marks with a reputation pursuant to Article 9 (1) (c) CTMR is invoked.

a) Likelihood of confusion

3.52 According to Article 96 CTMR, Community trade mark courts have exclusive jurisdiction for infringement actions and, consequently, for examining likelihood of confusion under Article 9 (1)(b) CTMR in infringement proceedings. The ECJ can
only be involved in these proceedings by way of a reference for a preliminary ruling. So far, there is no case law of the ECJ relating to the interpretation of the likelihood of confusion under Article 9 (1) (b) CTMR. However, there is a substantial number of cases where the ECJ has been called to interpret Article 4 (1) TMD and the notion of likelihood of confusion in registration proceedings, and the General Court and the ECJ have been called upon to decide the issue of likelihood of confusion arising under Article 8 (1)(b) CTMR in a large number of cases.

b) Enhanced distinctive character

3.53 There is no case law so far on the issue of an enhanced scope of protection for a CTM widely used in a part of the Community.

c) Territorial extent of reputation

3.54 As to the necessary territorial extent of “reputation” within the meaning of Article 9 (1) (c) CTMR, the ECJ held in the PAGO judgment that reputation in a substantial part of the EU was sufficient, and that, under the circumstances of that case (notably a well established earlier mark in all of Austria in a conflict with a similar sign used in Austria), this requirement was satisfied as the mark had a reputation in Austria (ECJ Case C-301/07, para 29 – PAGO).

5. Scope of injunctive relief

3.55 Article 102 (1) CTMR provides that a Community trade mark court, which finds an infringement, must issue an injunction prohibiting further infringements.

3.56 Under the territoriality aspect, two issues arise, namely whether the injunction should always be Community-wide, and whether the plaintiff has the right to limit the request for relief to a particular territory.

3.57 The ECJ is currently faced with a reference for a preliminary ruling made by the French Cour de Cassation (Case C-235/09 – Chronopost/DHL), where the mandatory nature of Community-wide relief, requested in that case by the claimant, is one of the questions presented to the Court. Advocate General Cruz Villalón in his Opinion of 7 October 2010 proposed to answer that an injunction issued by a Community trade mark court with Community-wide competence extends as a matter of principle to the whole territory of the Union.

3.58 There is no case law on the second issue (right to limit request of relief).
IV. Opinions submitted

1. The unitary character

3.59 The opinions submitted generally recognize the merits of the principle of unitary character and the corresponding principle of coexistence, and notably the usefulness and the need to maintain national trade mark systems. There is no specific challenge to the principle of the unitary character and the exceptions to that principle.

3.60 However, some concern was voiced with regard to certain practical implications of the principle. This relates in particular to the PAGO decision, where a rather generous yardstick was endorsed for establishing reputation in the Community. While it was argued by some that the relevant provisions should be amended so as to require reputation “throughout”, or in a predominant part of, the Community, others emphasized that the finding in PAGO was correct in view of the unitary character of CTMs. It was also stressed in that context that even though it has been confirmed in that decision that the mark enjoyed reputation in the Community, this does not mean that its reputation or distinctive character would be abused or damaged if, unlike in the case at stake, a competitor would use a similar sign in a part of the Community where the mark does not enjoy the same degree of recognition as, in the actual case, in Austria. Others feared, however, that allowing or actively encouraging such differentiation on the basis of diverging factual circumstances in different parts of the Community, (possibly) leading to a “tailoring” of injunctions along national or other (linguistic, economic) boundaries might lead to a disruption of the principle of unitary rights.

2. Acquired distinctiveness

3.61 As far as acquired distinctiveness is concerned some statements stress that it would be important to have a clarification of the territorial scope in respect of which acquired distinctiveness of a CTM must be shown. However, opinions on the appropriate territorial scope vary: some comments consider that distinctiveness should be required for each and every Member State whereas others indicate that acquisition of distinctiveness in fewer countries could suffice, e.g. in case of non-word marks, and that this issue should be assessed on a case-by-case basis, ensuring also the compatibility with the issues of use and proof of reputation.

V. Analysis and proposals

1. The unitary character as a principle

3.62 There seems to be uniform support for maintaining the principle of the unitary character expressed in Article 1 (2) CTMR.

3.63 The principle should be maintained.
3.64 The unitary character of the CTM reflects the Community as a unitary territory. The territorial scope of protection for a CTM extends to the Community rather than to 27 Member States. Apart from the provision in Article 98 (2) CTMR that limits the extent of international jurisdiction of a Community trade mark court whose jurisdiction is based on the act of infringement to the territory of the Member State in which that court is situated, all substantive law provisions in the CTMR dealing with territorial aspects refer to the “Community” or a “part of the Community”.

3.65 In order to emphasize this idea as a guiding principle for the protection of CTMs the Preamble should contain an explanation about the territorial scope of protection of CTMs.

2. Absolute grounds of refusal

3.66 The rule under Article 7 (2) CTMR that absolute grounds existing in a “part” of the EU suffice to refuse or invalidate a CTM should be maintained.

3.67 It may seem arbitrary to distinguish between “official” languages and other languages even though the “other” languages may be more widely spoken than some of the “official” languages. But allowing even other than the official languages to prevent registration of a CTM if the mark is descriptive or non-distinctive in that other language would constitute an unwarranted extension of the unitary principle. Languages like Turkish or Arabic are not in fact spoken in a “part” of the Community within the meaning of Article 7 (2) CTMR. Thus, it appears appropriate to continue to apply the rules as they have been developed by OHIM and confirmed by the courts, and take the interest of users of languages other than “official” ones into account in the context of a “fair use” defense or the limitations of the right.

3.68 This should be left to case law to develop on a case-by-case basis. The German Supreme Court’s decision in the Gazoz case mentioned above is an example for applying the limitation of the effects of a CTM right on behalf of a descriptive use by the Turkish public in Germany.

3.69 Accordingly, there is no need to clarify or otherwise amend Article 7 (2) CTMR.

3. Acquired distinctiveness

3.70 The principle that distinctiveness through use must be acquired in those parts of the Community where it is lacking should be maintained. It corresponds clearly to the principle of the unitary character of CTMs.

3.71 For example, an application for a CTM consisting of a word which is descriptive in one of the languages of the EU, even if this applies only to a small Member State, should continue to be refused unless distinctiveness through use in that Member State has been established.
3.72 Still, the question needs to be addressed as to whether distinctiveness through use must have been acquired throughout the territory where it is missing, for example, in the case of a word mark descriptive in Italian from Bozen to Syracuse, or in the case of a shape mark in all Member States or in any event from Porto to Bucharest, and from Narwa to Messina.

3.73 The ECJ held in the Europolis case (Case C-108/05, para 23) that distinctiveness of Europolis (to be registered for European-wide insurance policies) must be established throughout the territory where Dutch/Flemish is spoken. That decision leaves room for the interpretation of what “throughout” means, except that both the Netherlands and Belgium must be included in the proof.

3.74 It would seem appropriate to specify that in both situations, i.e. where absence of distinctiveness is based on languages, and where the deficit arises independent of linguistic considerations, such as in the case of marks consisting of shapes or colours, acquired distinctiveness should be considered to be present if distinctiveness can be shown for the majority of the markets making up the respective territory.

3.75 In this context, it is important to note that a proposal is made in this Study to complement Article 6 (1) (b) TMD and Article 12 (b) CTMR by permitting the use of signs or indications which are not distinctive, where that complies with honest business practices. This would allow the continued use of product features such as shapes or colours which are not distinctive as such, even after they have become the object of a CTM registration, in particular where such use is made, or was already made before the registration, in a part of the EU where the registered trade mark has not been used to an extent which would be sufficient in itself to establish acquired distinctiveness.

3.76 It also appears that OHIM and the courts, in spite of the “mandate” of the Paris Convention (Article 6quinquies C) and the recognition of this principle in the case law of the ECJ (Case C-363/99 - Postkantoor), do not always pay sufficient attention to the “length of use” as an often decisive criterion for examining distinctiveness through use.

3.77 It is therefore proposed to maintain the principles explained above but introduce the criterion contained in Article 6quinquies C Paris Convention in order to avoid the situation that it is virtually impossible to demonstrate acquired distinctiveness. By applying this criterion it should, for example, be possible to claim prima facie distinctiveness where the applicant can show substantially exclusive use in all relevant parts of the Community without being forced to submit proof of market shares held by the trade mark, or the amount of investment for promoting the trade mark in all these territories.

4. Relative grounds of refusal

3.78 The ability to oppose a later CTM or to obtain its cancellation on the basis of all earlier rights protected in a single Member State is a cornerstone of the current system. It reflects the principle of coexistence and should be maintained.
However, the right under Article 8 (4) CTMR to file an opposition based on unregistered earlier rights which are of a larger scope than “mere local significance” should be clarified. An approach that “more than mere local significance” requires a sign that is known and used in more than one Member State, as apparently considered in the Advocate General’s Opinion in the “BUD” case referred to above, does not seem appropriate and in line with the principle of coexistence. In order to avoid such interpretation it is proposed to give an opposition right to proprietors of non-registered trade marks and signs which grant the right to prohibit the use of a subsequent trade mark in the whole territory of the respective Member State. This amendment would make clear that any sign which confers on its proprietor legal protection throughout the territory of a Member State would qualify as a sign entitling to bring opposition or request invalidation. Opposition and invalidation rights would not be granted to proprietors of signs which are protected only within a limited territory of a Member State and which do not enable their proprietors to prohibit the use of a later trade mark in the whole territory of this Member State.

Proprietors of non-registered trade marks or other signs which enjoy less than nation-wide protection would maintain the right to prohibit the use of the CTM in their territory if that right is recognised in the law of the Member State, in accordance with Article 111 CTMR.

5. Scope of protection

a) Likelihood of confusion

There are two main issues where territoriality plays a role when examining likelihood of confusion under Article 9 (1) (b) CTMR.

The first issue arises when likelihood of confusion exists because of phonetic or conceptual similarity between marks in one part of the Community, for example, in an area where a particular language is spoken, but not in other parts, where the language is different. The question is whether, in an infringement action, the proprietor of a CTM should be entitled to relief not only in those parts of the Community where the use by the defendant causes likelihood of confusion, but also in those parts where this is not the case. A similar issue arises when the proprietor of a CTM brings an opposition against or requests cancellation of a later national trade mark in a Member State where there is no likelihood of confusion, even though likelihood of confusion would exist elsewhere in the EU.

The second situation arises when a CTM is composed of several elements, and one or several of those elements would not be separately registrable as a CTM because they are descriptive or not distinctive in a part of the Community, e.g. in a particular region where a language is spoken in which the mark is considered to be descriptive. In this situation, if the CTM comprises additional elements which render the mark as a whole distinctive the registration cannot be refused. When the proprietor of that CTM now brings an infringement action (or an opposition or cancellation action) against the use (or registration) of a sign corresponding to the element of the CTM which is descriptive in the part of the Community where the
sign is used but not in other parts of the Community, the question of the relevant territory for finding likelihood confusion arises.

3.84 It seems appropriate to leave it, in principle, to the case law of the ECJ to develop in proceedings for preliminary rulings submitted by the Community trade mark courts rules for finding (or refusing to find) likelihood of confusion in these situations.

3.85 It is proposed however that appropriate language should be added to the Preamble setting out that a finding of likelihood of confusion would not extend to parts of the EU where in view of the language and all other circumstances the public would not be likely to be confused about the commercial origin of the respective goods or services.

3.86 Similarly, in an opposition or invalidation action against a later national mark the proprietor of the earlier CTM should only prevail if likelihood of confusion can be found in the Member State where the later mark was filed or registered. If such likelihood can be excluded because of absence of phonetic or conceptual similarity, oppositions and invalidations should not be granted. This should be clarified in the Preamble to the TMD.

b) Protection of trade marks with reputation

3.87 CTMs with a reputation may be protected even in the absence of likelihood of confusion. Under Article 9 (1) (c) CTMR the CTM must have a reputation, and the use of the sign or the later mark must be likely to take unfair advantage of or be detrimental to the reputation or the distinctiveness of the earlier mark.

3.88 Under the aspect of territoriality the issues arise as to where the registered CTM must have obtained “reputation”, and where the conflict between the earlier CTM and the sign or the later mark must exist.

aa) Territorial extent of reputation

3.89 In view of the difficulty of distinguishing between Member States under a “substantial part” analysis, the consequence of the PAGO judgment would seem to be that where a mark has a well-established reputation in one Member State, the requirement of reputation “in the Community” is fulfilled.

3.90 It is not proposed to change that result by amending Article 9 (1) (c) CTMR, for instance by prescribing that the trade mark must have a reputation “throughout” or “in a major part” of the Community. Such wording would not be consistent with the scheme of the existing CTMR provisions as the substantive law provisions in the CTMR addressing territorial aspects usually refer to “the Community” rather than to particular parts of it. On the other hand, it is true that such considerations do not justify an extension of the effects of CTM protection based on reputation to parts of the Community where such reputation does not exist. However, it is not necessary
to re-define the territorial aspects of reputation for that purpose. Fairly balanced results ensue already from a conscious approach towards the notion of conflict (see below).

bb) Conflicts involving marks with a reputation

3.91 In addition to finding reputation, an infringement action will be successful only if the contested use is likely to take advantage or be detrimental to the distinctiveness or reputation of the earlier CTM.

3.92 It seems difficult to accept that an earlier CTM with a reputation in one part of the Union could be detrimentally affected in another part of the Union where such a reputation is not present.

3.93 As regards the conflicts that may arise, one should distinguish between conflicts in the administrative proceedings before OHIM and infringement litigation, and also take cases arising at the national level into account.

3.94 As regards opposition or cancellation proceedings between an earlier CTM with reputation and a later CTM, it follows from the case law rules when examining likelihood of confusion between two CTMs that the earlier CTM prevails, even if the reputation is adversely affected only in a substantial part of the Community.

3.95 As regards opposition or cancellation procedures in a Member State where the earlier CTM has no reputation, or where the other requirements for protection are not fulfilled, it should also be left, as a matter of principle, to the case law of the ECJ to develop rules for the protection of CTMs with reputation. However, it follows from what has been said earlier regarding likelihood of confusion that an earlier CTM should prevail only when all conditions of protection are fulfilled in the respective Member State. This should be explained in the Preamble to the TMD.

3.96 Pursuant to Article 12 (b) CTMR a defendant can claim a “fair use” exception from infringement when he uses a term that is descriptive for the goods or services. Where the term or designation is descriptive in a particular territory only, the question arises as to whether the relief sought by the claimant would be to the exception of that territory only, or go beyond and extend to the whole of the Community.
The correct answer would seem to be that the exception applies only in the
territory where the descriptive nature of the term is recognised by the relevant
(part of) the public.

No changes in the legislation seem necessary.

7. Scope of injunctive relief

Issues relating to the scope of injunctive relief arise not only in cases where there
are differences in public perception, dealt with before, but also more generally in
cases where the court seized has Community-wide competence, pursuant to
Article 98 (1) to (4) CTMR.

Article 102 (1) CTMR provides that a Community trade mark court which finds that
the defendant has infringed or threatened to infringe a CTM shall issue an order
prohibiting the defendant from proceeding with the infringing acts unless there are
special reasons for not doing so.

a) The right of the claimant to limit relief

It is a general principle of civil procedure that the claimant has the right to
determine the scope of the action and the relief requested. In accordance with this
principle, the claimant should be entitled to limit the relief requested, for example
for injunctive relief, or for damages, or for any of the other measures that the court
has the competence to adopt, to a particular territory, for example to one or a few
Member States. The claimant may have a legitimate interest in such a limitation,
for example in order to reduce the risk of litigation, or in cases where the
defendant is not using the infringing sign in any other parts of the Community.

This may lead in such cases to the result that the use of the infringing sign is not
prohibited everywhere in the Community. This is however no “breach” of the
unitary character of CTMs, because the CTM retains its Community-wide scope
and effect and may be enforced in subsequent actions if needed.

b) Community-wide relief

Where the claimant requests Community-wide relief and the defendant is actually
using or threatening to use the infringing sign everywhere in Europe, injunctive
relief has to be granted for the whole territory. This interpretation is in line with the
Nokia judgment where the ECJ has stated that the protection of CTMs must be
uniform throughout the entire area of the Community (Case C-316/05, paras 25
and 33).

Where the defendant is not using or threatening to use the infringing sign
everywhere in the Community but the use is limited, for example to a particular
locality or region, and the likelihood of that use spreading elsewhere does not
exist, the question arises as to whether in these situations as well relief should be Community-wide, or rather limited to the territory where the infringing use is made or is likely to be made.

3.106 As the Community must be taken as a whole, as a single market, it would seem logical to issue Community-wide injunctive relief in all cases where the claimant makes such a request. The defendant has no countervailing interests which would be an argument against such an approach; use in territories where the claimant is currently inactive would similarly constitute an infringement.

3.107 Some may argue that Article 98 CTMR, dealing with the territorial extent of the jurisdiction of CTM courts, by using the terms “in the territory of any of the Member States where acts of infringement are committed or threatened” actually provides for a limitation of the right of relief for those Member States where such acts are actually committed or threatened. The rules for jurisdiction of national courts within the Community still proceed from the concept that jurisdiction extends to Member States rather than to the territory of the Community. Article 98 CTMR should however be seen as providing for Community-wide competence of the courts with jurisdiction pursuant to Article 97 (1) to (4) CTMR.

3.108 The Opinion of the Advocate General in the DHL/Chronopost case, referred to above, adopts the same line of arguments.

3.109 In order also to make the scope of competence evident from the text of Article 98 (1) CTMR, it is proposed to change the wording “…within the territory of any of the Member States …” to “…within the territory of the European Union”.

8. Prohibition of use

3.110 The right of proprietors of earlier rights to prohibit the use of a sign protected as a CTM in the Member State or the territory where the earlier right is protected is guaranteed by Article 110 and 111 CTMR.

3.111 No objections or proposals were made with regard to these provisions.

3.112 If the suggestion is followed to limit the opposition and cancellation right for unregistered marks and signs to those with nationwide scope of protection, Article 111 CTMR would have to be revised to take that change into account.

9. Conversion

3.113 Pursuant to Article 112 CTMR a CTM may be converted into a national trade mark application when it is finally refused, cancelled, withdrawn, abandoned, surrendered, not renewed, or otherwise loses its effect.

3.114 Territoriality issues arise in this context because conversion may not be requested in Member States where according to a final decision by OHIM or a CTM court grounds for refusal or invalidation exist. Where a CTM is refused or cancelled on
the basis of an earlier CTM no conversion may be requested, even in cases where there may not be likelihood of confusion or a conflict in the particular Member State in question.

3.115 It is proposed to maintain the current law without change.

C. Bad faith as absolute ground for refusal

I. Current law

3.116 Bad faith does not form part of the absolute grounds for refusal listed in Article 7 (1) CTMR. Instead, it is listed in Article 52 (1) (b) CTMR as an additional ground for invalidation of a CTM.

II. Case law

3.117 Article 52 (1) (b) CTMR was addressed in Case C-529/07 – Lindt & Sprüngli/Franz Hauswirth (“Goldhase”). It was held in that judgment that for assessing bad faith, all circumstances of the case must be taken into account. Knowledge of use of the same or of a similar mark by a third party in the Community prior to the filing of the contested mark is among the relevant circumstances but is, in itself, not sufficient to permit the conclusion that an applicant for a CTM was acting in bad faith.

III. Opinions

3.118 User organisations did not attribute much importance to the issue, and most of them do not see any need for including registration in bad faith into the list of absolute grounds for refusal. It is repeatedly stressed in that context that it will hardly ever be possible for an office like OHIM to detect applications made in bad faith, without receiving prior notice by another party. Before that background, the proposal is made by some that, if bad faith should become part of the registration process, it should rather be regulated as a relative ground for refusal which may be raised in opposition proceedings.

3.119 The same suggestion was made in talks with members of the OHIM Boards of Appeal.

IV. Issues

3.120 The question has been posed to this Study whether bad faith should become part of the absolute grounds for refusal, which are examined ex-officio by the Office. Such a change in procedure would be warranted if the present situation is unsatisfactory, for instance because it makes registration of trade marks
mandatory even when they are obviously filed in bad faith, such as names of celebrities where the celebrity has not consented to the registration. It would indeed be an unfortunate situation if, because of the legal status quo, examiners at OHIM were forced to lend their hands to manifestly mischievous acts which threaten to damage the interests of others. On the other hand, there is little or no evidence showing that such risks have actually materialised in a sizeable number of cases. More often than not, assessment of bad faith must include rather complex background information in order to arrive at a full evaluation in the light of all circumstances, as is required in ECJ jurisprudence. It is hardly possible for an office to engage in such an evaluation ex-officio, apart from very rare cases when bad faith is obvious. The issue is therefore better placed in inter partes proceedings, before or after registration.

Before this background, the proposal must be evaluated that bad faith should be regulated as a relative ground for refusal rather than a ground for invalidation. It is true that typically, application in bad faith will be argued when the applicant knew at the time of application that a competitor was using the same or a similar sign in commerce, without (yet) having acquired protection, or when the same or a similar trade mark was protected abroad, and the applicant was aware when filing the application that the proprietor of that mark was about to extend his business to the country for which the application shall become valid. These situations are very close to those addressed by Article 6<sup>septies</sup> Paris Convention (unauthorized registration by an agent or representative), or to conflicts with prior unregistered rights. Expanding the possibility for opposition to cases when (a) the trade mark to be registered is either used in the relevant territory by a competitor, or is protected abroad, and (b) the application was filed in bad faith, might therefore be an appropriate and feasible way to resolve such issues already before the trade mark is registered.

However, this does not mean that bad faith should (only) be considered as a relative ground for refusal. In addition to the typical conflicts just mentioned, application in bad faith may also be of relevance in cases when commercial interests of third parties are not, or at least not directly, involved. For instance, this may concern cases when the names of famous historic persons are registered as trade marks in order to extract money from others engaging in merchandising connected with cultural or memorial activities, etc. Whereas bad faith should therefore retain its place in the catalogue of absolute ground for refusal, the possibility to file an opposition based on bad faith in case that the interests of the opposing party are directly concerned could be added to Article 41 CTMR.

V. Conclusions

There is no manifest need for changes with regard to the current regulation of bad faith in Article 52 (1) (b) CTMR.

If such changes are nevertheless considered, the following solutions could be envisaged:
- to include bad faith in the absolute grounds for refusal in Article 7 CTMR, while being aware that ex-officio examination would be limited to obvious cases;

- to grant third parties whose interests are directly affected by the registration the possibility to file an opposition based on bad faith.

D. Civil litigation and jurisdiction

I. Current law

3.125 Civil litigation relating to CTMs is governed by Articles 94 et seq. CTMR (Title X).

- Article 94 CTMR provides for the application, with variations, of Regulation 44/2001 (the Brussels I Regulation).

- Article 95 CTMR obliges the Member States to designate as few as possible of their national courts dealing with trade marks as Community trade mark courts (CTM courts) of first instance and second instance (Article 105).

- Article 96 CTMR defines the kinds of actions for which CTM courts are exclusively competent: actions for infringement, declaratory actions for non-infringement, counterclaims for invalidity, and actions for compensation for acts committed in the period between publication and registration of a CTM.

- Article 97 CTMR defines the international jurisdiction of CTM courts, and Article 98 CTMR defines the territorial competence of CTM courts, distinguishing between courts with Community-wide jurisdiction, and those with jurisdiction limited to the Member State in which they are located.

- Article 99 CTMR provides that the courts must accept the CTM as valid, unless a counterclaim is brought or one of the limited defenses (earlier right, non-use) is raised.

- Article 100 CTMR governs counterclaims.

- Article 101 CTMR determines the applicable law.

- Article 102 CTMR provides for the sanction of injunctive relief, with other sanctions to be taken from the laws of the Member States.

- Article 103 CTMR CTMR deals with provisional remedies.

- Article 104 CTMR deals with related actions.

- Article 106 CTMR deals with jurisdiction in cases not falling into the competence of CTM courts, and the obligation to treat CTMs as valid (Article 107).

- Article 108 CTMR is a transitional provision relating to the application of the Brussels I Regulation.
II. Case law

3.126 The ECJ interpreted Article 102 CTMR (then Article 98) in Case C-316/05 – Nokia/Joacim Wärdell-. That case is addressed below (para 3.147). There are as yet no other ECJ decisions interpreting provisions in Title X. The DHL/Chronopost case still pending was referred to in Chapter “Further territorial issues of CTM protection.”

III. Issues

3.127 Title X has given rise to only a limited number of problems, aside from the absence of uniform sanctions and questions related to the territoriality issues. The issue of sanctions is dealt with in the Chapter on Remedies (para 3.145 et seq.). Territoriality issues were dealt with in Chapter 3 B.

1. Community trade mark courts

3.128 The transitional rule in Article 95 (2) CTMR is no longer relevant. It also seems unsatisfactory that the number of CTM courts in the Member States varies widely.

2. Threatened infringement

3.129 According to Article 96 CTMR, actions seeking to prevent threatened infringements are subject to their being available under national law. Without the provision specifying this, it is assumed that the law of the country where the action is brought is decisive. While the legal situation in all of the Member States is currently not known, it would appear useful to have a uniform rule apply, which would benefit potential claimants, but also potential defendants in infringement actions, because they could then foresee the likely development of litigation better than at present. Also, the Enforcement Directive (48/ 2004/ EC) would appear to oblige Member States to provide for injunctive relief in cases of “threatened” infringement.

3. Decleratory actions

3.130 A number of questions could be raised with regard to declaratory actions for non-infringement, provided for in Article 96 (b) CTMR.

3.131 Firstly, according to Article 96 (b) CTMR such declaratory actions are admitted only if provided for in the national law. Without specifying this, it is assumed that the law of the country where the action is brought is decisive. While the legal situation in all of the Member States is currently not known, it would appear useful to have a uniform rule apply, for the reasons set out above with regard to threatened infringement.
3.132 Secondly, the question arises as to where a declaratory action for non-infringement should be brought. Under the general rules (Article 97 CTMR), the domicile of the defendant (and then the “cascade” in Article 97 CTMR) should prevail. This would mean that the declaratory judgment action would have to be brought at the domicile of the trade mark proprietor, the proprietor being the defendant in the action for a declaratory judgment. The proprietor is however the potential plaintiff in an infringement action, which would have to be brought at the domicile of the infringer. There is as yet no case law of the ECJ on this issue, which may also arise in other types of litigation. Consideration should be given to providing a clear rule in the context of the Brussels I Regulation.

3.133 Thirdly, the relationship between a declaratory action for non-infringement and an infringement action should be clarified. According to the case law of the ECJ, Article 27 of the Brussels I Regulation (or the predecessor Brussels Convention) precludes a later infringement action when previously a declaratory action for non-infringement was brought in another Member State. This rule is criticized because it allows a potential infringer to “pre-empt” the jurisdiction of the court that the proprietor of the IP right would choose for an infringement action.

4. Scope of relief

3.134 Regarding the scope of jurisdiction of CTM courts with “general” jurisdiction in the sense of Article 98 CTMR, that provision speaks of competence with regard to acts of infringement or threatened acts of infringement “in any of the Member States”. It would be appropriate to provide for the competence to grant relief for the whole of the European Union, rather than for each Member State.

5. Presumption of validity

3.135 Regarding the so-called “presumption of validity” provided for in the title of Article 99 CTMR, it should be clarified that the provision does not establish a presumption, but rather obliges the CTM courts to treat a CTM as valid unless an available defense is raised or a counterclaim is filed.

IV. Proposals

1. Amendment of Article 95 CTMR

3.136 There is no need to maintain Article 95 (2) CTMR, a transitory provision.

3.137 The current situation in some Member States with many CTM courts (example: Germany has 18 CTM courts of first and 18 of second instance) is not satisfactory. However, it seems unrealistic to propose that numerical limits for the number of national CTM courts become part of the CTMR.
2. Threatened infringement

As regards actions to prohibit threatened infringements, these should no longer depend on the availability under national law. Article 96 (b) CTMR should be amended accordingly.

3. Declaratory actions

As regards declaratory actions for non-infringement, while clarification regarding the availability of such actions may be useful, the issue would be better addressed in the context of the review of the Enforcement Directive and the question of introducing uniform remedies into the CTMR, in line with the provisions of the Enforcement Directive (“Remedies”). Issues concerning the proper venue for filing such actions and whether they may pre-empt subsequent claims for substantive remedies should be considered in the context of the Brussels I Regulation.

4. Scope of relief

Regarding Article 98 CTMR, the reference to the territories of the Member States should be replaced by a reference to the territory of the European Union.

5. Presumption of validity

The title of Article 99 CTMR should be amended.

E. Remedies

I. Current law

Remedies for infringement of CTMs are governed by Articles 101 to 103 CTMR, which provide as follows:

Article 101
Applicable law
1. The Community trade mark courts shall apply the provisions of this Regulation.
2. On all matters not covered by this Regulation a Community trade mark court shall apply its national law, including its private international law.
3. Unless otherwise provided in this Regulation, a Community trade mark court shall apply the rules of procedure governing the same type of action relating to a national trade mark in the Member State in which the court is located.

Article 102
Sanctions
1. Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with.
2. In all other respects the Community trade mark court shall apply the law of the Member State in which the acts of infringement or threatened infringement were committed, including the private international law.

Article 103
Provisional and protective measures
1. Application may be made to the courts of a Member State, including Community trade mark courts, for such provisional, including protective, measures in respect of a Community trade mark or Community trade mark application as may be available under the law of that State in respect of a national trade mark, even if, under this Regulation, a Community trade mark court of another Member State has jurisdiction as to the substance of the matter.

2. A Community trade mark court whose jurisdiction is based on Article 97(1), (2), (3) or (4) shall have jurisdiction to grant provisional and protective measures which, subject to any necessary procedure for recognition and enforcement pursuant to Title III of Regulation (EC) No 44/2001, are applicable in the territory of any Member State. No other court shall have such jurisdiction.

3.143 Article 8 of Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) provides as follows:

Article 8
Infringement of intellectual property rights
1. The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed.
2. In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed.
3. The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

II. Case law

3.144 In Case C-316/05 – Nokia/Joacim Wärdell, the ECJ had been asked inter alia whether it constitutes a special reason for not issuing a prohibitive injunction against a defendant having been found infringing a CTM that the risk of further infringement appears not obvious or is otherwise limited. The Court denied the question, making it clear that injunctions prohibiting further infringements are the regular sanction to be imposed.

3.145 There are no further ECJ decisions concerning remedies.

III. Issues

3.146 The CTMR currently only provides for injunctive relief in cases of infringement of Community trade marks (Article 102 (1) CTMR). All other remedies are to be taken from the law of the Member State where the infringement occurred, subject to the application of that Member State’s international private law (Article 102 (2) CTMR). As regards international private law, under the Rome II Regulation, to the extent that EU legislation does not provide otherwise, in cases of infringement of European-wide intellectual property rights, the laws of the Member State where the infringement was committed applies (Article 8 (2) Rome II Regulation).

3.147 The need to apply remedies, other than for injunctive relief, provided for in the laws of the Member States creates substantial problems for the enforcement of trade mark rights in cases of multi-state infringements.

3.148 The difficulties are not overcome by the Enforcement Directive, because the manner in which this Directive has been implemented in the Member States differs
greatly, and the Community trade mark court would still be required to determine and apply the law of the respective Member State.

IV. Solution proposed

3.149 It appears from all of the opinions submitted that the remedies available in cases of infringement of CTMs should be part of the CTMR and not merely those available under national law, with the court seized being required to determine separately for each Member State the sanctions to be applied.

3.150 This could be achieved by providing, in the CTMR, for all substantive and procedural remedies currently part of the Enforcement Directive.

3.151 In view of the horizontal nature of this issue (the same approach would necessarily have to be adopted for the Community Designs Regulation, and the results of the current negotiations about the creation of a European patent litigation system might also be taken into account), and the review of the Enforcement Directive currently underway, no proposals are made of how to integrate the remedies into the CTMR.

3.152 The reference currently found in Article 102 (2) CTMR to Member States’ law includes the private international law of those States. However, after enactment of the Rome II Regulation, such a reference appears no longer as appropriate. The law applying in all Member States with regard to infringements threatening or having been committed in their territory is determined by the Rome II Regulation, which has replaced Member States’ own rules on private international law in the relevant aspects. The last half-sentence in Article 102 (2) should therefore be deleted. This appears important not least because the current formulation could be (mis)understood as meaning that it gives prevalence to Member States’ private international law under the special reservation in Article 8 (2) Rome II for questions which are governed separately by the relevant Community instrument.
Chapter 4 – Functioning of the CTM system - Issues of procedural law

A. Filing

I. Current law

4.1 Filing of CTM applications and filing date requirements are governed by Articles 25 to 28 CTMR, and Rules 1 to 5 CTMIR.

4.2 Applications may be filed at OHIM and at national offices (Article 25 CTMR). When the application is filed at a national office, that office should make every effort to ensure that the application reaches the OHIM within two weeks. National offices may charge a fee for the filing, which must not exceed the administrative costs. Under Article 25 (3) CTMR the filing date of the application is deemed to be the date when it was received by OHIM, if the application reaches OHIM more than two months after the date of filing at the national office. According to Article 25 (4) CTMR, the Commission is required to submit a report about the functioning of the dual filing system ten years after the entry into force of the CTMR.

4.3 Article 26 CTMR provides the filing requirements, which are detailed in Rules 1 to 3. Article 27 CTMR establishes the filing date requirements. Article 28 CTMR deals with classification.

II. Case law

4.4 There is no case law of the ECJ or of the General Court dealing with filing or filing date requirements.

III. Opinions

4.5 According to the Allensbach survey a significant share of users – 32 percent of the CTM proprietors and 27 percent of agents – is in favour of retaining the possibility to file CTMs at the national offices. The support is particularly strong among agents and proprietors with a low level of trade mark activities (agents: 47 percent; proprietors: 37 percent), whereas it is much lower in the groups with a high activity level, where only 11 percent of the proprietors and 19 percent of the agents are in favour of maintaining this opportunity.

IV. Issues

1. National filing

4.6 In accordance with the reporting requirement in Article 25 (4) CTMR, the question arises as to whether the national filing alternative should be maintained. It has
been suggested that the time limit within which the national office must forward the application to OHIM be reduced from the current two weeks to one week.

4.7 The two-months rule in Article 25 (3) CTMR appears outdated in view of current communication facilities.

2. Filing requirements

4.8 There are no suggestions regarding other issues with the filing requirements established in Articles 26 et seq. CTMR and Rules 1 et seq CTMIR.

4.9 The issue of registering non-traditional marks and whether the graphic representation requirement is justified is dealt with in the context of substantive law. Indication of the goods or services and classification is addressed in para 4.16 et seq. (“Classification”).

3. Payment of fees

4.10 It has been suggested that the filing fee should be paid at the time of filing and thereby become, in essence, a filing date requirement. The level of fees is addressed below (para 4.137 et seq).

V. Proposals

1. National filing

4.11 The benefits of having quick access to a national office, rather than submitting an application directly to OHIM, especially when time is of the essence, as in the case of priority-based applications, justify maintaining the current situation. It meets the needs of users. The period of uncertainty connected with such national applications is comparable to the (much longer) uncertainty when priority applications are filed. Therefore, the dual filing system should be maintained. The Preamble should contain appropriate explanations.

4.12 The two weeks “all efforts” obligation also appears appropriate and should be maintained.

4.13 The Study does not take a position on the idea of requiring the national offices to forward CTM applications electronically. The Commission should analyze whether the existing infrastructures of the offices allow such amendment of Article 25 (2) CTMR.

4.14 The time limit of two months in Article 25 (3) CTMR, changed from one month when the CTMR was amended in 2004, appears unreasonably long. Ideally, the period should be the same period as the period within which the national office must forward the application to OHIM. This would also contribute to better
coherence between filing and the payment of the basic fee within one month, this one month being calculated from the date when the application is filed at the national office.

2. Payment of fees

4.15 The issue of when filing fees must be paid is linked to the question of the minimum requirements for obtaining a filing date. The appropriate approach was subject to dispute at the time the CTMR was adopted, and was resolved in favour of the current rule which allows applicants to obtain a filing date without paying the fee and to maintain the filing date if the fee is paid within one month from the date of receipt of the application. The same debate continues at the international level. Thus, Article 5 (2) of the Singapore Treaty allows parties to the treaty to require payment of a fee as a requirement for obtaining a filing date, but only if they did so at the time when it became a party to the Singapore Treaty. Thus, payment of fees as a requirement for obtaining a filing date is clearly not favoured. In view of these considerations, and in the absence of any support from users of the system for a change, the current situation with a time limit of one month between filing and payment of fees should be maintained. To the extent that this causes administrative inconveniences these have been handled by OHIM up to now. If necessary, OHIM should be able to separate applications for which the fee has been paid from those for which the fee is outstanding, and thus be in a position to avoid investment in the examination of marks which ultimately are abandoned through non-payment of fees.

It has been observed in this context that the CTMR is different in this regard from the Community Design Regulation, where it is stipulated in Article 6 of the Implementing Regulation that the fee must be paid together with the application. However, the situation is not fully comparable, as the registration procedure in case of Community designs does not involve any substantive examination, and is usually concluded within a very short time. Given the differences between industrial design and trade mark law in this aspect, no conclusive argument can be derived from the procedures under the Community Design Regulation to switch to the same practices also with regard to the CTMR.

B. Classification

I. Current law and practices

4.16 In the CTMR, Article 26 provides that an application for registration of a CTM must contain an indication of the goods or services for which the mark is sought to be registered. Article 28 CTMR provides that the goods and services must be classified in accordance with a classification system established in the Implementing Regulation.

4.17 According to Rule 1 CTMIR, which provides for the content of a CTM application, the application must contain a list, classified in accordance with Rule 2 CTMIR. Rule 2 CTMIR establishes that OHIM applies the classification system instituted by
the Nice Agreement. The examination procedure is provided for in Article 36 CTMR and Rule 9 CTMIR.

4.18 The TMD does not deal with classification.

4.19 Goods and services are classified by OHIM, as provided for in Rule 2 CTMIR, in accordance with the Nice Agreement (1957). All national offices apply the same international classification. The Nice Agreement is administered by WIPO. The European Union as such does not belong to the Nice Agreement. Of the 27 EU Member States, all except Cyprus and Malta belong to the Agreement. The classification divides the universe of goods and services into (currently) 45 classes, 34 classes for goods, and 11 classes for services. The classification consists of the so-called class headings, which generally indicate the goods or services falling into a particular class, with accompanying explanations and remarks, and of the Alphabetical List of Goods and Services, indicating for each entry the class into which it falls. The international classification system is continually updated. The CTM system as well as all national systems allow multi-class applications (which is in accordance with the Trademark Law Treaty and the Singapore Treaty).

4.20 National classification practices differ from each other, and also from practices of OHIM. On the issue of broad claims, Communication No 4/03 of the President of the Office of 16 June 2003 concerning the use of class headings in lists of goods and services for Community trade mark applications and registrations describes OHIM’s approach which favours broad claims, admits all class headings, and explains OHIM’s approach to scope of protection and requirement of use questions following from the admittance of class headings.

4.21 According to Article 2 of the CTM Fees Regulation, the basic application fee for a CTM, provided for in Article 26 (2) CTMR, covers three classes. The renewal fee also covers three classes. The amount of the application fee (which currently includes the registration fee) is € 1050 for three classes (€ 900 if filed electronically). The class fee for the fourth and the additional classes amounts to € 150. The renewal fee amounts to € 1500 (€ 1350 if requested electronically), and the class fee for renewals (beyond the third class) amounts to € 400. For collective marks the amounts are € 1800 for the application and registration and € 300 for additional classes, € 3000 for renewal and € 800 for additional classes.

4.22 The TMD does not deal with fees.

4.23 National systems differ as regards class fees – some countries require an additional class fee from the second class, others follow the CTM system (for details, see below para 4.29).

4.24 It is noteworthy that the Madrid system applies a fee, as far as the fees payable to WIPO are concerned, which adds class fees only for the fourth and subsequent classes.
II. Case law

4.25 The ECJ was called upon to decide on a classification issue in the PRAKTIKER case (Judgment of 7 July 2005, Case C-418/02, Praktiker Bau- und Heimwerkermärkte AG), which presented the issue of registering service marks for retail services, referred to the ECJ from Germany. The ECJ held that registration for retail services should be available, but that the kind or nature of the goods sold at retail must be indicated.

4.26 In a case referred to the ECJ in June 2010 (Case C-307/10), the Appointed Person, reviewing a UK office decision dealing with issues of classification of the services sought to be registered for IP TRANSLATOR, referred a series of questions to the ECJ dealing with classification issues, raising a number of questions of basic significance for classification law and practice. The questions are as follows:

Is it

(1) necessary for the various goods or services covered by a trade mark application to be identified with any and if so what particular degree of clarity and precision;

(2) permissible to use the general words of the Class Headings of the International Classification of Goods and Services established under the Nice Agreement ... for the purpose of identifying the various goods or services covered by a trade mark application;

(3) necessary or permissible for such use of the general words of the Class Headings of the said International Classification of Goods and Services to be interpreted in accordance with Communication No. 4103 of the President of the Office for Harmonization in the Internal Market of 16 June 2003 (OJ OHIM 2003 p.1647)?

4.27 Numerous General Court judgments have dealt with classification issues directly or indirectly, but they are not specifically referred to here.

III. Situation in Member States

4.28 Regarding the number of classes covered by the basic application or registration fee, the practice of national offices is nearly evenly split. In thirteen countries – Cyprus, Estonia, Greece, Ireland, Italy, Latvia, Lithuania, Malta, Portugal, Romania, Spain, Sweden and the UK – the basic fee covers one class only, whereas in the Benelux system as well as in eleven Member States – Austria, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Hungary, Poland, Slovakia and Slovenia – three classes are covered.

4.29 Concerning class headings, national offices’ replies to the question whether they accept the filing of class headings listed in the Nice classification system reveal considerable differences (for details, see Part II Chapter 1 D). In particular, some offices which accept class headings as a matter of principle do not follow OHIM’s
practice insofar as the registrations are not automatically considered as covering all goods or services contained in the class.

IV. Opinions of user organizations

4.30 Most user organizations (ECTA, INTA, MARQUES, COAPI, EFPIA, FICPI, ITMA, LESI, GRUR, AIPPI Belgium) do not support the OHIM’s practice of encouraging a list of goods and services corresponding to the Nice class headings, indicating that it leads to unnecessarily broad specifications of goods and services for which the applicant has no intention to use the mark, or at least claim further conditions to ensure precise and unique use of the classification system (AIPPI Belgium).

4.31 On the other hand, AIM is of the opinion that the current practice should not be changed as it meets business needs; IP-Federation supports the translation of the terms of the Nice Classification to all community languages; what is required is the consistency of office practice and interpretation across the Community on this issue.

V. User survey Allensbach

4.32 According to the Allensbach survey, the broad majority of proprietors (64 percent) and agents (72 percent) approves of OHIM’s current practice regarding class headings. It is notable, however, that the portion of those who disapprove of that practice is significantly higher for proprietors and agents with a high level of OHIM activities (31 percent and 27 percent vs. 13 percent and 11 percent disapproval in the group with a low level of activities). Nevertheless, the share of supporters remains to be very strong also among proprietors and agents with a high activity level (68 percent and 70 percent). The Allensbach survey did not cover the additional issue raised by current OHIM practice, namely that the use of all class headings is taken to cover all goods or services that fall into that class.

4.33 Further to be mentioned in this context is the fact that the consistency of decisions by trade mark offices regarding classification and formalities is perceived by users as fairly high. This result pertains to OHIM and national offices alike, with OHIM’s performance receiving a better ranking. 88 percent of trade mark proprietors consider OHIM’s practice as very/fairly consistent, whereas the approval rate for national offices amounts to 79 percent. For agents, the respective figures are 89 percent (OHIM) and 76 percent (national offices).

VI. Issues

4.34 Classification raises a series of interrelated issues of law and practice, of importance for every-day practice, and also issues of principle for the operation of the trade mark systems at the European and national levels.
1. Principles

4.35 Trade marks are protected as intellectual property rights not in the abstract, but always in relation to the goods or services for which they are registered. European trade mark law allows the claiming of protection for goods or services without requiring use at the time of filing or registration. Rather, a use requirement becomes operative only five years after registration, with a bundle of sanctions from unenforceability to revocation. Both in the CTM system and in all national systems (even in the absence of a specific provision in the TMD), the applicant is required to indicate the goods or services for which protection is sought. In spite of common general principles applicable pursuant to the Nice Agreement, practices vary from office to office. OHIM allows broad claims by using the class headings; other offices consider at least some of the class headings as too imprecise. Practices also differ in the comparison of goods or services and in the judgment of the extent to which a particular mark is considered to be used when it is used for a specific product only, while being registered broadly.

4.36 Depending on the focus or position, the relevance of the issues discussed hereafter may vary.

2. Consistency

4.37 In view of the fact that national and Community trade marks coexist and protection is applied by national and Community authorities, that the legal rules on protection and its limitations are the same under the CTMR and the TMD, that marks are protected for goods or services, and that all offices apply the Nice classification, it appears imperative that the rules and practices on the specification and classification of the goods or services are the same, regardless of the office which applies the rules.

4.38 Creating consistency is a matter for legislation, because legislation appears necessary to create a structure which obliges the various offices to cooperate in classification matters. Consistency is in addition a matter of daily practice of the offices. A system should be created which facilitates applying and developing common approaches. OHIM is actually operating and expanding such a system, called EUROACE.

4.39 Some of the solutions are discussed here; others fall into the topic “Cooperation of OHIM and national offices”.

3. Definiteness

4.40 The IP TRANSLATOR case raises the important question as to whether the list of the goods and services must be specific or can be broad and generic. There are some terms used in the class headings which are obviously “vague”, such as “machines” in class 7, while other terms, broad on the face of it, are actually well circumscribed, such as “footwear” in class 25. Little may be gained in
“definiteness” if all possible kinds of footwear are specifically listed in the list of goods.

4.41 The question of definiteness arises primarily under the aspect of scope of protection. It is obvious that the more specific the indications of the goods or services are, the easier it will be to determine the scope of protection. The question is whether that consideration outweighs the benefits of broad claims prior to the use requirement becoming operative.

4.42 There is an unrelated issue arising under OHIM practice, expressed in Communication No 4/03 referred to earlier, which considers that a mark registered for all the class headings of a particular class is deemed to be equivalent to a claim of “all goods in class X”. As the list, therefore, includes goods not specifically listed, the examination by the office for absolute grounds would have to include goods which do not even appear in the list. The issue is not much different from presenting a broad claim which includes all possible goods falling within a broad generic term.

4. Congestion

4.43 Allowing multi-class applications with broad claims without any requirement or instrument to be limitative and specific contributes to a congestion of trade mark registers, making searching for available marks more difficult, and may create enforceable rights beyond the legitimate interests of trade mark proprietors.

4.44 Opinions differ as to whether congestion actually is a real problem in Europe. Possible instruments to reduce congestion are found in the requirement of use and in the introduction of fees which will make claiming additional classes more expensive than today.

4.45 Congestion issues are dealt with in more detail elsewhere (Part III para. 1.32 et seq.)

5. Changes over time

4.46 Classification of marks changes over time. The current 9th edition of the Nice classification is different from previous editions. The addition of further classes, such as classes 43 to 45, is another prominent example. The issue that presents itself to all trade mark proprietors and to all offices is whether in view of such changes the specification (classification) of goods and services should be updated, or whether it is “fixed” at the time of registration. Different views exist in this regard.

6. Class fees

4.47 Practice differs regarding class fees. Although it was not possible in the framework of the Study to conduct a comprehensive investigation on the issue, it appears
plausible to assume that broader trade mark applications tend to be filed if three classes can be covered by the initial fee, instead of only one class. This assumption is confirmed by the experience reported by the Spanish office (Part II, Chapter 1, para 1.24), that the introduction of a one-class-per-fee system has led to substantial drop in the average number of classes covered by new trade mark applications. Under the aspect of congestion and scope of protection, it appears therefore appropriate to have a separate class fee from the beginning, and not merely starting with the fourth class. Under the aspect of a balanced and harmonious system, it appears appropriate to have all offices apply the same principle.

7. Classification and scope of protection

4.48 As Rule 2 (4) CTMIR provides, classification is supposed to exist for administrative purposes only. Nevertheless, classification has an important impact on the scope of protection.

4.49 The entry of a product or service in a particular class defines and limits the claim substantively. For example, “tea” may be appropriate for class 5 as medicinal tea, and for class 30 as non-medicinal tea. By applying for or registering a mark for tea in class 30 it is clear that no protection is claimed for tea in class 5.

4.50 When lists of goods and services are required to be specific, determining whether or not products are the same becomes a reasonably simple exercise. When broad claims, such as the use of class headings or other broad category claims are allowed, comparing goods or services in order to determine whether or not they are the same becomes a more complicated exercise. Views differ on whether or not that is a problem. Determining whether goods or services are similar would become a more differentiated exercise if specific claims were mandatory. Again, views differ on whether that would be desirable.

4.51 The issue may be demonstrated by using an example: assuming that a mark is registered for “clothing” in class 25, when a second mark is sought to be registered, or is used, for an item of clothing, such as children’s socks, the goods, for purposes of conflict analysis, would be identical. If a specific claim were to be mandatory, “clothing” would not be permissible, and a registration or use for “men’s undershirts” would raise the issue as to whether these goods are “similar”.

4.52 OHIM practice, as expressed in Communication No 4/03, referred to earlier, raises another important issue under the “scope of protection” aspect. Where a mark is registered for all class headings of a particular class, OHIM considers that any product properly classified in that class is deemed to be claimed. This has as consequence that any product in that class, whether or not properly grouped under a particular class heading, is considered to be identical with the products for which the mark is registered.
8. Classification and use requirement

4.53 Broad specifications, including the use of class headings, raise issues under the use requirement.

4.54 First of all, if an intent of use requirement were imposed, initial broad claims beyond the legitimate interest of the proprietor would have to be reduced to what actually is covered by the intent.

4.55 Secondly, once the grace period has expired and the obligation to use applies, problems of determining the consequences of the use for a specific product arise. For example, when a mark is registered broadly, e.g., for “clothing” in class 25, but is used only for a specific item of clothing, e.g., long-sleeved men’s shirts, the question to be answered is for which goods the mark is deemed to be used and can be maintained as registered – the specific item, a generic category to which the item belongs (men’s shirts), or an even broader category (men’s clothing), or for the whole category (clothing)? Office practices vary from country to country. OHIM’s class headings approach has the further effect that where all class heading are employed in a particular class, the use for any product properly classified in that class is deemed to constitute use for the goods or services for which the mark is registered, and the list of goods or services may then be appropriately reduced to an adequate “sub-genus”. That issue would simply disappear if broad specifications would not be allowed. Again opinions differ as to whether or not this is a genuine problem.

9. Procedure (CTM)

4.56 Under Rule 2 (3) CTMIR, there is only a requirement that the applicant shall “in principle” group the goods and services in classes. It is unclear whether the Office must object or must propose a proper grouping.

10. Procedure (TMD)

4.57 The TMD currently does not contain any provisions on classification or any other procedural issue, even though harmonised approaches of classification practice are necessary.

VII. Proposals

1. Consistency

4.58 In order to oblige Member States and OHIM to apply the same criteria when classifying goods and services, the CTMR and the TMD should contain appropriate provisions.

2. Definiteness
The judgment of the ECJ in the IP TRANSLATOR case is unlikely to be taken before the second half of 2011. Thus, proposals of how to approach the definiteness issue cannot take that judgment into account.

When generic terms, whether part of the class headings or otherwise, are used and it is clear that the “genus” comprises a coherent group of products (such as “clothing”), the claim made when that term is included in an application or registration is “definite”, and perhaps more definite than the enumeration of a large number of individual products. Once the obligation of use arises, an appropriate sub-genus will have to be used or applied. Where it is unclear what a particular generic term comprises, the applicant should be required to be more specific. OHIM and national offices should agree on which class headings need to be reduced to acceptable generic terms. When other generic terms arise the cooperation scheme addressed below (Part VI Chapter 2) should apply to determine whether the term is acceptable or not. This proposal essentially supports current OHIM practice, where all of the class headings are accepted as parts of a list of goods or services. However, if there is agreement that class headings are in need of further specification a corresponding examination should be carried out.

A practice which considers the use of all class headings of a particular class to claim all goods or services in a particular class is appropriate when the class headings are such that they are appropriate generic indications for all goods or services properly classified in that class. If the goods do not fall within a particular generically indicated group, there is no good reason to consider that an application or registration claims that product. OHIM and Member States should agree, prior to implementing any change in their practice, for which classes the class headings are not appropriate to include all the goods properly classed in that particular class. The Nice Classification Alphabetical List and OHIM’s Euronice list could serve as a tool in this determination. This proposal would result in a departure from current OHIM practice. The impact of this change is difficult to estimate without a more detailed knowledge of the scope of the problem. In any case, the administrative efforts have to be weighted against the enhanced degree of legal certainty that will result from a coherent and consistent approach. In this regard, it must be noted that it is crucial for the well-functioning of a trade mark system based on registration, such as the Community trade mark system, that the content of the register is as clear and precise as possible, so as to provide a solid and reliable basis for the tasks performed by the competent authorities, and for enabling economic operators to receive relevant, precise and clear information about the rights of third parties (in this vein, see ECJ Case C-273/00 - Sieckmann/DPMA, paras 50 and 51). The Study therefore comes to the conclusion that the administrative burden which will result from the above proposal for OHIM as well as for the national IP offices are justified in view of the important goal of enhancing clarity and legal certainty in the interest of the users and the functioning of the system as a whole.

Appropriate provisions should be included in Rule 2 CTMR.

To the extent that this involves a change in law or practice, appropriate transitional rules should permit trade mark proprietors to adapt their specifications accordingly.
The TMD should contain the same rules.

3. Congestion

Congestion should be addressed primarily by appropriate rules defining the requirement of use. These issues are addressed in Part III para 2.62.

4. Changes over time

Considering that trade marks are “live” IP rights and need to be used and will be enforced, it would appear appropriate to require OHIM as well as all national offices to re-classify existing registrations at the time of renewal or at some other appropriate time, either ex-officio, or in any event at the request of their proprietors. It does not appear reasonable to maintain trade marks as registered for extended periods of time in spite of intervening changes in the Nice Classification, such as the addition of new classes or the removal of products from one class to another. Reclassification should not result in an enhanced scope of protection resulting from the reclassification as such. To the extent that goods or services are moved from one class to a different class, this should give rise to additional fees only upon the next renewal. This proposal would result in additional workload for OHIM and for national offices. These additional tasks seem however justified as service to trade mark proprietors and the public, which should be in a position to perceive the accurate scope of protection of marks without having to go back to periods in the past. Again, the justification for such efforts lies in the paramount importance of improving the clarity and precision of the register as an element which is crucial for the well-functioning of the system.

The TMD should contain the same rules.

5. Class fees

Under the aspect of congestion and scope of protection, it appears appropriate to have a separate class fee from the beginning, both for applications and for renewals.

The TMD should contain the same rules.

6. Classification and scope of protection

The issue has been dealt with under the “Definiteness” heading.

7. Classification and use requirement

The issue has been dealt with under the heading of “Definiteness” and is further treated in the Chapter “Use requirement” in Part III para 2.62.
C. Seniority

I. Current law

4.72 Current law provides, in Articles 34 and 35 CTMR, for the possibility to claim “seniority” (the relevant date; filing date or priority date), when filing a CTM or after registration of an identical registered national mark, provided that the marks are the same, the proprietor is the same, and the goods or services for which the national mark is registered are the same or are included in the CTM application or registration (“triple identity”). Seniority has the effect that in case the national mark is not renewed or surrendered or otherwise loses its effect the proprietor of the CTM will have the same rights as regards the national mark as if that mark had continued to be registered. Implementing rules are found in Rules 8 CTMIR for claiming seniority prior to registration and in Rule 28 CTMIR for claiming seniority after registration.

4.73 Article 14 TMD provides that national laws must allow challenges to no longer registered marks the effect of which persists because they form the basis for a seniority claim for identical CTMs.

II. Practices of national offices and opinions

1. National offices

4.74 Time limits for keeping the files of trade marks which form the basis of seniority claims under Articles 34 and 35 CTMR are different in various national offices:

- Until the lapse of validity of the national trade mark (Cyprus);
- two years from the lapse of validity of the national trade mark – at the office; permanently – at the State archive (Lithuania);
- three years from the lapse of validity of the national trade mark (Benelux);
- five years from the lapse of validity of the national trade mark (paper files), permanently (electronic files) (Slovakia);
- 50 years from the lapse of validity of the national trade mark (Czech Republic);
- until the lapse of validity of the CTM (Hungary, Spain);
- permanently: Austria, Denmark, Greece, Ireland, Italy, Latvia, Malta (in the archives), Poland, Portugal, Slovenia, Sweden.
- Replies by Benelux, Bulgarian, Estonia, Finnish, French and Romanian offices indicate that currently no legal provisions concerning the time limit for keeping seniority files are established.
2. User organizations

4.75 According to user organizations seniority claims of a national trademark should continue to exist, but some (e.g. ECTA) see the necessity of revision and development of the system and its modalities in order to avoid legal uncertainties.

3. User survey Allensbach

4.76 The option for claiming seniority is used by a majority of agents (64 percent), but only by 39 percent of CTM proprietors. One quarter of the proprietors were not aware of this possibility before. Familiarity with, and use of seniority claims is strongly impacted by activity levels; 72 percent of highly active proprietors respond that they do claim seniority.

4.77 The Allensbach survey also included the question as to whether seniority claims should be fully checked in the future. Of the CTM proprietors, 32 percent were in favour of a full verification while 32 percent were in favour of leaving the current practice unchanged. Among the agents 37 percent supported a change to a full verification whereas 44 percent were in favour of the current approach.

III. Issues

4.78 For marks first applied for in a Member Country of the Paris Convention or the World Trade Organization and thereafter as a CTM the priority claim in accordance with Article 29 CTMR is available when seeking protection for an identical CTM. The priority claim is however severely limited as it must be made within six months of the first filing.

4.79 CTM proprietors or applicants often hold identical national marks in the EU Member States. Their effect is however limited to the country where they are protected. Seniority was supposed to provide an expedient vehicle for assembling identical national marks under the umbrella of a CTM, without the need to maintain national registrations.

4.80 The expectations connected with seniority have only partially been fulfilled. The number of seniority claims remains modest. The effect of a seniority claim is dependent on a surrender or non-renewal of the national mark, something many proprietors are unwilling to do.

4.81 OHIM has been inconsistent in its approach to examining seniority claims.

4.82 National laws implementing Article 14 TMD have chosen differing solutions. There is practically no experience with challenges of no longer registered national marks which provide the basis for a seniority claim. Also, there is still uncertainty about how national offices will preserve information about previously registered national marks which are no longer kept alive by their proprietors.
IV. Proposals

1. Substantive law

a) Approximation of priority and seniority

4.83 A person claiming “seniority” – i.e. the filing date or priority date, if any – of a registered national mark which is identical with a CTM applied for or registered by the same person who is the proprietor of the national mark should, once the seniority claim is accepted, be entitled to claim, with respect to that Member State, the seniority date (i.e. the filing date or priority date) of the national mark. The seniority claim is “partial” when the CTM is applied for or registered for goods or services in addition to those for which the earlier mark is registered. When the earlier national mark contains more goods or services than the CTM, the seniority claim would still be for all the goods or services found in the CTM.

4.84 Under current law the seniority effect becomes operative only upon surrender or non-renewal. This forces CTM proprietors to surrender their national marks or abstain from renewing them, even if that may not be in their interest. It is proposed to provide that the effect should apply regardless of whether or not the national mark is maintained or surrendered. This effect would, because of the nature of the earlier registration invoked, naturally be limited to the Member State where the earlier national mark exists or existed.

4.85 Under current law, the seniority effect is lost if the national mark is declared to be revoked or to be invalid, or if it is surrendered prior to the registration date. This should be maintained as far as invalidation is concerned, as the effect of invalidation is that the national mark is deemed not to have existed ab initio. As regards revocation, the effect should only be lost if the revocation is effective from a date prior to the filing or priority date of the CTM. There is no reason to provide for the loss of the effect if the national mark is surrendered or not renewed after the CTM filing or priority date but before registration.

4.86 The consequence for the CTM system would be that oppositions or cancellation requests from proprietors of national marks or other earlier national rights existing in the Member State in respect of which seniority was claimed, and who have acquired rights later than the relevant date of the national mark the seniority of which was claimed, even though earlier than the subsequent CTM application, would not be considered as “earlier” and thus would not prevail over the CTM.

4.87 The consequence for the national systems would be that the CTM having claimed the seniority of an identical national mark would be treated in the country (system) where the earlier mark exists or existed as an earlier right from the date of the national mark, and not from the actual filing (or priority) date of the CTM. In all other Member States, the CTM would be an earlier right as of its filing or priority date.

b) “Triple identity”

4.88 The “triple identity” requirement (same mark, same goods/services, same proprietor) should continue to apply.
c) Consequential amendments

4.89 Amendments would be necessary for Articles 8 (2), (4), and 53 CTMR as regards the definition of “earlier” rights, and of Article 34 CTMR as regards the effects of a seniority claim. Article 35 CTMR would not have to be amended, as it refers to Article 34 (2) and (3) CTMR for the effects of the seniority claim.

4.90 The TMD contains a definition of “earlier rights” in Article 4 (2) which includes CTMs claiming seniority, whether or not the earlier national mark is still registered. An amendment of the Directive is therefore not necessary in this regard.

d) Challenging marks providing the basis for a seniority claim

4.91 It is proposed to amend Article 14 TMD to provide that after surrender or non-renewal a national mark providing the basis for a seniority claim shall not be subject to “ex post” invalidation or revocation unless it could have been invalidated or revoked at the time of cancellation from the register and at the time of the decision on invalidation or revocation. The primary effect of this proposal would be that a national mark that provides the basis for a seniority claim and that is no longer registered cannot be challenged on grounds of non-use unless it could have been so challenged at the time of removal from the national register. Even if it could have been challenged then, the challenge is no longer available if the mark is thereafter used in the Member State in question.

e) Preambles of Regulation and Directive

4.92 The Preambles of the Regulation and the Directive should also be amended.

2. Procedure

a) Rules 1, 8 and 28 CTMIR

4.93 The details relating to seniority claims are provided for in Rules 1, 8, and 28 CTMIR. Rule 1 CTMIR provides what the applicant has to indicate and supply. It is proposed that the period after the filing of the application provided for in Rule 8 (2) CTMIR for claiming seniority should not be maintained. In view of the ability to claim seniority after registration (Article 35 CTMR) there is no need to maintain this additional period. A consequential amendment should be made in Rule 9 CTMIR.

4.94 As regards other procedural requirements, no changes are proposed. Notably, the Office should include a proper document originating from the office of origin showing the details of the mark the seniority of which was claimed. That document should be accessible through file inspection. This obligation should apply until such time as a common seniority documents data base is established.
The current rules (Rules 8 (4) and 28 (4) CTMIR) allow the President of OHIM to determine that the applicant or registrant does not have to provide the Office with certified copies of the earlier registration. The President has made use of this possibility because the Office has access to national databases and can therefore copy the appropriate information into the OHIM file. No change is proposed.

b) Examination of seniority claims

OHIM should be required to examine seniority claims with regard to formalities and the identity of marks as well as to the identity of the proprietor. An examination of the identity of goods or services does not appear necessary. It will be for the proprietor of a CTM with an identical national mark to establish the extent to which the goods or services are identical at the time when the earlier national mark becomes subject matter of an opposition, cancellation or infringement procedure. A change in the applicable rules is not necessary. Where the seniority claim is partial in the sense that the CTM contains more goods or services than those in the earlier national mark, this should be indicated in the register. Rule 84 (2) (j) and (3) (f) CTMIR provide a sufficient basis for this.

In addition or as an alternative to the examination of seniority claims, OHIM should be authorized to submit seniority claims to the national office of origin for examination.

c) Documents, database

OHIM should be required to maintain as part of the CTM file the documents filed by the CTM proprietor, or obtained by OHIM on its own initiative, showing the national mark and all relevant details. Once the national mark is surrendered or otherwise loses its effect, e.g. through non-renewal, the relevant documents showing this should also become part of the CTM file kept by OHIM, provided either by the CTM proprietor or by the national office.

OHIM should agree with all national offices to create a database containing all the necessary information about national marks which form the basis of a seniority claim, at least with regard to those national marks which are no longer registered.

3. Fees

In view of the substantial benefits resulting from a seniority claim and the work to be done, on the parts of both OHIM and the national offices, it is proposed that claiming seniority should be subject to a separate fee, to be paid for each national mark forming the basis of a seniority claim.

It is proposed that the fee should be set at a level sufficient to cover the work of OHIM. It is further proposed that the fee should also cover the work of national offices and the potential loss of fee income in case the national mark is not maintained but continues its effects. For this purpose, OHIM should pay a share of the fee to the national office.
The basis for the fee should be provided for in Articles 34 and 35 CTMR, the amount should be set in the Fees Regulation. An alternative would be to provide for the fee in Article 162 CTMR. Rule 4 CTMIR, providing for the fees to be paid with the application, would have to be amended as well.

D. Priority

I. Current law

Rather than referring to the Paris Convention (and the WTO Agreement), Articles 29 to 31 CTMR contain a complete set of provisions on priority.

Article 29 CTMR mirrors Article 4 of the Paris Convention and extends the right to claim priority to applications originating in WTO Members. Articles 30 and 31 CTMR deal with procedure.

According to Article 32 CTMR a CTM application is deemed equivalent to a national trade mark application in all Member States. This provision has no direct link with priority claims but rather constitutes a further building block connecting the CTM system and national trade mark systems of the Member States.

Article 33 CTMR provides for so-called “exhibition” priority, implementing Article 11 of the Paris Convention.

The indications required when claiming priority are provided for in Rule 1 (1) (f) and (g) CTMIR. Specific implementing rules are found in Rules 6 and 7 CTMIR (Convention and exhibition priority). Examination of priority claims is carried out as part of the examination of formalities pursuant to Rule 9 CTMIR.

II. Case law

There is one notable decision of the General Court, dealing with the question whether the mark applied for as CTM was the same as the mark first filed. In that case the marks TELEEYE and TELEYE were held to be the “same” mark for purposes of claiming priority (Judgment of 15 November 2001, Case T-128/99, Signal Communications Ltd.).

III. Opinions

1. User organizations

Different views prevail among user organizations as to the question whether OHIM should embark on a full verification of priority claims. While some (COAPI, ECTA, GRUR) were in favour of verification, based on the argument that it is important for third parties to obtain clear and reliable information on the goods and services for which priority claims were correctly made, others (APRAM, AIM, MARQUES) do
not perceive an urgent business need and therefore support OHIM’s current practice of recording claims without full verification.

4.110 2. User survey Allensbach

The question as to whether OHIM should carry out a full verification of priority claims at the time of registration formed part of the Allensbach survey. In contrast to all other questions addressing the possibility of changes in the current system, this was the only one which received a positive reply not only from a majority of proprietors (46 percent vs. 24 percent favouring the current system), but was also favoured by a majority of agents (52 percent vs. 38 percent). The answers from proprietors with a high level of OHIM activity, as well as those from large scale enterprises, were even more positive than the entire sample.

IV. Issues

1. Time limits

4.111 The time limit for claiming priority is six months (Article 29 (1) CTMR), in accordance with Article 4C (1) Paris Convention. Pursuant to Rules 6 and 7 CTMIR, where a priority claim has not been made at the time of filing, the CTM applicant may still claim priority, within a period of three months from filing. This additional period is rarely if ever utilized. When examination is carried out quickly, the application may already be published prior to the expiry of the additional three months, a situation not foreseen in the Rules.

4.112 Pursuant to Rules 6 and 7 CTMIR the applicant may file supporting documents within three months from the date of filing. This period also seems unnecessarily long.

2. Supporting documentation

4.113 The minimum formalities established in the Paris Convention are the so-called priority declaration (the claim) and information about the first filing (country, number of application). The Paris Convention allows its Member Countries to ask for subsequent compliance with additional formalities.

4.114 The CTMR and the CTMIR go beyond the minimum requirements and require the submission of a copy of the first application. That copy, if not in one of the five Office languages, must be translated into one of them.

4.115 It appears doubtful that these formal requirements are still appropriate today where much of the relevant information is easily available from the websites of the offices where the first application was filed. In any event, under Rule 6 (4) CTMIR the President of the Office may decide that less information than that required under Rule 6 (1) CTMIR suffices, but the filing of the copy of the first filing, established in Article 30 CTMR, is a requirement which the President of OHIM is hardly authorized to dispense with.
3. Degree of examination

4.116 Questions have been raised as to the examination of priority claims. Some advocate a full examination, whereas others advocate an examination limited to the formalities, especially for the presence of the necessary documentation.

V. Proposals

1. Time limits

4.117 It is proposed that the additional time limits in Rules 6 (2) and 7 (2) CTMIR, which lead to an undesired extension of the examination and may actually be an obstacle to quick examination and publication, should not be maintained.

4.118 It is further proposed that the time limit of three months provided for in Rules 6 (1) and 7 (1) CTMIR for submitting documentation for the priority claim should be reduced to two months.

2. Supporting documentation

4.119 It is proposed that the CTMR itself should not impose any formalities beyond the declaration of priority. Rather, the requirements as regards formalities and supporting documentation should be regulated by the Implementing Regulation.

4.120 The Rules should only impose easy to fulfil formal and documentation obligations. As is currently the case, the President of the Office should have the power to reduce these requirements generally or with regard to specific countries.

4.121 The requirement that priority documents must always be in one of the languages of the Office does not appear necessary. Documents in any of the official European Union languages should be accepted. If the document is in a different language, a translation into the language of the registration proceedings or into one of the Office languages should be filed.

3. Degree of examination

4.122 It appears appropriate that the Office limits its examination to the presence of the necessary documentation, which should become part of the file, and the necessary congruency between what is claimed and what is documented. Just recording certain information in the file does not, however, appear sufficient. A detailed examination, for example as to the identity of the goods or services, is not required.

4.123 The fact that preferences of users are clearly in favour of a more comprehensive examination, which is also endorsed by some user organizations, does not change this result. It is submitted that the high level of support is at least partly due to a general trend which can be seen throughout the Allensbach survey, namely that changes are welcomed which appear to provide more service. It is an open
question whether the positive answers were given in full awareness of the consequences such changes would imply, in particular regarding time delays.

4.124 It should therefore be left to the President of the Office to determine the degree of examination. The current Rules would appear to leave sufficient room for such determination.

E. Searches

I. Current law

4.125 Until March 2008, both Community searches and searches in the national registers of Member States wishing to participate in the national search pursuant to what was then Article 39 (now Article 38) CTMR were provided for. Since that time, the search in national registers has become an option which CTM applicants may choose, while the CTM search remains mandatory. CTM applicants may however not choose individual Member States but must choose all that participate in the search system.

4.126 The frame for the content of national searches is established in Rule 5a CTMIR. Rule 10 CTMIR establishes time limits for requesting the search and paying the search fee.

4.127 The optional search for potentially conflicting trade marks in national registers is currently available in 11 of the 27 Member States.

II. Positions

1. National offices

National offices in Austria, Bulgaria, Czech Republic, Croatia, Poland, Hungary, Romania, Slovakia and Slovenia have introduced a common Central European Trade Mark Observation Service (CETMOS) which enables to provide common search reports covering national and international trade mark registries in these 9 countries and the OHIM register.

2. User survey Allensbach

The Allensbach survey addressed users’ opinions about the usefulness of both the optional search of national registers and the mandatory search at OHIM. The optional search system is considered as useful by about a fifth of proprietors (19 percent), whereas 11 percent consider it as not useful at all. Opinions are more evenly divided among agents: 21 percent say that the search is useless, and 23 percent consider it as useful. The large majority in both groups (46 and 48 percent) agree with the statement that the search would only be useful if it included many more countries. In contrast to that, the mandatory search of the OHIM register is strongly supported by both proprietors and agents: 64 percent of
proprietors and 57 percent of agents are in favour of the current system, compared to 18 percent of proprietors and 26 percent of agents being in favour of an optional search. Even if these figures are aggregated with those who do not consider searches as useful at all (6 percent of proprietors and 12 percent of agents), the result remains clear.

III. Issues and proposals

4.128 The usefulness of searching after filing has been questioned from the beginning. Searching requests in national registers after the introduction of optional national searches have amounted to no more than 3 percent of all CTM applications. Also the mandatory searches at OHIM have consistently been criticised by a number of user organizations as being of little usefulness.

4.129 The user survey carried out by Allensbach has however demonstrated a surprising support for searches and notifications carried by OHIM.

4.130 Less support has been shown for national searches. As the national searches are optional, however, the question of their value to individual applicants does not arise. It is their choice whether they wish to make use of the option, and pay the required fees.

4.131 No changes in the current system with regard to optional and mandatory searches are therefore proposed. This does not exclude an improvement of the present searching techniques employed by OHIM, so as to offer high-quality reports comprising an assessment on the relevance of the hits.

4.132 Quite apart from the current regulatory scheme, it seems appropriate to grant OHIM the power to conduct searches prior to filing (indeed, at any time), and to provide a “watching service” for proprietors of marks having an earlier CTM filing date, against a payment of fees. The basis for such activity and for such services should be provided for in the context of the tasks which the Office must or should be entitled to undertake (see “OHIM tasks”).

F. Fees and fee structure

I. Current law and facts

1. Legislation

4.133 The fees to be paid for trade mark and design procedures are established in separate Fees Regulations, for trade marks and for designs. The legal basis for the Fees Regulation for trade marks is Article 144 (3) CTMR, the legal basis for the Fees Regulation for designs is Article 107 (3) CDR. The Fees Regulations were adopted by the Commission pursuant to Article 163 (2) CTMR and Article 109 CDR in the so-called Comitology procedure. For trade marks: Commission Regulation No 2869/95 of 13 December 1995, OJ EU No L 303 of 15.12.1995, p. 33, last amended by Commission Regulation (EC) No 355/2009 of 31 March 2009,

4.134 As regards the relationship between the budget and the fees, Article 144 (2) CTMR provides:

“The amounts of the fees shall be fixed at such a level as to ensure that the revenue in respect thereof is in principle sufficient for the budget of the Office to be balanced.”

4.135 The principal trade mark fees are as follows (since 1 May 2009):

<table>
<thead>
<tr>
<th>Fee</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application</td>
<td>1050</td>
</tr>
<tr>
<td>Electronic application</td>
<td>900</td>
</tr>
<tr>
<td>Additional fee for each class after the third</td>
<td>150</td>
</tr>
<tr>
<td>Application for international registration</td>
<td>300</td>
</tr>
<tr>
<td>Madrid Protocol EU designation</td>
<td>870</td>
</tr>
<tr>
<td>Madrid Protocol additional fee for each class after the third</td>
<td>150</td>
</tr>
<tr>
<td>Registration</td>
<td>0</td>
</tr>
<tr>
<td>Renewal</td>
<td>1500</td>
</tr>
<tr>
<td>Electronic renewal</td>
<td>1350</td>
</tr>
<tr>
<td>Additional fee for each class after the third</td>
<td>400</td>
</tr>
<tr>
<td>Madrid Protocol renewal</td>
<td>1200</td>
</tr>
<tr>
<td>Madrid Protocol renewal additional fee for each class after the third</td>
<td>400</td>
</tr>
<tr>
<td>Opposition</td>
<td>350</td>
</tr>
<tr>
<td>Cancellation</td>
<td>700</td>
</tr>
<tr>
<td>Appeal</td>
<td>800</td>
</tr>
</tbody>
</table>

2. Fee income and expenditure; surplus

4.136 The following (rounded) figures are taken from OHIM’s Annual Accounts 2009, published in June 2010 and from the 2010 budget.

4.137 The fees paid to OHIM for trade marks and designs amounted to € 178,5 Mio in 2009 (€ 197,5 Mio 2008). The amount received for trade mark procedures was € 161,1 Mio in 2009 (€ 179,7 Mio in 2008). The income was higher in 2008 in spite of comparable activity because the amendments of the Fees Regulation with the abolition of the registration fee and the new application fee came into force on 1 May 2009.

4.138 The revenue from CTM fees as at 31 December 2009 and 2008 is detailed below:

<table>
<thead>
<tr>
<th>Fee</th>
<th>Number 2009</th>
<th>Number 2008</th>
</tr>
</thead>
</table>

183
<table>
<thead>
<tr>
<th>Service</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic fees</td>
<td>82,954</td>
<td>68,663,891.00</td>
<td>83,354</td>
<td>63,247,247.00</td>
</tr>
<tr>
<td>Fees for additional classes</td>
<td>51,553</td>
<td>7,751,180.00</td>
<td>54,973</td>
<td>8,222,844.00</td>
</tr>
<tr>
<td>Opposition fees</td>
<td>8,372</td>
<td>2,930,025.00</td>
<td>10,414</td>
<td>3,645,075.00</td>
</tr>
<tr>
<td>Registration fees</td>
<td>49,947</td>
<td>46,780,620.00</td>
<td>81,420</td>
<td>75,738,508.00</td>
</tr>
<tr>
<td>Renewal fees</td>
<td>18,837</td>
<td>29,710,618.00</td>
<td>15,023</td>
<td>23,436,888.00</td>
</tr>
<tr>
<td>Appeal fees</td>
<td>1,524</td>
<td>1,219,200.00</td>
<td>1,737</td>
<td>1,389,600.00</td>
</tr>
<tr>
<td>Cancellation fees</td>
<td>718</td>
<td>502,600.00</td>
<td>698</td>
<td>488,600.00</td>
</tr>
<tr>
<td>Inspection fees</td>
<td>8,111</td>
<td>600,380.00</td>
<td>9,712</td>
<td>778,759.00</td>
</tr>
<tr>
<td>Recordal fees</td>
<td>2,165</td>
<td>433,200.00</td>
<td>1,811</td>
<td>362,200.00</td>
</tr>
<tr>
<td>International applications</td>
<td>3,701</td>
<td>1,110,300.00</td>
<td>3,598</td>
<td>1,078,200.00</td>
</tr>
<tr>
<td>Search fees</td>
<td>2,678</td>
<td>430,777.00</td>
<td>2,549</td>
<td>325,041.00</td>
</tr>
<tr>
<td>Total</td>
<td><strong>161,119,671.05</strong></td>
<td><strong>179,741,286.30</strong></td>
<td><strong>161,119,671.05</strong></td>
<td><strong>179,741,286.30</strong></td>
</tr>
</tbody>
</table>

4.139 The heading “Basic fees” in 2009 also includes € 8,404,716 representing incoming revenue from WIPO in the framework of the Madrid Protocol. The heading “Registration fees” includes € 12,300,420 coming from WIPO. The total revenue coming from WIPO represents around 12 percent of the total fee revenue.

4.140 The heading “International applications” corresponds to the fees paid for handling applications for registration of a Madrid Protocol mark on the basis of a CTM application or registration.

4.141 The following table presents an overview of income and expenditure.
The surplus in 2009 amounted to € 56,4 Mio (€ 80,9 Mio in 2008). As a result of accumulated surplus over the years OHIM has a capital reserve of € 442,4 Mio, of which € 201,2 Mio (the cumulated surplus of the financial years until 2006) is placed in a reserve fund.

3. Trade mark activity

The following tables, taken from OHIM’s website, show trade mark activity in 2009, and prior years, as well as in the first half of 2010.
### SSC009 - Statistics of Community Trade Marks 2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Applications Demande</th>
<th>Publications Veröffentlicht</th>
<th>Registrations Eingegetragen</th>
<th>Renewals Verlängerung</th>
<th>% Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>43,264</td>
<td>32,284</td>
<td>26,520</td>
<td>25,402</td>
<td>22%</td>
</tr>
<tr>
<td>1997</td>
<td>27,318</td>
<td>24,881</td>
<td>21,520</td>
<td>17,400</td>
<td>52%</td>
</tr>
<tr>
<td>1998</td>
<td>31,656</td>
<td>29,069</td>
<td>26,211</td>
<td>14,921</td>
<td>50%</td>
</tr>
<tr>
<td>1999</td>
<td>41,397</td>
<td>38,862</td>
<td>32,862</td>
<td>16,650</td>
<td>51%</td>
</tr>
<tr>
<td>2000</td>
<td>67,691</td>
<td>52,165</td>
<td>43,960</td>
<td>43,960</td>
<td>1%</td>
</tr>
<tr>
<td>2001</td>
<td>49,494</td>
<td>48,846</td>
<td>37,865</td>
<td>37,865</td>
<td>3%</td>
</tr>
<tr>
<td>2002</td>
<td>48,598</td>
<td>42,033</td>
<td>36,246</td>
<td>36,246</td>
<td>8%</td>
</tr>
<tr>
<td>2003</td>
<td>59,645</td>
<td>53,629</td>
<td>47,004</td>
<td>47,004</td>
<td>9%</td>
</tr>
<tr>
<td>2004</td>
<td>69,791</td>
<td>54,268</td>
<td>47,215</td>
<td>47,215</td>
<td>97%</td>
</tr>
<tr>
<td>2005</td>
<td>65,390</td>
<td>59,963</td>
<td>52,759</td>
<td>52,759</td>
<td>0%</td>
</tr>
<tr>
<td>2006</td>
<td>77,850</td>
<td>71,666</td>
<td>62,283</td>
<td>62,283</td>
<td>8%</td>
</tr>
<tr>
<td>2007</td>
<td>86,444</td>
<td>82,064</td>
<td>69,727</td>
<td>69,727</td>
<td>9%</td>
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<tr>
<td>2008</td>
<td>87,904</td>
<td>80,983</td>
<td>67,486</td>
<td>67,486</td>
<td>2%</td>
</tr>
<tr>
<td>2009</td>
<td>88,191</td>
<td>60,364</td>
<td>20,051</td>
<td>20,051</td>
<td>72%</td>
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### SSC009 - Statistics of Community Trade Marks 2010

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<td>24,253</td>
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<td>2009</td>
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<td>20,051</td>
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<td>72%</td>
</tr>
</tbody>
</table>

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II. Positions

1. User organizations

4.144 User organizations addressed the issue of fees primarily in connection with the plans to redistribute part of OHIM’s renewal fees to the national offices, or more generally as an aspect of coexistence between the systems. Some user organizations state that lower fees will always be favourable (ECTA and GRUR), whereas others take into account that setting application fees too low would lead to increased numbers of registrations and consequently to more opposition or revocation procedures (AIPPI Belgium). Furthermore, the opinion is expressed by some that OHIM fees should not jeopardize the existence and the raison d’être of national offices, as they are an important factor when deciding between national and EU filing (ECTA, COAPI, APRAM and IP Federation).

4.145 An argument brought forward by user organizations holds that other OHIM fees (in particular fees for renewal, opposition and revocation) should be aligned with the reduction of application fees (AIM, FICPI, COAPI and IP Federation). However, this should not mean an automatic reduction of such other fees: all relevant factors should be taken into account.

4.146 The latter view was also endorsed by representatives of national offices.

2. Allensbach survey

4.147 The level of fees at OHIM, as well as their impact on the decisions to file or renew CTMs was addressed in the Allensbach survey. 34 percent of proprietors and 50 percent of agents considered the basic fee as “just about right”, whereas 59 percent of proprietors and 42 percent of agents claimed that the fees were “a bit” or even “far too high”. Regarding the renewal fee, the aggregated shares of proprietors who claim that the fees are “a bit” or “far too high” amount even to 78 percent; for agents, the corresponding figure is 71 percent.

4.148 Both groups addressed by the survey stated that fees have a strong influence on their decisions to apply for or renew a CTM: Only a small minority – 18 percent of proprietors and 13 percent of agents – replied that fees had practically no influence on their own or their clients’ decisions, whereas 74 percent of proprietors and 83 percent of agents stated that the application fees had at least some, or even the greatest influence (the latter category “greatest influence” was chosen by 21 percent of proprietors and 26 percent of agents). As can be expected, the results vary between the different subgroups in each category of users; not surprisingly, SMEs as well as proprietors with a low or medium level of OHIM activities prove to be more sensitive towards fee issues than large scale companies.

III. Issues

1. Level of fees
In view of the substantial surplus generated for many years the principal question is whether the overall level of fees as currently set is justified.

This question is closely linked to the question as to whether the fees must be set at a level sufficient to cover the actual operations of the Office, or whether the overall level of fees, and in particular the level of application, registration and renewal fees, can continue to be set at a level above operating costs while the opposition, cancellation and appeal fees are set at a level substantially below the operating costs.

When analysing the overall level of fees, it is of course necessary to take into account not only the individual tasks for which the fees are paid, but also the expenditure related to the operations as a whole and for each of these activities. The current surplus generated by the Office would therefore be lower if the Office were to assume additional tasks for which no equivalent additional fee income would be available, or if the Office would expend more resources on the core activities (administering trade marks and designs) for which fees are paid, such as employing more or better qualified staff, improving or adding to the premises, increasing cooperation activities (for which the current Cooperation Fund is an excellent example).

The issue of the level of fees also requires to take into account the current and the potential future mandate of the Office. If the Office has or is given tasks other than the administration of Community trade marks and designs, and if these tasks are not financed differently, the fees will have to be set at a level to take into account these additional tasks as well. An important element is the decision taken by the Council that an amount equivalent to 50 percent of the renewal fees should be paid to the national trade mark offices of the Member States. The issue of the distribution of these amounts is dealt with elsewhere ("Distribution of fee income to national offices"), but for the present purposes the amount to be distributed must be included in the income, i.e. in the fees paid to the Office.

The basic issue can also be put somewhat differently: must the overall level of fees paid for the protection of CTMs (and Community designs) only reflect the costs of the Office for executing its tasks whatever they are, or may (or must) they also take into account other considerations, such as the overall functioning of the CTM system, the function of facilitating the choice between national protection and Community-wide protection, or the value of the right conferred on the proprietors of these rights? This value of the right is reflected by the fact that CTM protection covers a territory comprising 27 Member States. Establishing trade mark protection via the Madrid system, even in only some Member States, would amount to considerably higher costs. Furthermore, it is a common feature in trade mark practise that fees are normally set in proportion to the size of the territory or country to which the protection extends. It is therefore our view that a "fee policy" that takes into account additional considerations, such as a "selection function" or the "value" of the right is indeed possible and legitimate, and perhaps even necessary, not least in view of the situation where national trade mark protection continues to exist alongside the Community trade mark system. The principle laid down in Article 139 (2) CTMR whereby the budget of OHIM must be balanced does not preclude taking account such additional factors. This answer brings with it the further question of who should be entitled to the surplus generated from
trade mark and design operations, after all expenses and contributions are paid and appropriate reserve funds are established. An answer to this question is not part of this Study.

4.154 One should also not forget that the granting of Community-wide IP rights brings with it costs which are not accounted for in the office’s budget. For example, each year more than 200 new cases are brought to the General Court and the Court of Justice on appeal from office decisions. These courts are financed by the European Union’s general budget; the parties do not pay any court costs. Also, Community trade marks and designs are exclusive rights enforceable and effective in the legal systems of the Member States and can be asserted in administrative and judicial proceedings in the same manner as national rights, but the costs of these proceedings are not reflected in the budget of the office, or in the fees paid for these rights.

2. Level of individual fees

4.155 The fees for the operations of the Office as established in the Fees Regulation are supposed to cover, overall, the costs of the Office. There is no claim made, and no argument supporting the view, that each individual fee must reflect the actual cost of carrying out the respective operation. Were it otherwise, the renewal fee would have to be set very much lower, and probably the opposition, cancellation, and appeal fees would have to be set much higher. Instead, the fees are set at such a level that the fees as a whole are sufficient to balance the budget. A look at the fees set by the national Offices of the Member States reveals that there is no uniform fee structure. The current fee structure at OHIM, with a renewal fee substantially higher than the application fee is also practised by some national Offices. However, it is different from the structure set by the majority of national Offices of the Member States, in particular those which operate on a financially autonomous basis. Almost all Offices with financial autonomy have set the fees for an application and a renewal at nearly the same level, with an exception for Portugal where the application fee is twice as high as the renewal fee. Among the national Offices which run on state budget the situation varies. Some (Cyprus, Estonia, Greece, Ireland, Italy, Latvia, Malta, Slovakia) follow the model of an application and renewal fee at the nearly same level, some (Bulgaria, Czech Republic, Lithuania, Slovenia) follow the Portuguese model, and some (Austria, Germany, Poland) practise the OHIM model at different stages.

4.156 When the Fees Regulation for trade marks was adopted in 1995, i.e. before the actual operations began (1 April 1996), the conception was that the primary fees (application, registration, renewal) would be sufficient to cover almost all of the costs of the Office, with the idea being that about one-third each of the costs would be covered by application, registration and renewal. It is for this reason that the renewal fees were set originally at a level substantially above the fees for application and registration. These proportions have been changed somewhat with the most recent amendment of the Fees Regulation and the abolition of the registration fee. The fees for the principal proceedings other than registration, namely opposition, cancellation, and appeal, were set, and continue to be set, at levels seen at the time as proportionate and reasonable, also taking into account the ability of all proprietors of rights, including SMEs, to take advantage of the
Office proceedings, in particular as regards the defense of their rights against later CTM applications or registrations.

4.157 From the information presented above it appears that the considerations underlying the setting of the fees in 1995 proved globally justified. From the total of about € 179,7 Mio trade mark fees in 2008, more than 95 percent (170,6 Mio) came from application (71,5 Mio), registration (75,7 Mio), and renewal (23,4 Mio) fees. The figures for 2009 are similar, except that the share of the registration fee is lower (and will disappear for 2010) because the most recent change led to the abolishment of a separate registration fee: total income € 161,1 Mio, fees from application (76,4 Mio), registration (46,8 Mio), renewal (29,7 Mio): 152,9 Mio. Differing from the original estimates, the far larger than anticipated number of CTM applications has contributed to a situation where the fee income from applications and registrations has been more than sufficient to cover the expenses of the operations of the Office.

4.158 For 2010, the Office is projecting trade mark fees below € 150 Mio. In future years the share of renewal fees in absolute terms and as part of total income is likely to be higher and continue to grow because of the higher number of applications filed in 2000 and beyond as compared to the early years of the operations of the Office.

4.159 For the overall fee income of the Office, unless the application and renewal fees are lowered substantially, the other fees for the various proceedings carried out by the Office are of relatively little relevance. As regards the other principal procedural fees (opposition, cancellation, appeal), they have remained unchanged since the beginning of Office operations and are thereby, in real terms, lower than when they were introduced.

3. Class fees

4.160 Currently, separate class fees must be paid only when registration is requested or renewed for more than three classes. The amount paid for class fees for applications (and registrations) amounted to € 8,2 Mio in 2008 and 7,8 Mio in 2009. There is no breakdown for renewals.

4.161 It has been explained and proposed elsewhere (Chapter 2 E “Use requirement”) that it would be appropriate to require class fees to be paid for each class. This can be done by including the fee for the first class in the basic fee, and requiring an additional fee for each additional class.

IV. Conclusions

1. Level of fees

4.162 The overall level of fees must in any event be sufficient to cover the expenses of the operations of the Office, which include the various trade mark (and design) operations and any future additional tasks included in the mandate of the Office, as well as any payments made by the Office to national trade mark offices (equal
to 50 percent of the renewal fees). The level of fees should also be sufficient to establish and maintain an adequate reserve fund.

4.163 Furthermore, there is no objection in principle to setting the fees at a level which takes into account additional considerations, such as a “steering function” facilitating a choice between CTMs and national marks, or the actual and potential value of the intellectual property right granted by the Office, even if this should lead to a permanent surplus.

4.164 Overall, under this perspective, the current fee levels appear to be appropriate, and could even be increased.

2. Level of individual fees

4.165 As long as the overall level of fees is sufficient to cover the operations of the Office the level of each individual fee is a matter in which the legislature (the Commission) has substantial discretion and may take into account various interests. These include the interests of CTM applicants and proprietors, the interests of those likely to be affected by CTM applications and registrations, such as owners of earlier rights, and of course also the interests of the European Union as a whole and of its Member States in maintaining an adequate balance between their trade mark systems and the CTM system.

4.166 The current situation where more than 90 percent of the fees come from application (and registration) and renewal appears justified.

4.167 As regards the proportion between application (and registration) on the one side and renewal on the other, a renewal fee substantially higher than the application (and registration) fee appears entirely justified in view of the value of an existing and continuing registration valid and enforceable in the whole territory of the European Union. A renewal fee at twice the level of the application (and registration) fee appears appropriate. A renewal fee at such a level may also contribute to preventing trade marks from being renewed which are not used at all or only of marginal value to their proprietors.

4.168 As regards fees for opposition, cancellation, and appeal, they have remained unchanged. They still appear appropriate today taking into account that opposition proceedings are available to protect earlier rights, as are cancellation proceedings, and that access to these procedures should remain available to all at reasonable cost. Cancellation proceedings, to the extent that absolute obstacles to protection or absence of genuine use are at issue, also serve an important public interest. Appeal proceedings are necessary to protect the interest of parties to Office proceedings. They also provide an efficient and effective first-instance in-house judicial review prior to access to the Community courts.
G. Costs

I. Current legislation

4.169 This section of the Study deals with costs, the rules for their award, and the means of enforcing cost awards.

4.170 Article 85 CTMR establishes the principles for the award of costs in proceedings before the Office. In ex parte proceedings no costs are awarded, whereas in inter partes proceedings the losing party pays the costs of the winning party, unless for reasons of equity a different apportionment is decided by the Office. Special rules apply when proceedings do not reach a final decision. For example, according to Rule 18 CTMIR, where an opposition case is settled within the “cooling-off” period no costs are awarded, and the opposition fee is reimbursed if the contested application is withdrawn or limited to less than the original goods or services.

4.171 Rule 94 CTMIR establishes the maximum amounts that may be recovered under the aspect of professional representation. These amounts were originally fixed at € 250 for opposition cases, € 400 for cancellation cases, and € 500 for appeal proceedings. These amounts were increased somewhat in 2005 by Commission Regulation No 1041/2005 and are fixed since then at € 300 for opposition cases, € 450 for cancellation cases, and € 550 for appeals.

4.172 According to Article 86 CTMR, costs awards are enforceable titles, subject to following the procedures for enforcing such decisions, which include obtaining an order for enforcement in the Member State where the cost award is to be enforced.

II. Case law

4.173 There is case law of the General Court which reviews cost awards made by the Boards of Appeal. There is no need to refer to these judgments in the current context.

III. Opinions

4.174 User organizations consider the current regime on costs as problematic insofar as it is often difficult and expensive to recollect the costs from the losing party (ECTA). However, it is not expected that the situation would be substantially improved by raising the level of claimable amounts (ECTA, AIM). It is also stated that whereas the possibility to claim higher amounts in specific cases, such as pointless or vexatious claims, could have a certain deterring effect, it would be very difficult in practice to differentiate between “normal” and “vexatious” claims (AIM).
IV. Issues and proposed solutions

1. Costs and cost awards

4.175 Questions have been raised regarding the amounts awarded, as they are substantially below the fees that parties to proceedings before the Office generally have to pay for professional representation.

4.176 The current rules of cost awards are the result of a compromise reached at the time the CTMR and the CTMIR were adopted. At the time some were in favour of a rule that, in principle, each party should bear its own costs, subject to a cost award in cases where this would be equitable. Other advocated a full recovery by the winning party. The current system with a low ceiling to awarded costs was the outcome. This outcome was defended in particular in the interest of SMEs which might otherwise have been confronted with incalculable risks when filing CTMs, in view of the potential for oppositions, and also as potential opposing parties. Other elements of this compromise were that the opposition fee was set at a relatively low level, and has remained so at € 350, and that oppositions could be based on any number of earlier rights held by the opponent, without the addition of additional rights increasing the costs (fees or cost awards).

4.177 Overall, the current rules appear appropriate, and no proposals are made in this Study to change the current balance.

4.178 Questions have been raised regarding whether the award criteria should be altered, or whether different amounts should be awarded in cases of obviously unfounded or “abusive” oppositions.

4.179 As regards the first issue – award criteria – as explained earlier the basic principles appear sound and should be maintained. The Office and its various departments and divisions have sufficient margins to adopt decisions departing from the principle that the losing party must pay.

4.180 As regards the second issue – different amounts in unfounded or “abusive” cases – no specific proposals have been made in this regard. It would appear difficult to establish criteria for determining which cases would fall into the category of “abusive” or similar cases meriting a higher cost award. There are also no data available which would show that a significant number of opposition or invalidation proceedings are brought “abusively”.

2. Enforcing cost awards

4.181 There are frequent complaints about the difficulties of enforcing cost awards against parties not voluntarily paying any costs imposed against them. Even though cost decisions constitute enforceable titles, the efforts necessary for recovering money awards from uncooperative debtors are rarely warranted in view of the expense involved and the low amount of costs actually awarded.

4.182 No reliable statistics exist showing the number of cases where debtors do not pay the costs awarded against them. Without such evidence it would appear difficult to
propose solutions which would unsettle the current system. For example, it would not appear appropriate to raise the amount of costs that can be awarded merely to make an eventual enforcement procedure more realistic.

4.183 It seems possible nevertheless to improve the current situation without changing the amounts.

4.184 For example, not all Member States appear to have designated the competent authority for making the enforcement order, as provided for in Article 86 (2) CTMR. According to the information available from the Office’s website, the following Member States have designated the competent authority: Austria, Belgium, Denmark, Estonia, France, Germany, Ireland, The Netherlands, Slovakia and the UK, i.e. less than half of all Member States. Also, some of these Member States have designated several competent authorities (for example, all courts of first instance in Belgium and The Netherlands). Most of the designations are of the national industrial property office. According to Article 86 (2) CTMR, the designated authority must be communicated to the Court of Justice and to the Office. It would be appropriate to provide also for communication to the Commission so that the Commission can control whether Member States have fulfilled their obligation. The Commission should insist that all Member States designate the responsible authority. Also, it would seem appropriate that the Member States must designate a single authority. Furthermore, all the details of communicating with this authority should be made available.

4.185 Obtaining an enforcement order in a Member State will normally require a translation of the decision fixing the costs into the language of the respective Member State. Matters could be facilitated if the Office would issue on request a document, in any of the languages required, evidencing the amount of the fixed costs. The Office could have a standard document in all languages which would be completed by adding the fixed amount. The situation would improve if obtaining the order of enforcement were uncomplicated and unbureaucratic, and could actually be done directly by the creditor or his representative.

4.186 Outside of the legislation, OHIM should discuss with the NGOs represented before it, and national authorities should discuss with organizations in their respective countries, measures to facilitate the recovery of cost awards.

V. Proposals

4.187 It is proposed to leave Article 85 CTMR and Rule 94 CTMIR unchanged.

4.188 Article 86 (2) CTMR should be amended to require Member States to designate a single competent authority and communicate to the Court of Justice, to the Commission and to the Office all details of communication with that authority.

4.189 The Office should develop a standard form in all languages to be issued on demand showing the amount to be enforced.
H. Opposition and cancellation

I. Current law

1. Overview

4.190 Once it is established that no formal or substantive obstacles exist, CTM applications are published. Thereafter third parties may present observations regarding the registrability of the mark as concerns absolute grounds of refusal. The Office may thereafter reopen the examination.

4.191 As regards earlier rights as obstacles to registration, the CTMR distinguishes between pre-registration opposition proceedings and post-registration revocation or invalidation (jointly referred to here as cancellation) proceedings. Opposition may be based only on trade mark rights, while cancellation proceedings may be initiated on the basis of any earlier right in conflict with a later trade mark as well as on all “absolute” grounds that prevent registration of a trade mark. Furthermore, in cancellation proceedings events occurring after registration, such as non-use or development of a mark to a generic or deceptive indication may be invoked. Competence for opposition is limited to OHIM, while cancellation proceedings may be initiated either before OHIM or as a counterclaim to an infringement action brought by the CTM proprietor.

2. Opposition

4.192 Opposition grounds are provided for in Article 8 CTMR. Opposition proceedings are the subject of Articles 41 and 42 CTMR and Rules 15 to 22 CTMIR.

3. Cancellation

4.193 The grounds for revocation and invalidation are provided for in Articles 51, 52 and 53 CTMR. Article 54 CTMR deals with acquiescence. Article 55 CTMR deals with the effect of revocation and invalidation decisions. Articles 56 and 57 CTMR and Rules 37 to 41 deal with cancellation procedures. Article 100 CTMR deals with counterclaims for a declaration of revocation and invalidity.

II. Case law

4.194 There is a multitude of cases of the General Court and the Court of Justice dealing with opposition and cancellation cases and the procedural rules applicable in these cases. No useful purpose would be served if an analysis of these cases would be undertaken.

III. Positions

1. User organizations
Most user organizations stating an opinion on this point are in favour of a system when oppositions are filed before registration, instead of a post-registration system (FICPI, AIM and APRAM).

Regarding the period for filing a notice of opposition, the majority of user organizations endorses the three-month period.

2. Allensbach survey

Opposition proceedings were addressed in the Allensbach survey under the following aspects:

- the time allowed for filing a notice of opposition;
- whether the current system should be changed from pre-registration to post-registration opposition;
- whether accelerated registration procedures should be available, i.e. registration for a higher fee and with opposition only after registration;
- whether non-registered trade marks and other signs used in the course of trade should be examined upon opposition, or only in invalidation proceedings.

The reactions to all these questions show that there is only little support for changes of the current system. 47 percent of proprietors and 61 percent of agents answer that the time for filing a notice of opposition should remain at three months instead of being curtailed to two months; only 26 percent in both groups would welcome the proposed change. Regarding post-registration opposition, 55 percent of proprietors and 68 percent of agents favour the current approach, whereas 14 percent of proprietors and 19 percent of agents answer that a change would be a “good idea”. Also the proposal to introduce accelerated registration proceedings is rejected by a majority in both groups: 50 percent of proprietors and 51 percent of agents want to retain the current practice, whereas 32 percent of proprietors and 40 percent of agents would opt for a change. Concerning examination of non-registered marks and other signs, the result is clearest: 52 percent of proprietors and 75 percent of agents are against a change which would only be endorsed by 9 percent of proprietors and 11 percent of agents.

IV. Issues

1. Opposition

a) Pre- or post-registration opposition

Currently, opposition is available after publication and before registration of a CTM application. If an opposition is brought, registration may be postponed for many years. This delays the enforceability of trade mark rights often for long periods. Also, oppositions are brought only against less than 20 percent of all applications.
Nevertheless, all, even unopposed, CTM applications do not mature to registration for at least the opposition period of three months, even though no obstacles exist.

4.200 Therefore, suggestions have been made to introduce instead of a pre-registration opposition, as currently provided, a post-registration opposition, as it exists, for example, in Austria (since 1 July 2010) and in Germany.

4.201 It has also been suggested to introduce, at the option of the applicant, an accelerated registration procedure, available for an additional fee, which would result in early registration and a post-registration opposition.

4.202 It should be recognized that introducing a post-registration opposition system, either as a general rule or for “accelerated” cases, amounts in essence to moving away from opposition altogether to a (post-registration) cancellation system.

4.203 Opposition proceedings were conceived and are actually handled by the Office as essentially paper-based proceedings for a quick resolution of trade mark conflicts, with strict time limits and with a full examination always possible in a cancellation proceeding.

b) Grounds of opposition

4.204 The grounds of opposition are limited to earlier rights belonging to the category of earlier registered trade marks or other earlier unregistered trade marks or similar rights, all provided for in Article 8 CTMR. Other earlier rights, in accordance with Article 53 CTMR, are available only in invalidation actions.

4.205 The question has been raised whether this limitation continues to make sense or whether additional grounds should be included in the catalogue of grounds available in opposition proceedings.

4.206 At the one side of the debate are those advocating a complete identity between opposition and cancellation grounds. On the other side are those advocating maintaining the current system, and perhaps even reducing the possibility to invoke unregistered rights. In between there are those advocating enlarging the opposition grounds only somewhat, notably by including the ground that the application has been filed in bad faith.

4.207 For those advocating identity of grounds, thus primarily making all absolute grounds of refusal also a ground for opposition, the distinctions between pre-grant opposition and post-grant cancellation should appear of little if any relevance.

4.208 A specific issue arises with regard to unregistered rights, within the meaning of Article 8 (4) CTMR, which are of larger than merely local but less than Member State-wide significance.

4.209 As regards opposition based on earlier marks in the absence of likelihood of confusion but instead of reputation and detriment to distinctiveness or reputation, Article 8 (5) CTMR limits this to earlier registered marks. Unregistered well-known marks are not included. However, extended protection for non-registered marks or
other signs used in trade may be claimed on the basis of article 8 (4) CTMR, depending on the availability of such protection under national law.

c) Consent

4.210 Whereas for cancellation consent to registration constitutes a bar (Article 53 (3) CTMR), no such bar is provided for opposition cases, even though the situation and the “equities” of the case are comparable.

d) Time limits

4.211 It has been suggested that the current time limit of three months for filing oppositions is too long and should be reduced to two months.

4.212 It has also been pointed out that the current time limit for opposing Madrid marks extended to the Community, which is three months beginning six months after the publication of the particulars of such marks in the CTM Bulletin, is too long, particularly in view of the abolition of mandatory searches and the resulting acceleration of registration proceedings in most cases. These issues are discussed below, Chapter 5.

e) Separation of admissibility and substance

4.213 Current law requires OHIM to examine admissibility first and determine whether the opposition is admissible before the commencement of the adversarial phase of the opposition which begins when Office sets into motion the time schedule for the cooling-off period and the submissions by the parties. The current separation between admissibility examination and examination of oppositions as to substance prolongs opposition proceedings primarily in those cases where opposition notices contain defects which may be remedied (“relative” inadmissibility grounds) pursuant to Rule 17 (4) CTMIR. Many of these “relative” defects should be considered as elements of an opposition that fall under the substantiation requirement in Rule 19 CTMIR. It has been suggested that the current provisions complicate opposition proceedings unnecessarily, the more so as admissibility issues may still arise and be judged in the final decision anyway.

f) Identification of evidence

4.214 A common problem in opposition (and cancellation) cases is that parties submitting evidence often do not identify the evidence and do not link it to the specific claim which the evidence is supposed to support. Particularly notable are such deficiencies when proof of the well-known character of a mark, or its degree of distinctiveness, or its reputation are at issue, or when evidence is presented to
support a claim of use. Such unsorted or not properly identified evidence presents problems not only for OHIM, but also for the other party to the proceedings.

2. Cancellation

a) Grounds for revocation – generic indications

According to Article 51 (1) (b) CTMR a registered CTM may be revoked if it has “become the common name in the trade for a product or service in respect of which it is registered”. The terminology used in Article 51 (1) (b) CTMR differs from the terminology in Article 7 (1) (d) CTMR, according to which a trade mark may not be registered if it consists exclusively of signs or indications “which have become customary in the current language or in the bona fide and established practices of the trade”. It would appear appropriate to align the wording of both provisions, since both concern a situation where the mark is or has become a generic indication.

b) Separation of admissibility and substance

The need to maintain a separate admissibility examination and substantive examination by OHIM has been questioned. The issue is similar to that raised with regard to oppositions. However, where an opposition is inadmissible it may not be repeated, unless, which is rarely if ever the case, the opposition period is still running. Inadmissible cancellation actions may be repeated without time limit.

c) Res iudicata

It has been pointed out that Articles 57 (3) and 100 (2) CTMR, dealing with res iudicata of earlier decisions, apply, in OHIM cancellation cases, only to earlier final court decisions, and in court decisions, only to earlier OHIM decisions. The respective res iudicata effect should be mutual.

It is well-established in the case law of the General Court that opposition decisions do not constitute res iudicata for later cancellation (or infringement) proceedings.

d) Identification of evidence

A common problem in cancellation (and opposition) cases is that parties submitting evidence often do not identify the evidence and do not link it to the specific claim which the evidence is supposed to support. Particularly notable are such deficiencies when proof of the well-known character of a mark, or its degree of distinctiveness, or its reputation is at issue, or when evidence is presented to support a claim of use. Such unsorted or not properly identified evidence presents problems not only for OHIM, but also for the other party to the proceedings.

e) Alignment with rules in opposition cases
4.220 The rules applicable in revocation and invalidation proceedings to some degree parallel those applicable in opposition cases. However, some rules applicable in opposition proceedings have no parallel in cancellation proceedings. This applies, for example, for suspension (Rule 20 (7) CTMIR) and the specifics of proof of use (Rule 22 CTMIR on the one hand and Rule 40 (5) and (6) CTMIR on the other).

V. Proposals

1. Opposition

a) Pre-registration or post-registration opposition

4.221 Given the opposition statistics it would seem to make sense to opt for a post-registration opposition (i.e. cancellation) system. This would accelerate registration, and would obviate any need to differentiate between the grounds on which an opposition and the grounds on which a cancellation may be based.

4.222 However, as the Allenbach survey has shown, there is very little support for converting pre-registration opposition to post-registration opposition. Similarly, there is very little support for an accelerated registration procedure, similar to that existing in some Member States.

4.223 Therefore, no proposals are made to change the current procedural situation, which distinguishes between opposition and cancellation proceedings.

b) Grounds

4.224 It appears appropriate to limit the grounds for oppositions to trade marks and similar rights, such as those currently provided for in Article 8 CTMR. As regards earlier trade marks, it is proposed under “Seniority” to preclude opposition based on national marks (or other earlier rights) which have been acquired, in the same Member State, later than the national mark providing the basis is for a seniority claim. As regards reputation marks, it is proposed to accord protection beyond likelihood of confusion not only to registered national or Community marks, but also to unregistered well-known marks. This can be achieved easily by replacing “registered” in what is currently Article 8 (5) CTMR with “protected” (now proposed new Article 8 (5)(1)(c) CTMR). This is in line with the proposal made above that trade marks which are well-known in the Member States are also protected against unfair use made of, and detriment done to, their reputation or distinctive character, irrespective of registration. As regards unregistered trade marks and other signs used in the course of trade, it is proposed in the Chapter 3 B “Further territorial issues of CTM protection” that the right to bring an opposition and request for cancellation should be limited to rights with a Member State-wide scope of protection.

c) Consent
It is appropriate to allow the CTM applicant to defend himself against an opposition by arguing (and proving) that the opponent has consented to the application and registration.

d) Time limits

The Study is well aware of OHIM’s interest to speed up the procedures before the office as the time these procedures take is, from the user's perspective, an important feature of OHIM's performance. However, the current three months period complies with the legal situation in a majority of national systems (14 out of 25). Even longer periods for filing an opposition in the form of an appeal apply in Greece and in Poland (4 and 6 months respectively; for Malta, no clear information is available). A time limit of 2 months currently applies in the three Nordic countries, France, Spain, Portugal, Bulgaria (which does not have a genuine inter partes opposition procedure; see Part II Chapter 1 D VII), and in the Benelux system (with the two months period being counted from the beginning of the month following publication of the approved application). That the time limit set for filing an opposition on the Community level corresponds to the three months period applying in the majority of Member States appears plausible in view of the fact that the decision to file an opposition against a CTM often requires rather complex investigations regarding the status of prior rights in different Member States, etc. The user’s reactions in the Allensbach survey also show quite clearly that the current time limit of three months has their support. That clear vote should only be set aside if it could be established that a reduction of the current time limit by one month would have substantial advantages, either for OHIM or for the system as a whole. However, such advantages can hardly be found. For OHIM, reduction of the time limit would not help to speed up the internal proceedings, which are only commenced anyhow after the opposition has been filed. It is also not to be assumed that a one month reduction of the opposition procedures will have significant impact on the user’s perception of OHIM’s performance. If users tend to be dissatisfied with the duration of opposition proceedings, which was indeed one of the results of the Allensbach survey, this rather concerns the length of time which it takes for OHIM to pass decisions, and not those features of the system which are for the users’ own benefit – like the current time limits – and for which they have expressed their approval. Based on those considerations, the Study comes to the conclusion that the opposition period of three months and the subsequent procedural rules for substantiation and defence should be maintained.

e) Admissibility and substance

It is proposed to limit admissibility grounds to the identification of the opposed CTM, the identification of the earlier right or rights invoked, the indication of the ground or grounds on which the opponent relies, and the use of a proper language. All other elements should be left to the substantiation stage. Rule 17 CTMIR should be amended so as to reflect these changes.

f) Identification of evidence
In order to facilitate the handling of oppositions, both for the Office and for the CTM applicant, it is proposed that the Rules specify that evidence submitted in support of the opposition – or in support of proof of use – must be specifically identified and linked to specific submissions or arguments. Such amendments should be implemented in Rules 19 and 22 CTMIR.

2. Cancellation

a) Grounds for revocation – generic indications

It is proposed to align the wording of Article 51(1) (b) CTMR with that of Article 7 (1) (d) CTMR.

b) Admissibility and substance

It is proposed to maintain the current situation as regards the distinction between admissibility and substance. The concerns applying to opposition proceedings are not relevant for cancellation proceedings.

c) Identification of evidence

In order to facilitate the handling of cancellation cases, both for the Office and for the parties to the proceedings, it is proposed that the Rules specify that evidence submitted in support of the cancellation request – or in support of proof of use – must be specifically identified and linked to specific submissions or arguments.

I. Appeals

I. Current law

Appeals are governed by Articles 58 et seq. CTMR and Rules 48 et seq. CTMIR. Furthermore, procedural details are provided for in the Rules of Procedure of the Boards of Appeal.

II. Case law

The principal “institutional” issue addressed in the case law of the General Court and the ECJ concerns the question of the relationship between the Boards of Appeal and the instances whose decisions the Boards are called upon to review.

It was decided very early and is now well-established that the Boards must review the decisions of the first instance – examiners, opposition divisions, cancellation divisions, legal and administrative department – de novo, i.e. by taking into account all facts and evidence, except to the extent that facts and evidence not
brought forward within time limits applicable in first instance may not be presented to the Boards if these time limits are “peremptory”, i.e. of such a nature that missing them leads to a loss of rights. As regards other time limits, the Boards may or may not take new facts and evidence into account, under the general rule established in Article 76 (2) CTMR that the Office may disregard facts and evidence presented “late”.

III. User survey Allensbach; user organizations

4.235 The Allensbach survey has addressed the current time limits for filing a notice of opposition. A clear majority of both proprietors and agents reject the proposal of shortening the current period of three months. It can be expected that proposals for curtailing the periods for filing or substantiating appeals would be met by similar reactions. This is confirmed by the statements received from user organizations: none of those statements was in favour of changing the current system.

4.236 Further questions in the Allensbach survey concerned the quality and consistency of decisions by the OHIM Appeal Boards. In particular among agents, the quality of appeal decision is rated more favourably than other OHIM activities – about 30 percent of the entire group consider that appeal decisions are of “high quality”, and only about 7 percent consider the quality of appeal decisions as “low”. The quality assessment by proprietors, and also the assessment of consistency and, in particular, the time it takes for obtaining a decision, are somewhat less positive, but are still ranking rather high within the overall picture.

IV. Issues and proposed solutions

1. Time limits

4.237 Under the current law appeals must be filed within two months from the notification of the appealed decision, and the grounds must be submitted within four months from the notification. The question has been raised whether the time limits, notably a separate time limit for submitting the grounds of appeals, are justified. Comparable time limits exist for oppositions (three months, no need to substantiate until after the end of the cooling-off period) and for appeals to the General Court (two months, no additional period for the grounds).

4.238 As mentioned, opinions expressed are generally in favour of maintaining current time limits. In view of users’ clear preference for the current system, changes would only be warranted if good arguments could be presented for the appropriateness of such amendments.

2. New facts and evidence

4.239 The provisions precluding new facts and evidence in opposition proceedings are well-established. The provisions in ex parte cases are more “liberal” – there are practically no peremptory time limits. Similarly in cancellation proceedings, while
partially paralleling the opposition cases, there are no strict and peremptory time limits for the submission of facts and evidence. According to the general rule described earlier, new facts and evidence should be admitted, as a matter of principle, before the Boards.

4.240 No change in the applicable rules is proposed.

3. Scope of review

4.241 The obligation established in the case law of the General Court that the Boards must examine appeals fully, and are not limited to the arguments or grounds invoked by the appellant, is seen to conflict with the obligation to provide the grounds of appeal (in the absence of which the appeal is not admissible) and the general principle that it is for the parties to define the scope of review.

4.242 The following are examples of the types of cases that arise.

4.243 In ex parte cases, where an application has been refused on several grounds, e.g. Article 7 (1) (b) CTMR and Article 7 (1) (c) CTMR, an appeal necessarily relates to all grounds; thus, the Board will have to review all grounds. However, if the examiner refused the mark on the basis of Article 7 (1) (c) CTMR, but considered Article 7 (1) (j) CTMR not to be applicable, on appeal the Board should be limited to review the descriptiveness rejection, unless it raises of its own motion a new ground.

4.244 In an opposition case where an opposition was dismissed because of the absence of likelihood of confusion and because of lack of use, an appeal by the losing party necessarily requires review of both issues. However, if an opposition was successful because proof of use was made and likelihood of confusion was found, and the CTM applicant appeals, arguing that the marks are not similar, but is not contesting the proof of use finding, the Board should be limited to the similarity and likelihood of confusion analysis. In such a situation the Board may not raise the proof of use issue on its own motion (Article 76 (1) CTMR). If in such a situation the appellant does not challenge the similarity of goods determination by the first instance, but only the similarity of the marks, the Board would similarly be limited in examining the contested decision to the similarity of marks and the likelihood of confusion issue. Issues not raised because decided in favour of the appellant may be brought before the Board by way of an ancillary appeal.

4.245 The proper results should be obtained without the need for legislative change.

4. Relation between first instance and second instance

4.246 When cases reach the Boards which concern decisions which have not dealt with all issues, a reversal by the Board will result in a (first) examination of the other issues, which may either be carried out by the Board itself or on remand by the first instance. This occurs both in ex parte and in inter partes cases. The potential
4.247 A solution might be that the first instance examines all grounds raised. However, in opposition cases this would result in often unnecessary work. If a later mark must be refused on the basis of an earlier right, there is no need to go further and examine whether a refusal would also be justified on another earlier right invoked by the opponent. In absolute grounds cases, the situation is similar – presence of one “obstacle” suffices. Obliging the first instance to raise all possible grounds and examine them all, merely because this may facilitate the handling of appeals, does not appear to be justified.

Chapter 5 - Madrid Agreement and Madrid Protocol implementation

A. Current law

5.1 The accession of the European Union to the Madrid Protocol required implementing legislation. Title XIII was added to the CTMR, and Title XIII was added to the CTMIR, each dealing respectively with international registrations based on a CTM, and international registrations extended to the European Union.

B. Case law

5.2 Madrid marks extended to the European Union are treated essentially in the same way as CTMs. There is as yet no case law where the differences that exist were subject to interpretation.

5.3 There is as yet no case law interpreting the provisions governing CTMs as basic marks for obtaining international registrations.

C. Issues

5.4 Madrid marks designating the European Union make up about 15 percent of all new applications. Very few issues have arisen with regard to Madrid marks.

I. Opposition period

5.5 Under current law, the opposition period of three months begins six months after the publication of the extension of protection to the European Union (Articles 156 (2) and 152 (1) CTMR). This period was chosen at a time when CTMs were still subject to mandatory national searches and thus on average publication of directly
filed CTM applications would not normally take place before six months after filing. There is no need any longer to maintain this six months period.

II. Reimbursement of part of the fee

5.6 In accordance with Articles 154 (4) and 156 (4) CTMR, where an extension of protection to the European Union is refused, the proprietor of the international registration is entitled to a reimbursement of a part of the fee paid for the extension. This rule was adopted at a time when there was a separate registration fee to be paid for a CTM. Since that fee was abolished, there is no reason for maintaining a reimbursement of a part of the fee for international registrations in such situations. Article 13 of the Fees Regulation, which governed the reimbursement, has been deleted with effect from 1 May 2009.

III. Requirement of use

5.7 The calculation of the grace period of five years for CTMs begins with the date of registration, whereas for Madrid marks the period begins with the date of publication that protection is granted (Articles 160 and 152 (2) CTMR). In a different context (Chapter 2 E “Use requirement”) it is proposed that the five years should begin, when protection is granted for some but not all of the goods or services, for those goods or services for which protection is granted from that date, while for the other goods or services the termination of examination or opposition should be decisive.

IV. Relationship between Madrid Agreement and Madrid Protocol

5.8 In November 2007, with effect from 1 September 2008, Article 9sexies of the Madrid Protocol was amended to provide that in relations between members belonging to the Madrid Agreement and the Protocol, the Protocol applies, subject to certain limitations. Prior to that date, in relations between countries belonging to both the Agreement and the Protocol, the Agreement applied. This change should be reflected in the CTMR. There are currently no Member States which belong to the Agreement only.

D. Proposals

I. Opposition period

5.9 In order to align the period of examination for absolute grounds of refusal with the opposition period, it is proposed to have the opposition period starting three months after the publication of the Madrid mark by OHIM. The opposition period would then expire six months after the publication date and coincide with the end of the six months period for the examination as to absolute grounds for refusal
under Rule 112 (5) CTMIR. At this stage the Office is in the position either to issue a statement of grant of protection under Rule 116 CTMIR or to notify the International Bureau a provisional refusal of protection pursuant to Rules 113 and/or 115 CTMIR.

II. Reimbursement of part of the fee

5.10 The provisions for the reimbursement of a part of the fees corresponding to the registration fee in Articles 154 (4) and 156 (4) CTMR should be deleted.

III. Requirement of use

5.11 The “grace period” should run from the date from which the Madrid mark is no longer subject to challenge. This should also apply when the challenge is no longer available for some of the goods or services. This would require a publication by the Office indicating those goods or services for which a partial statement of grant of protection applies. If that should be done, no amendments to Article 160 CTMR would be necessary.

IV. Relationship between Madrid Agreement and Madrid Protocol

5.12 Since the Madrid Agreement is no longer of relevance, references in the CTMR and the CTMIR to the Madrid Agreement should be deleted.
Part IV – OHIM - Fees, tasks and mandate

A. Current law

1. The Office for Harmonisation in the Internal Market (Trade Marks and Designs), commonly abbreviated as OHIM or, in Spanish, OAMI, was established by the 1993 Community Trade Mark Regulation (Regulation (EC) No 40/94 on the Community trade mark, now replaced by Regulation (EC) No. 207/2009). Its Article 2 is worded as follows:

   “An Office for Harmonisation in the Internal Market (trade marks and designs), hereinafter referred to as ‘the Office’, is hereby established.”

2. OHIM is an agency of the European Union with a substantial degree of autonomy. Control of legality is exercised by the Commission under the rules of Article 122 CTMR. OHIM is headed by its President, assisted by one or more Vice-Presidents, all appointed by the Council of Ministers on the basis of a list of not more than three candidates established by OHIM’s Administrative Board. That Board is composed of representatives of the Member States and the Commission. The Commission representatives have however no right to vote. The Office has a separate Budget Committee, with the same composition as the Administrative Board, which is the only budgetary authority as long as OHIM does not receive any subsidies from the general budget.

3. There are no specific rules in the CTMR concerning the mandate of OHIM. At the time of the adoption of the CTMR it was understood that OHIM would administer the CTM system, and eventually also, as indicated in its name, the Community design system. The responsibility for the Community design system was realised in 2002 when the Regulation on the Community design was adopted (Regulation (EC) No 6/2002). Since the establishment of OHIM in 1994 it was common understanding of OHIM and its Administrative Board that OHIM should and would undertake activities related to its central tasks, and many corresponding initiatives were taken. Liaison meetings with representatives of national offices, conferences with judges, trilateral meetings with the United States and Japanese Patent Offices, employing national experts, are just some prominent examples.

B. Issues

4. Creating a solid legislative basis for OHIM’s mandate, and especially for activities which are not directly or indirectly related to trade marks and designs, has been addressed explicitly in the conclusions of the Council of 25 May 2010. The Council called upon the Commission to present proposals for revising the CTMR and the TMD:

The revision should include in particular:

— the introduction of a specific provision to define the framework for cooperation between the OHIM and the National Offices,

— making explicit that harmonization of practice and tools is an aim which all trade mark offices in the EU should pursue and that efforts in this area should be supported and facilitated by the OHIM with the active involvement of its Administrative Board,

— the establishment of a clear legal basis for the involvement of the OHIM in enforcement-related activities, including the fight against counterfeiting, in particular through fostering its cooperation with the National Offices, in accordance with their national competences, and the European Observatory on Counterfeiting and Piracy,

— the creation of a legal basis for distributing an amount equivalent to 50 percent of OHIM’s renewal fees to the National Offices in accordance with fair, equitable and relevant distribution criteria, to be defined in a way which would guarantee, inter alia, a minimum amount for each Member State, as well as the introduction of appropriate mechanisms which have due regard to the financial arrangements applicable to individual National Offices, to ensure that these funds will be available to the National Offices and will be used for purposes closely related to the protection, promotion and/or enforcement of trade marks, including combating counterfeiting,

Thus, a proper legal basis must be created at least for the following fields of activity:

- Framework for cooperation between OHIM and national offices
- Harmonisation of practice and tools supported and facilitated by OHIM
- Legal basis for OHIM’s involvement with enforcement activities
- Legal basis for the distribution of funds to national offices.

C. Proposals

OHIM’s tasks and mandate should be defined in the CTMR, in Title XII dealing with the Office. An appropriate solution would be to add a new Section 2 in Title XII for that purpose. Appropriate language should be added to the Preamble. Specific provisions should cover both the central activity of the Office, namely the administration of the Community trade mark and design systems, and – at least – also each of the four areas mentioned in the Council conclusions.

I. Administration of the Community trade mark and design systems

In establishing the mandate and the tasks of OHIM, the administration of the Community trade mark and design systems should be mentioned in first place. It is true that the Council conclusions, adopted against the background of OHIM’s trade mark activities, do not mention design protection at all. But it should be obvious that the Office’s tasks should relate to both areas of IP law for which the Office is responsible, trade marks and designs. The proper place to provide for the
mandate and tasks is the CTMR as the CDR itself merely contains a reference to the CTMR as regards administrative issues.

II. Cooperation with national offices

OHIM and national offices have cooperated in trade mark and design matters from the beginning. As far as establishing a legislative basis for this activity is concerned, the mandate of OHIM in the establishment and operation of a framework for cooperation with national offices should be defined in general terms allowing sufficient latitude for individual activities. The implementation of cooperation should be the responsibility of the President of OHIM in conjunction with OHIM’s Administrative Board. Cooperation activities with national offices can be all-encompassing with all national offices, but also with individual offices.

III. Harmonisation of practices and tools

Harmonisation of practices is necessary to assure high quality, coherence and consistency in trade mark and design operations in Europe. The scope of this activity is addressed in more detail separately. OHIM’s role in these activities should be broadly defined.

In addition, the obligation of national offices to engage in harmonisation activity must become part of the Harmonisation Directive.

IV. Enforcement

Enforcement refers to prevention or prosecution of infringements of IP rights (see also hereafter under Part VI Chapter 2 B). Including enforcement activities in the broadest sense in the mandate of OHIM is not entirely novel because OHIM, inter alia, has organised meetings and conference with judges of the Member States where issues of trade mark and design infringement were dealt with. Nevertheless, a more general mandate to become involved in enforcement activities would indeed be something new.

OHIM’s expertise resides in the examination and administration of trade marks and designs. That expertise does not extend naturally to enforcement activities, even though some of the applicable legal principles (likelihood of confusion, for example) may be the same in administrative and in court proceedings. Overall, the type of activity necessary to prevent infringements and to proceed against them has no direct relation with the examination of trade marks and designs or inter partes cases such as opposition or invalidation proceedings. In addition, an important part of enforcement activities relates to piracy, i.e. to infringement of copyright and related rights, which until now does not fall within OHIM’s field of competence.
OHIM’s mandate to be involved in enforcement activities should be broadly defined at the legislative level so as potentially encompassing all kinds of activities except direct involvement in investigation, prosecution, and adjudication of infringements other than in opposition or invalidation proceedings. The emphasis of OHIM’s involvement should lie on supporting activities, such as information, coordination, training, etc.

The legislative mandate should be broad enough to allow for the transfer of the Enforcement Observatory created by the Commission, referred to subsequently (see Part VI Chapter 2 B), to OHIM.

It must be realised that OHIM is unlikely to be able to carry out these new activities without enhancing or creating expertise and manpower at OHIM specific to enforcement activities.

V. Other activities

A general clause should be added permitting the attribution of additional competences to OHIM, by legislative act or administrative agreement. The involvement of the Administrative Board should be assured.

The general clause should be sufficiently broad to allow for activities which have no immediate relation to trade marks or designs.

For example, the administration of the Community system for the protection of designations of origin and geographical indications, currently a task carried out by the Commission in cooperation with the Member States, in accordance with the rules and regulations applicable to wines, spirits, agricultural products and foodstuffs, could be allocated to OHIM, with regard to its experience in handling registration issues and carrying out ex-officio examinations as well as dealing with inter partes cases. This new competence would be in line with the close relationship between trade marks and geographical indications. Geographical indications are industrial property rights as are trade marks. They are protected against any use by third parties for products not meeting the registered product specifications. A further effect resulting from assigning their administration to OHIM would be that the relevant decisions would be taken as administrative rather than legislative acts – in the form of Commission Regulations - and that the control of legality could be exercised in a manner comparable to trade mark and design proceedings by appeals to OHIM’s Boards of Appeal and the EU Court of Justice (General Court and ECJ).

Such transfer would however require substantial changes in the applicable legislation. For example, some features of the EU scheme on geographical indications are completely different as compared to the CTM system, such as the application procedure at the Member States’ level followed by a procedure at the EU level, or the requirement of product specifications as a condition for registration. The current proposal of the Commission for a new scheme on agricultural product quality protection including the protection of designations of origin and geographical indications for agricultural products and foodstuffs
essentially maintains the structure of the system for protection of geographical indications. Assigning the registers for protected geographical indications to OHIM would thus require a major effort on the part of the Commission as well as the Member States. The new idea to establish a registration system for a Communitywide protection of geographical indications for non-agricultural products, and to assign the competence for this system to OHIM would not face such structural complications. Its administration could easily be attributed to OHIM.

The CTM system currently provides for the registration and protection of individual marks and collective marks. Compared to that, some national systems provide protection also for certification marks, and these are also covered by the Directive. Certification marks differ from collective marks primarily in their structure – collective marks require a holder whose members use the mark, whereas certification marks allow a certifying organisation or person to permit adherents to the certification system to use the mark as a sign for goods or services complying with the certification requirements. Thus, certification marks are signs of supervised quality, whereas collective marks do not imply a quality claim. The imbalance between some national systems and the CTM system as regards certification marks could be remedied by providing in the CTMR for the registration of certification marks alongside collective marks. Current practise shows that there is a need for some public and private bodies which do not meet the conditions as an association eligible to create collective mark protection to offer them a system for protection of guarantee and certification signs on the Community level. It should therefore be considered to establish a Community system for certification marks which could be administered by OHIM. Details cannot be presented within the framework of this Study.

VI. Statutory basis for the distribution of OHIM funds to national offices

The CTMR must have a specific provision permitting OHIM to distribute funds to national offices for the purposes listed in the Council conclusions. It is proposed to provide for these funds in the annual budget as an element of the expenditure. Adding this item of expenditure to Article 139 CTMR would appear to be an appropriate legislative solution.

It is further proposed that the criteria for distribution of the funds should be established by legislation, and a possible location for that appears to be the Fees Regulation. The criteria for the distribution – 50 percent in equal shares, 50 percent in proportion to trade mark activity – are discussed elsewhere (Part VI Chapter 1 D).
The 1988 Trade Mark Directive (TMD), initially entitled “First” Directive but codified without the “First” and without any substantive changes in 2008, is limited basically to rules of substantive trade mark law. Central provisions are those dealing with registrability (absolute and relative grounds of refusal or invalidation), exclusive rights and limits of exclusive rights.

A. Article 3 (2) TMD – Absolute grounds for refusal

I. Current law

1. TMD

1.2 Article 3 (2) TMD gives Member States the option to include, in addition to the absolute grounds for refusal listed in Article 3 (1), further grounds for refusal into their national law. This concerns

- trade marks whose use may be prohibited pursuant to other provisions of law (Article 3 (2) (a) TMD);
- trade marks covering a sign of high symbolic value, in particular a religious symbol (Article 3 (2) (b) TMD);
- trade marks which include badges, emblems and escutcheons other than those mentioned in Article 6ter of the Paris Convention which are of public interest (Article 3 (2) (c) TMD);
- applications made in bad faith or trade marks resulting from such applications (Article 3 (2) (d) TMD).

2. CTMR

1.3 Article 7 CTMR does not contain any of those grounds which are optional under Article 3 (2) TMD. However, where an application has been made in bad faith, the mark is liable to invalidation (Article 52 (1) (b) CTMR).

II. Implementation into national law

1. Article 3 (2) (a)

1.4 Article 3 (2) (a) TMD has been implemented by 10 Member States, either in a specific provision or in the context of implementing Article 3 (1) (f) TMD (trade marks which are contrary to public policy or accepted principle of morality). One
example of such a combined approach is Article 14 (3) of the Swedish Trade Marks Act, according to which a trade mark shall not be registered if it violates other laws or regulations or public order, or is likely to cause offence (emphasis added.)

2. Article 3 (2) (b)

1.5 Article 3 (2) (b) TMD has also been implemented by 10 Member States. A special rule applies in Italy, where the patent and trade mark office communicates applications consisting of images or signs with political significance, or signs with high symbolic value, to the public authorities which are competent or have an interest in the field concerned. If the authorities object to the registration, the application is refused (Article 10 (2), (4) D.L. 10.5.2005 no. 30).

3. Article 3 (2) (c)

1.6 Article 3 (2) (c) TMD has been implemented by 18 Member States. Most of those provisions are closely similar to the wording of the TMD. Slightly different from that, Sec. 4 (4) of the UK TMA 1994 stipulates that a trade mark will not be registered if it consists of or contains arms to which a person is entitled by virtue of a grant of arms by the Crown, or insignia so nearly resembling such arms as to be likely to be mistaken for them. Sec. 4 (5) UK TMA 1994 further excludes from registration signs and representations falling under the Olympic Symbol Protection Act (1995). Another example for a special regulation is found in Article 11 (1) (xi) of the Bulgarian Trade Marks Act which excludes from registration signs which consist of or contain the names or representations of historical or cultural monuments of the Republic of Bulgaria, as specified with the ministry of culture. In Italy, trade mark applications containing heraldic elements must be submitted to competent or interested authorities for approval.

4. Article 3 (2) (d)

1.7 Article 3 (2) (d) TMD has been implemented in the Benelux Trade Marks Act as well as in 21 Member States. In the majority of countries application in bad faith forms part of the absolute grounds for refusal which are examined ex-officio; in six countries, bad faith is only available as a ground for invalidation. In the Czech and Latvian trade mark acts, it is stipulated that bad faith must be “obvious” or “clear”. Some Member States specify the conditions under which bad faith will be found. In Finland and Sweden, bad faith (only) relates to the situation that the applicant was aware of another person using a confusingly similar sign at the time when the application was filed. Detailed regulations are also found in the Benelux Trade Marks Act, where bad faith is both an absolute and a relative ground for refusal.
III. Case law

1.8 The case law of Member States (regarding bad faith as well as the other absolute grounds) has not been fully investigated. However, from the evidence gathered it appears that the grounds mentioned above were not frequently addressed by the courts in any of the Member States.

IV. Issues and proposals

1.9 As a matter of national sovereignty, Member States must retain the freedom, but cannot be forced, to introduce the obstacles mentioned in Article 3 (2) (a) to (c) TMD. No changes are therefore proposed in that regard.

1.10 Regarding applications in bad faith (Article 3 (2) (d) TMD), implementation should be mandatory. The large majority of Member States has already implemented this provision, and for the other Member States it would appear plausible to assume that trade mark applications filed in bad faith are contestable under rules of civil or administrative law of general application.

1.11 The additional question whether bad faith must be examined ex-officio prior to registration is linked with the current structure of the TMD: while the grounds listed are either mandatory or optional, it is currently left to each Member State to decide whether these grounds are examined ex-officio or only after registration. For the CTMR, bad faith currently is only an invalidation ground, and no changes are proposed in that regard. It should be recognised that the identification of applications made in bad faith in exparte proceedings is typically very difficult. Offices will usually lack the insight and the factual background to evaluate ex-officio that an application is objectionable on bad faith grounds. Therefore, it seems appropriate to leave it to the Member States whether they examine for bad faith only in opposition or cancellation proceedings or also ex parte. The obligation to provide for cancellation proceedings and the option to provide for opposition proceedings is addressed under a separate topic (Chapter 2 C).

1.12 In addition to the grounds for refusal currently listed in Article 3 (1) TMD, the TMD should also contain mandatory provisions addressing conflicts with protected geographical indications, as in Article 7 (1) (j) and (k) CTMR.

B. Article 4 (4) TMD – Relative grounds for refusal

I. Current law

1. TMD

1.13 The relative grounds for refusal which are optional under Article 4 (4) TMD relate to

- trade marks having a reputation in the Member State which are applied or registered for dissimilar goods and services (Article 4 (4) (a) TMD);
- rights to an unregistered mark or sign which confer on the proprietor a right to prohibit the use of the subsequent mark (Article 4 (4) (b) TMD);
- other earlier rights, such as rights in names or portrayals, copyright or industrial property rights (Article 4 (4) (c) TMD);
- prior rights which have expired within certain periods before the application of the mark was filed, and which concern
  - a collective mark (Article 4 (4) (d) TMD);
  - a certification or guarantee mark (Article 4 (4) (e) TMD);
  - an individual mark which was not renewed and which may be confused with the mark forming the object of the application (Article 4 (4) (f) TMD); a trade mark which is used abroad at the time of filing the application, where the application is made in bad faith (Article 4 (4) (g) TMD).

1.14 Article 4 (5) TMD permits to stipulate that under appropriate circumstances, registration need not be refused or the trade mark need not be invalidated where the proprietor of the conflicting right consents to the registration.

1.15 Article 4 (6) TMD concerns rights which were in force prior to enactment of Directive 89/104/EEC.

2. CTMR

1.16 Of the relative grounds for refusal set forth in Article 4 (4) TMD, Article 8 CTMR lists only prior unregistered signs, which must be of more than local significance, and which confer on the holder the right to prohibit the use of a subsequent trade mark (Article 8 (4) CTMR). As addressed in Part III Chapter 3 B V. 4 it is proposed that the provision should be amended so as to require that the right must entitle the proprietor to prohibit use of a subsequent mark in the entire territory of the Member State where it exists. The other rights addressed in Article 4 (4) (c) TMD constitute grounds for invalidation of a CTM (Article 53 (2) CTMR). No provisions corresponding to Article 4 (4) (d) – (g) TMD are found in the CTMR. Regarding Article 4 (5) TMD, a similar provision is contained in Article 53 (3) CTMR, according to which a CTM may not be declared invalid for relative grounds if the proprietor of the earlier right has previously consented to the registration.

II. Implementation in national laws

1. Article 4 (4) (a) TMD

1.17 Article 4 (4) (a) TMD has been implemented in the Benelux trade mark system and in 22 national trade mark laws. In the Lithuanian Trade Marks Act, extended protection for earlier trade marks is only accorded to CTMs (which is mandatory under the TMD), and does not apply to national trade marks. No implementation was made in the Cypriote Trade Marks Act.
2. Article 4 (4) (b) TMD

1.18 Article 4 (4) (b) TMD has been implemented by 19 Member States. In Hungary, where the provision has not been implemented explicitly, earlier trade names are nevertheless protected on the basis of Article 5 (1) of the Hungarian Trade Marks Act which refers to "names" in a broad sense. The kind of signs forming relative grounds for refusal as well as the prerequisites for their protection vary widely between Member States. In Denmark, non-registered trade marks are protected on the basis of mere use in trade, while other Member States restrict protection for non-registered trade marks to marks which are well-known in the meaning of Article 6bis Paris Convention. Similar divergences apply with regard to the conditions for protection of other signs used in the course of trade, like trade names. Differences also concern the geographical area in which the earlier sign must be able to claim protection. According to Article 7 (1) (g) of the Czech Trade Marks Act, oppositions can only be based on earlier signs of more than local significance. Similarly, according to Sec. 12 of the German Trade Marks Act, earlier signs used in the course of trade can only be invoked as relative grounds for refusal or cancellation if their proprietor is entitled to prohibit the use of the later trade mark in the entire German territory.

1.19 Instead of implementing Article 4 (4) (b) TMD, some Member States protect the interests of "prior users" of unregistered trade marks or trade names in an indirect manner, in particular by applying the provision on applications made in bad faith, if the applicant had been aware of the prior use at the time of filing (e.g. in the Benelux, Finnish and, Swedish trade marks acts). Prior users' interests are also protected by Article 227 (1) of the Portuguese Intellectual Property Act, which allows the first user of a non-registered trade mark to oppose the registration of the same or a similar trade mark, if the application for the later mark was filed within six months after the use had been commenced.

3. Article 4 (4) (c) TMD

1.20 Article 4 (4) (c) TMD has been implemented by 22 Member States. Some trade mark laws have adopted the provision nearly literally (e.g. Denmark, Estonia), while other trade mark acts have added references to specific industrial property rights, e.g. to plant varieties. Quite frequently, protected geographical indications are mentioned as one particular type of prior right on which an opposition or request for cancellation may be based. Some trade mark acts only refer in a general manner to earlier rights protected by intellectual and industrial property law (e.g. in Greece).

4. Article 4 (4) (d), (e) and (f) TMD

1.21 The provisions on the protection of collective, guarantee or such trade marks after the lapse of protection have been implemented by six, three and seven Member States respectively. The time span during which individual marks are barred from registration by a third party range between (max.) two years (Cyprus, Latvia, Poland, Hungary) and one year (UK, Ireland, Malta). Post-expiration protection of
an individual mark is excluded according to Sec. 22 (4) of the Cypriote Trade
Marks Act if the expired trade mark was not used in trade during a period of two
years preceding the lapse of protection, or if no confusion or deception would be
likely to arise from the use of the trade mark.

5. Article 4 (4) (g) TMD

1.22 Article 4 (4) (g) TMD has been implemented in Benelux trade mark law as well as
in three Member States (Estonia, Greece and Denmark). Denmark has not
implemented Article 3 (2) (d) TMD (bad faith as an absolute ground for refusal),
whereas in the other three systems, bad faith is regulated both as an absolute and
a relative ground for refusal. The provisions in the Benelux Trade Marks Act are
particularly detailed. Bad faith as an absolute ground will be found inter alia if the
applicant knows or should have known that the same or a similar mark has been
used in the preceding three years on the Benelux territory (Article 4 (6) (a)); in
addition, a relative ground for refusal exists if the applicant knew, at the time of
application and as a result of direct relations with a third party, that during the
preceding three years the third party has used “a like mark for similar goods or
services outside the Benelux territory” (Article 4 (6) (b)).

1.23 Instead of a literal transposition of Article 4 (4) (g) TMD, a number of Member
States, inter alia the Czech Republic, Poland and Slovenia, have chosen to
implement Article 6 septies of the Paris Convention, by providing for the proprietor of
a (foreign) trade mark to oppose the registration of that mark by an unfaithful agent
or representative.

6. Article 4 (5) TMD

1.24 Article 4 (5) TMD has been implemented fully or to some extent in 18 Member
States. This includes 10 of the 12 Member States where relative grounds for
refusal are examined ex-officio, with the exception of Cyprus and Poland. In the
Slovakian Trade Marks Act, the earlier trade mark owner’s consent is only relevant
for applications concerning identical signs, in accordance with the fact that ex-
officio examination in Slovakia only relates to identical trade marks. In Latvia,
where prior rights are not examined ex-officio, registration with the proprietor’s
consent appears to be restricted to well-known marks (Article 8 (5)); Slovenia and
Lithuania – which likewise do not carry out ex-officio examinations – appear to
apply the principle only with regard to conflicts between trade marks and other
prior rights such as industrial property rights, personal names, portrayals etc.

III. Issues and proposals

1.25 Changes in Article 4 (4) (a) TMD are called for in consequence of the proposal to
turn extended protection for national trade marks having a reputation into a
mandatory provision. Those changes were presented in Part III Chapter 2 G.
1.26 TMD: Art. 6 (4) (a) Articles 4 (4) (b) and (c) TMD should become mandatory. It should always be possible for the owner of a prior right which is violated by the trade mark to oppose registration or request cancellation. With regard to the CTMR it is proposed that the right to oppose or invalidate a later CTM should be available only for proprietors of earlier rights with a nation-wide scope of protection. An express parallel provision for conflicts between later national trade mark applications or registrations and earlier unregistered trade marks or similar rights does not appear necessary. It should be sufficient to “convert” the current optional provision into a mandatory provision. Making this provision mandatory does not imply that Member States must make such protection for unregistered marks or signs available. Rather, the right to oppose or request cancellation is dependent on the proprietor having the right to prohibit the use of a later trade mark under the national law. Member States remain free, under this provision, to limit protection for unregistered marks to marks satisfying the requirements of Article 6bis Paris Convention. In addition, it should be clarified that Member States remain free to determine whether the provision applies irrespective of the geographical scope of protection, or whether prior rights only qualify as relative grounds for refusal if their proprietor is entitled to prohibit the use of the younger trade mark within the entire territory of the Member State. In Article 4 (4) (c) TMD, it should be clarified that the provision relates to rights which are protected under national and Community law.

1.27 TMD: Art. 6 (4) (b) (i) – (iv) As regards the grounds for refusal listed in Article 4 (4) (d) to (f) TMD, the objective of those provisions is to ensure that the public is not deceived by another proprietor using a mark which in the same or a similar form has been protected before as a designation for goods or services of completely different origin. Such risks may occur in particular with regard to certification marks, and, to a somewhat lesser degree, regarding collective marks. Nevertheless, that objective does not justify automatic post-expiration protection for such signs, or for expired individual marks. The interests of the public could arguably be served just as well, or even better, if post-expiration protection would only be granted in case of an actual risk of deception, which might lead to a prohibition to use the sign on the market. Such a prohibition would regularly ensue from national regulations implementing the UCP Directive, in particular its Article 6 (2) (a). If the Member State has made use of the option in Article 3 (2) (a) TMD, this would also lead to an obstacle for registration. The options to be considered are therefore either deletion of these provisions, which have no parallel in the CTMR and seem to play a minor role in practice, or to amend them by providing expressly that a refusal on the basis of these grounds requires a finding of likelihood of deception of the public.

1.28 TMD: Art. 6 (4) (b) (i) – (iv) The ground of refusal of a mark in use abroad combined with bad faith – Article 4 (4) (g) TMD – should be deleted. It appears redundant in view of the fact that it is proposed in this Study to make Article 3 (2) (d) TMD mandatory (see above, A). However, this does not exclude the possibility for Member States to regulate that bad faith may be raised as a ground for refusal in opposition proceedings (for the CTM see above, Chapter 3 C V).

1.29 TMD: Art. 6 (3) Furthermore, the catalogue of mandatory relative grounds for refusal should also include the possibility for the proprietor of a trade mark to raise an opposition, or request cancellation, of a mark which has been registered by an agent or representative without authorisation (Article 6septies Paris Convention). The wording should be modelled on Article 8 (3) CTMR.
1.30 Article 4 (5) TMD should become mandatory. As a rule, registration should not be refused or cancelled if the holder of a conflicting right consents to the registration. If the proprietor of the earlier mark agrees to the registration of a later identical or similar mark it is likely to be because there is no real risk of confusion on the market. However, if in exceptional cases it is found that a serious risk for confusion of the public will ensue from the registration, this could form a ground for refusal under Article 3 (2) (a) TMD, provided that the provision has been implemented by the Member State.

C. Article 5 (2) and (5) TMD

1.31 Currently, Member States may provide for protection of marks with reputation in cases where there is no likelihood of confusion. Protection for trade marks having a reputation should be made mandatory. The issue is addressed in Part III Chapter 2 G IV 2.

1.32 The current provision in Article 5 (5) TMD which allows Member States to provide for protection in cases where the allegedly infringing sign is used not for purposes of distinguishing goods or services should become mandatory. The issue is addressed in Part III Chapter 2 G IV 3.

D. Article 9 TMD - Limitation of rights by acquiescence

I. Current law

1. TMD

1.33 Article 9 (1) TMD stipulates that a trade mark can no longer be enforced vis-à-vis a third party who is the proprietor of a later trade mark registration if the proprietor of the earlier mark has acquiesced in the use of the later mark for a successive period of five years, unless the later mark was applied for in bad faith. According to Article 9 (2) TMD, Member States may apply the rule mutatis mutandis to the proprietor of other rights such as unregistered trade marks or other distinctive signs, as well as to names, portrayals, copyright or industrial property rights.

2. CTMR

1.34 Pursuant to Article 54 CTMR acquiescence applies in favour of later CTMs vis-à-vis proprietors of earlier trade marks and other earlier rights within the meaning of Article 8 CTMR, but does not include earlier rights within the meaning of Article 53 (2) CTMR.
II. Implementation in national law

1.35 Art 9 (2) TMD has been implemented by 14 Member States. Five of those states provide that Article 9 (1) TMD (limitation in consequence of acquiescence) shall apply *mutatis mutandis* to the proprietor of an earlier trade mark referred to in Article 4 (4)(a) TMD (reputation mark). In seven Member States, the law further provides that acquiescence applies to other earlier rights referred to in Article 4 (4) (b) TMD (non-registered trade marks or other signs used in the course of trade). Finally, seven Member States also provide that acquiescence applies to other earlier rights referred to in Article 4 (4) (c) TMD.

III. Case law

1.36 There is no relevant case law to be analysed in the present context.

IV. Proposal

1.37 Due to the principle that distinctive signs belong to the same branch of law and should therefore be treated equally wherever that is appropriate, Article 9 (2) TMD should be made mandatory for the rights listed in Article 4 (4) (b) TMD of the present text. For other rights than distinctive signs, the provision should remain optional.

1.38 In parallel to the proposals for the CTMR, acquiescence as a defense to invalidation should be separated from acquiescence as a defense to an infringement action. The first should be provided for in conjunction with Article 4 TMD, the second in conjunction with Article 5 TMD, following the current limitations in Article 6 TMD (fair use) and Article 7 TMD (exhaustion). That issue is dealt with in Part III Chapter 2 E.

E. Articles 10, 11 TMD – Start of grace period, sanctions for non-use/non-use defense in administrative proceedings and infringement proceedings

1.39 Article 10 TMD is the basic provision on the requirement of use. Article 11 TMD obliges Member States to provide for the refusal of an action for invalidation on the basis of an earlier mark that has not been used in accordance with Article 10 TMD. Articles 10 and 11 TMD should be aligned with the CTMR in the relevant aspects, i.e. start of the grace period for national and IR marks; non-use defenses in administrative and infringement proceedings. The issue is dealt with in Part III Chapter 2 E.

F. Article 15 TMD

I. Current law

1. TMD
1.40 Article 15 TMD deals with collective, guarantee and certification marks. Without making the establishment of such schemes mandatory, Article 15 TMD allows to provide for additional grounds for refusal or cancellation, or to derogate from Article 3 (1) (c) TMD, in order to meet the specific functions of those marks, and without compromising the possibility of third parties to use the sign in accordance with honest practices in industrial or commercial matters, in particular to indicate geographical origin.

2. CTMR

1.41 Articles 66 – 74 CTMR contain detailed provisions on registration, use and revocation of Community collective marks.

II. Implementation in national law

1.42 Article 15 (1) TMD has been implemented by 24 Member States (not Malta) and Article 15 (2) TMD has been implemented by 13 Member States. Examples of additional grounds (Article 15 (1) TMD) that are stipulated in the different trade mark acts are

- a collective certification mark may be registered only by a legal person who is neither the manufacturer nor the importer nor the seller of the goods or services (France);
- the Patent Office shall revoke the collective trade mark if the members or the shareholders of the legal person or the members of the association seriously breach the agreement of use and they do not agree on the change of the agreement on use (Czech Republic);
- the registration of a collective mark may be revoked if the proprietor has not communicated amendments of the conditions laid down for the use of the mark (Denmark).

III. Proposals

1.43 Collective marks (whether or not with elements of guarantee or certification) have proven a useful instrument for promoting goods or services with specific common properties, or satisfying particular quality standards. It is important that a uniform legal basis is provided for such schemes throughout the EU, on the Community as well as on the national level.

1.44 Member States should therefore be obliged to provide, and establish common rules, for the registration of collective marks. The relevant provisions should be aligned with those of the CTMR.

1.45 The introduction of guarantee and certification marks should remain optional.
Chapter 2 – Harmonisation beyond the scope of the TMD

2.1 The TMD is so far limited to provisions of substantive law – access to protection, registrable signs, absolute and relative grounds for refusal or invalidation, rights conferred, limitations, and a selection of special provisions (collective marks, seniority).

2.2 The CTMR, on the other hand, provides a fully autonomous and complete system where all issues of substantive and procedural law are provided for.

2.3 It has been emphasised by many observers and has been underlined in this Study that national trade mark laws should be aligned with the CTMR so as to create a harmonious system of trade mark protection in Europe with substantially similar substantive and procedural rules. However, a complete harmonisation of all aspects does not appear necessary; rather Member States should be able to establish trade mark registration procedures that take into account the historical development of their laws and the expectations of the users of the respective national system.

2.4 A prime example is the question of whether all national offices should no longer carry out an examination for earlier rights ex-officio, instead referring proprietors of earlier rights to opposition or cancellation actions. This Study takes the view that Member States should be entitled to continue ex-officio examination, even though good arguments speak in favour of abandoning such examination. However, the Study also proposes that Member States must in any event provide an office procedure for opposing or seeking invalidation of marks, or both of these procedures, and that the grounds that may be raised in such proceedings should be harmonised, at least as to the basic provisions.

2.5 In this section, the Study analyses substantive law provision, the question of protection granted to unregistered trade marks, and trade mark procedures.

A. Assignment, rights in rem, levy of execution, insolvency, licensing

I. Current law

1. TMD

2.6 Licenses are addressed in Article 8 TMD. They can be exclusive or non-exclusive, and can be granted for all or part of the goods for which a mark is registered, and for the whole or part of the territory for which it is protect Article 8 (1) TM. Trade mark rights may be invoked against a licensee who violates certain fundamental elements of the license contract, such as duration, form of use, territory, or quality of the goods or services (Article 8 (2) TMD). No provisions are contained in the TMD regarding other aspects of marks as objects of property, such as transfer or rights in rem.
2. CTMR

2.7 In the CTMR, the pertinent provisions are contained in Section 4 (Articles 16 to 24 CTMR). In addition to rules addressing, in congruence with the TMD, the potential scope and contents of licenses, and the entitlement of the licensor to bring an action for infringement in certain cases of breach of contract, it is also stipulated that without prejudice to the provisions of the licensing contract, the licensee needs the consent of the proprietor to bring infringement proceedings, but that the holder of an exclusive license may bring proceedings himself if the proprietor does not react within an appropriate period to a formal notice given. Furthermore, a licensee may intervene in infringement proceedings brought by the proprietor so as to claim his own damages.

2.8 Further provisions deal with transfer, rights in rem, and levy of execution.

2.9 Transfer of a CTM is possible with or without the undertaking accompanying it, and for all or part of the goods or services for which it is registered. If the undertaking is assigned in its entirety, this includes transfer of the CTM(s), unless clearly indicated otherwise. Transfer of marks may be claimed in case that a CTM was registered, without authorisation, by an agent or representative of the proprietor (cf. Article 6 septies Paris Convention). Assignment contracts must be made in writing. On request of one of the parties, the transfer is entered into the register. OHIM shall deny registration if it is obvious from the documents that the transfer leads to deception of the public. Before registration of the transfer, the new holder cannot invoke his right in the CTMR.

2.10 The CTMR further provides that CTMs may be the subject of rights in rem, that the levy of execution and consequent seizure is available, and that CTMs are subject to insolvency proceedings.

2.11 Finally, as a common rule for transfer, rights in rem, and licensing, it is stipulated that the respective legal acts are not effective vis-à-vis third parties before an entry has been made in the registry, unless the party has knowledge of the transaction.

II. Case law

2.12 There is only little case law by the ECJ dealing with transfer and licenses. In Case C-59/08 – Copad/Dior, the ECJ found that a selective distribution network set up for luxury goods such as clothing, which, according to the terms of the licence agreement between the parties involved, seeks to ensure that the goods are displayed in sales outlets in a manner that enhances their value, contributes to the reputation of the goods at issue and therefore to sustaining the aura of luxury surrounding them. Accordingly, the sale of luxury goods by the licensee to third parties that are not part of the selective distribution network might affect the quality itself of those goods, so that a contractual provision prohibiting sales to outsiders must be considered to be falling within the scope of Article 8 (2) TMD.

2.13 Another case sheds some light on the way in which trade marks might mislead the public in consequence of a transfer, and how this could impact the validity of the mark. In Case 259/04 – Emanuel/Continental Shelf, the ECJ dealt with the
question whether a trade mark has become deceptive (in the meaning of Article 3 (g) TMD) if it contains the name of a natural person who has no relations with the enterprise to which the trade mark was transferred. The Court agreed that this may engender a risk of confusion in the mind of the average consumer, especially where the person to whose name the mark corresponds – a famous designer of wedding dresses – originally personified the goods bearing that mark (para 46). However, the circumstances for refusing registration referred to in Article 3 (1) (g) TMD presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived, whereas in the case at hand, even if the average consumer might be influenced in her purchasing decision by imagining that the person associated with the name was still involved in the design of garments bearing the contested mark, the characteristics and the qualities of that garment remain guaranteed by the undertaking which owns the trade mark (para 47). It is then for the national court to determine whether the (new) proprietor of the mark was acting fraudulently by making consumers believe that the well-known designer was still involved in the production; however, even in that case, the practices could not be analysed as deception for the purposes of Article 3 TMD and would not affect the trade mark itself and, consequently, its prospects of being registered (para 50).

III. Opinions

2.14 Certain user associations mentioned transfer and licensing of trade marks as one example within trade mark law where harmonisation should be taken forward. Inter alia, this concerns the questions whether trade marks are regularly included in transfer of businesses, and/or whether licensees need the consent of the proprietor to instigate infringement proceedings, etc.

2.15 In the Allensbach survey, questions were posed as to the frequency of use being made of the possibility to register CTM licenses in the OHIM registry. It was found that a clear majority of proprietors (58 percent) never make use of that option, and only 6 percent always use it. Reasons for that reluctant attitude were found in the lack of awareness among proprietors of the possibility to register licenses, and also in a certain scepticism among agents regarding the usefulness of that instrument.

2.16 Other questions concerning transfer and licenses were not addressed in the Allensbach survey. Those issues also did not form part of the discussions with national patent offices.

IV. Issues and proposed solutions

2.17 Pursuant to the principle of coherence, the provisions of the TMD should be brought in accordance with those of the CTMR, where it appears appropriate and does not clash with important legal principles and traditions in national law.
1. Transfers and assignment

2.18 Regarding transfer, the discretion left by the TMD for Member States to determine whether they want to permit separate transfer of trade marks was severely curtailed already by TRIPS (Article 21), according to which it is understood that the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs. Accordingly, all Member States nowadays permit separate transfers. This should also be reflected in the TMD, by expressly regulating that transfer is admissible with or without the relevant business. In the same vein, it should be expressly acknowledged in the TMD that trade marks can form the object of rights in rem, and may be levied in execution. Furthermore, the possibility for a person to demand transfer of a mark which has been registered by an unfaithful agent or representative should also be included in the TMD for reasons of transparency and coherence, although it is submitted that already at present, Member States’ laws do incorporate such provisions due to their obligations under the Paris Convention. Another provision on transfer where the TMD should follow the CTMR concerns the rule that in absence of clear indications to the contrary, trade marks are included in the transfer of an entire business.

2.19 Concerning the form of contracts, some countries such as Germany tend to be rather generous in acknowledging validity of contracts which are not concluded in writing. To introduce a formal requirement with regard to transfer of marks would therefore not fully conform to the general traditions of national civil law. On the other hand, given the significance of such transactions, the fact that often parties from different countries are involved and also in view of the fact that being subject to a formal criterion is not completely new for persons acting in the field as it must be observed anyhow with regard to transfer of CTMs, it appears appropriate to provide that the contractual assignment of national marks must be in writing in order to be valid.

2. Recording of transfers and assignment

2.20 More problematic is the aspect of recording, in particular the question whether registration is necessary to produce third party effects (unless the transaction is known to the other party involved). This raises difficult questions of possible bona fide acquisition of “void” rights, which reach deeply into Member States legal traditions, and which are usually regulated horizontally, for all (registered) IP rights alike. It is not recommended to introduce at this time provisions which risk to interfere with pertinent rules of general civil law in that regard. Harmonisation should therefore confine itself to making registration – of transfers, but also of other legal acts relating to a trade mark as object of property – optional, at request of one of the parties.

2.21 Furthermore, it is not recommended to insert a provision into the TMD that registration must be denied if it is obvious that the trade mark has become deceptive due to the transfer. Especially if according to national law, registration does not have more than declaratory effects, such an examination would not be of much use. In addition, it will only happen extremely seldom anyhow that a mark itself becomes deceptive due to its transfer to another holder (see
3. Licenses

Regarding licenses, the provision presently contained in the TMD should be complemented so as to regulate also the principle that, with deference to contractual stipulations, licensees need consent by the licensor to bring infringement claims, with certain reservations for holders of exclusive licenses, and that licensees can intervene in infringement proceedings brought by the proprietor so as to claim compensation for their own damages. As national rights and CTMs are frequently litigated together, it makes sense to apply the same rules for both.

4. Rights in rem, levy of execution, insolvency

The TMD should also contain the rule that trade marks form part of the debtor’s assets when insolvency proceedings are installed against him. Finally, it should be regulated that the rules pertaining to trade marks as objects of property also apply to applications for trade marks.

V. Proposals

The TMD should be complemented by a comprehensive body of rules addressing trade marks as objects of property. With the exception of rules regulating the third-party effects of registration of legal transactions and the examination of transfer documents for risks of consumer deception, the rules to be introduced should follow those of the CTMR, so as to ensure coherence.

B. Protection of non-registered trade marks and other signs used in the course of trade

I. Current law

1. TMD
Approximation of law under the TMD only concerns registered marks (Article 1 TMD). Non-registered marks or other signs used in the course of trade are only addressed as prior rights forming optional grounds for refusal or invalidity (Article 4 (4) (b) TMD). The manner in which protection is granted to such signs in the Member States varies widely.

As far as non-registered marks are concerned, some States (Denmark; to some extent also Italy) grant protection on the basis of simple prior use; others – Germany, Sweden, Finland – require qualified use in the sense that the mark must have acquired a certain recognition on the market (Verkehrsgeltung, inarbeitning). Protection under the aspect of “passing off” in the UK and Ireland also requires a certain degree of market recognition (goodwill), but is distinguished from trade mark law by its non-proprietary structure. In the majority of Member States, registration is mandatory for obtaining protection under trade mark law; protection for non-registered marks is hence confined to well-known marks in the meaning of Article 6bis Paris Convention, to which most trade mark laws expressly refer (see already in Part III Chapter 2 F). Some degree of de facto protection for prior unregistered signs might also be available on the basis of regulations against unfair competition (e.g. Austria, Greece); again, the regulations vary widely on that point.

For trade names, the situation is again different. Account must be taken in this context of Article 8 Paris Convention, stipulating that a trade name shall be protected in all the countries of the Union without the obligation of filing or registration. For the majority of Member States applying a strict registration principle with regard to trade marks, this results in the pertinent rules for trade names being somewhat more relaxed, as the threshold imposed by Article 8 is arguably lower than that of Article 6bis Paris Convention. For example, in Germany, trade names are even protected after first use, without additional requirements such as registration or market recognition (provided that the sign owns an inherent capacity to distinguish). Other Member States basically apply the same rules for trade names as for non-registered marks. The common law rules on passing off do not distinguish between both categories, and also the Italian and Danish rules are valid for both trade marks and trade names. Likewise, the protection requirements are the same in Finland and Sweden, meaning that protection for trade names is granted either on the basis of registration or upon showing of a certain degree of market recognition.

Diversities also prevail with regard to the type and breadth of rights figuring as business signs in the meaning of national trade mark regulations. For instance, in Germany titles of works (such as magazines, newspapers, or films) qualifying as “business identifiers” (Geschäftsbezeichnungen) are regulated in the Trade Mark Act in parallel with trade names, whereas in most other countries, protection of work titles against confusion or abuse forms part of legislation on copyright.

Further differences between Member States concern the possibility for the first user of an unregistered sign which does not live up to the requirements for protection and thus does not qualify as a relative ground for refusal, to continue using the sign after another person has registered the same or a similar sign as his trade mark.
2. CTMR

2.30 Under the CTMR, Community trade marks are only acquired by way of registration (recital 7 and Article 6 CTMR). However, an interface exists insofar as unregistered signs existing at the national level may constitute earlier rights in the meaning of Article 8 (4) CTMR.

II. Case law

2.31 The ECJ was asked to consider inter alia the compatibility with international law of the Finnish rules on trade name protection. The Court held that neither Article 8 Paris Convention nor Article 16 TRIPS militate against national rules imposing a certain minimum threshold with regard to the use or recognition required (Case C-245/02 – Anheuser Busch/Budějovický Budvar, para 97). In the same decision, it was held that “a trade name which is not registered or established by use in the Member State in which [a conflicting] trade mark is registered and in which protection against the trade name in question is sought may be regarded as an existing prior right within the meaning of the third sentence of Article 16(1) of the TRIPS Agreement if the proprietor of the trade name has a right falling within the substantive and temporal scope of that agreement which arose prior to the trade mark with which it is alleged to conflict and which entitles him to use a sign identical or similar to that trade mark” (para 100).

2.32 There are a number of cases of the General Court interpreting Article 8 (4) CTMR. In these cases, the General Court applies the law of the country where these rights are protected in order to determine the existence and the scope of protection, namely the right to prohibit the use of a later mark, while the criteria “used in the course of trade” and “of more than mere local significance” are interpreted as autonomous Community rules. There is no need to go into the details of these cases.

2.33 A significant issue involving the protection of designations of origin and geographical indications under Article 8 (4) CTMR is currently pending before the ECJ in the BUD case (Case C-96/09 P) confronting Anheuser-Busch and Budejovicky Budvar: The question is whether a registration obtained for an appellation of origin under the Lisbon Agreement and valid in France is taken to provide nationwide protection, as held by the General Court (Joined Cases T-225/06, T-255/06, T-257/06 and T-309/06).

III. Opinions

2.34 The majority of user associations addressing the issue of non-registered marks and other signs used in trade were of the opinion that the area should be harmonised as far as possible. However, warnings were also voiced that the area might be too complex for easy success.
The Appeal Boards at OHIM emphasized that to deal with national unregistered rights in CTM proceedings, in particular in the framework of oppositions, can raise serious problems in view of the inherent difficulties and complexities of the issue, and in view of the dissatisfactory state of relevant information available at OHIM. Harmonisation would be a desirable goal also from that perspective.

The Allensbach survey only addressed unregistered rights in the context of a question dealing with the feasibility of examining such rights in opposition proceedings at OHIM (instead of reserving that to cancellation proceedings), and did not touch upon substantive issues of protection for such rights.

IV. Issues

It is obvious that the lack of harmonisation regarding non-registered trade marks and other signs used in the course of trade creates practical difficulties for business operating in the Community. This concerns in particular the interferences between those signs and the CTM system, but it is also a general problem and a source of insecurity for cross-border commercial activities. Harmonisation therefore seems to be a basically adequate and eligible approach towards the issue. However, the difficulties connected therewith should not be underestimated.

A certain basis for harmonisation is already laid by the pertinent provisions of international law, with which all Member States (and the EU) must comply. In that context, this Study has proposed to include an express provision into the TMD by virtue of which non-registered marks living up to the threshold of reputation marks are equated with marks which are registered in that Member State (concerning the background as well as the problems regarding introduction of a parallel rule into the CTMR see above Part III Chapter 2 F). That way, a minimum step towards harmonisation has been proposed. However, the provision does not more than stating the obvious, and with several Member States providing for protection of non-registered marks already at a much lower level of market recognition, the situation remains quite diverse.

ECJ jurisprudence also does not offer more concrete guidelines. The main message resulting from Case C-245/02 – Anheuser Busch/Budejovicky Budvar is that national law may establish certain thresholds for protection of trade names. As the question was not asked, and the issue was not decisive for the actual case, there was no need for the ECJ to demarcate the limits of such national requirements.

With secure guidelines lacking, and in view of the complexity of the task, the proposals made with regard to non-registered trade marks and other signs used in business are kept to a minimum. Apart from the proposal addressing the relationship between well-known and reputation marks (above), this concerns in particular the proposal to regulate in the CTMR that in order to oppose or invalidate a Community trade mark on the basis of a prior right, that right must produce legal effects throughout the territory of the Member State where it exists, without prejudice to the possibility of the proprietor of the prior right to enjoin use of
the CTM within the part of the territory where his right prevails (see Part III Chapter 3 B).

2.41 Finally, it is emphasized also here that to embark on a more comprehensive harmonisation of the area is an important and urgent task which should remain on the European agenda.

C. Trade mark procedures (registration, opposition, cancellation)

I. Current law

1. TMD

2.42 According to Recital 6 of the TMD, Member States remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. No rules pertaining to those proceedings were therefore included in the TMD.

2. National law

2.43 Due to lack of harmonisation, Member States’ trade mark systems differ widely in regard of proceedings. While absolute grounds for refusal are examined ex-officio in all Member States, the situation differs with regard to relative grounds. While 12 Member States and the Benelux trade mark system leave it to the proprietors of earlier trade marks or other rights to defend them in opposition or invalidation proceedings, another 12 Member States (Bulgaria, Cyprus, Czech Republic, Estonia, Finland, Greece, Ireland, Malta, Poland, Portugal, Slovakia and Sweden) provide for ex-officio examination with regard to earlier rights. The scope of ex officio examination varies: in Slovakia, examination is restricted to identical trade marks designating identical goods or services; others include all kinds of conflicts with earlier trade marks, and the majority of national systems tends examination to all types of earlier rights.

2.44 In addition to or instead of ex-officio examination, a substantial number of national systems provides for searches of varying intensity and impact as a mandatory feature of registration proceedings.

2.45 Nearly all Member States provide for opposition proceedings based on prior rights within a brief period –2 or 3 months – after publication or (less frequently) after registration of the mark. The systems vary to some extent regarding the type of prior rights which may form a ground for opposition; while some do not foresee any limitations, others restrict that possibility to distinctive signs (trade marks, trade names, or other business identifiers), while other rights such as copyright and industrial property rights can only be invoked in invalidation proceedings before the office, or must be brought before the courts. Further differences concern the breadth of claims to be filed in opposition proceedings (which may be restricted to identity and likelihood of confusion, or embrace also extended
protection for reputation marks), and the defenses which may be invoked by the person applying for registration.

2.46 The list of differences depicted here is by no means exhaustive; more divergences are found when the comparison is carried further, to the level of appeals, or to implementing regulations and examination guidelines.

II. Opinions

2.47 The differences in Member States’ law and practice regarding procedural rules ranked as primary concern in the opinions submitted by user associations. They considered it as most unfortunate that those differences have not been straightened out, so as to facilitate applicants’ dealings with national offices in other European countries. The view was endorsed in that regard by some that it would be ideal if (largely) the same procedural rules would govern national and CTM proceedings. On the other hand, this does not mean that user associations were all in favour of aligning the national rules with the present rules of the CTMR. Some wanted to preserve their own national rules and rather favoured an extension of those rules to the CTM system, if full harmonisation were the ultimate goal.

2.48 From the side of national offices, however, it is emphasized that by moving too fast and too far with harmonisation of procedural rules, the risk would become imminent that national legal traditions are disrupted, and the present embedment of trade mark registration and related proceedings within the general structures of administrative law would be dissolved. This might also cause detrimental effects for internal workflows in the national offices, which in their large majority have to deal with other industrial property rights – in particular patents – in addition to trade marks.

2.49 Regarding ex-officio examination of relative grounds, representatives of national offices undertaking such examinations frequently emphasize that this is an important element of a well-functioning system, which is particularly helpful for SMEs and provides an efficient bar against cluttering of the register. The positive view on ex-officio examination seems to be shared by a substantial number of trade mark proprietors, who would even welcome a change of the current CTM system in that regard. In contrast to that, a majority of user associations and trade mark agents endorses the view that systems leaving it to proprietors to monitor and defend their own rights have strong advantages over examining systems, as trade mark offices are usually not adequately equipped and do not have sufficient insight to tackle that task efficiently.

III. Conclusions and proposals

2.50 Actual or potential trade mark proprietors seeking protection for their marks in more than one European jurisdiction are faced with considerable complications due to lacking harmonisation regarding procedural aspects. The Trademark Law Treaty (1994), the Singapore Treaty on the Law of Trademarks (2006), and the
Madrid Agreement and Protocol to the Madrid Agreement only partially overcome this absence of harmony in trade mark procedures. It makes therefore sense to provide for a stronger degree of harmony also within the EU. It would be a great step forward to harmonised systems that are compatible with each other if not only substantive law rules but also the principal procedural provisions would become part of the TMD. In this regard alignment of the basic rules and principles appears sufficient, and details could be left to the Member States. For example, in view of the deep-rooted divergences of attitude towards ex-officio examination of relative grounds, no attempt should be made to impose one common examination system.

2.51 Instead, the proposal is limited to the very fundamental and important issue of the possibility for the proprietor of a prior trade mark or trade mark application to invoke that right in proceedings before the office, within a certain time period before or after registration. Furthermore, it should be regulated that it must be possible for the adverse party – the person applying for registration of the mark, or the person in whose name the mark has been registered – to raise the defense of non-use, and of acquiescence.

2.52 Among the other procedural rules, the most important one is classification. It has been emphasised in the context of the general analysis that a consistent and harmonised approach to classification applied by OHIM and all national offices is central for the functioning of the system. The TMD should therefore include appropriate rules on classification, aligned with what is proposed for the CTMR and the CTMIR.

2.53 Another important point is that Member States should be required to apply class fees for applications and renewals for goods or services which fall into more than one class.

2.54 Other “candidates” for inclusion in the Directive are

- Filing date
- Representation of marks
- Disclaimer
- Withdrawal, restriction and amendment of an application
- Alteration
- Division of an application or registration
- Observations of third parties
- Opposition and Cancellation
- Surrender
- Duration of registration
- Renewal.

2.55 Apart from that, it would appear not only useful but indeed necessary if practical steps were taken in order to facilitate access to the different systems, for instance by creating digital platforms operated jointly by OHIM and the national offices, or by other forms of cooperation which are addressed below (Part VI Chapter 2).
Part VI – Coexistence and Cooperation

Chapter 1 – Coexistence

1.1 The issue how to balance in the future the coexistence between the Community trade mark system and the national trade mark systems is linked with a number of aspects that are emphasized in the current debate as having an impact on the coexistence model. The Study strongly supports the underlying idea that the principle of coexistence, as one of the core elements of European trade mark law, should be maintained and strengthened. This final analysis summarizes the present situation as well as the factors which could be used to further strengthen and develop the coexistence in European trade mark law.

A. Present situation and trends

1.2 The key question for coexistence concerns the impact of competition between the CTM and national trade mark systems. It appears reasonable to assume that applications filed at OHIM have to some extent replaced applications previously filed at national offices; it seems safe to assume that this is particularly the case for applications from third countries, such as the United States. Evidence of this is that the overall figures of trade mark applications over recent years have dropped substantially in several Member States. On the other side, some national offices have not experienced such losses, and some have even attracted an increasing amount of applications. Apart from the absolute numbers of applications received, however, the economic analysis of available data from OHIM and the national offices carried out by INNO-tec (Annex I) has indicated a certain trend which could be relevant for the prospects of coexistence in the future. It seems that larger firms increasingly choose the CTM as the sole basis for protection throughout the Community, thereby reducing their filings for national applications. In some countries the ensuing gap has been filled by an increased share of applications from SMEs, which regularly tend to prefer national marks. Some offices have consciously stimulated the latter trend by establishing or enhancing outreach programmes or other activities which are aimed at raising the awareness among SMEs of the utilities and advantages of trade mark protection, and by offering special support to that target group. As long as such programs are successful and national offices maintain their attractiveness by improving their overall performance, the situation remains relatively stable. Larger Member States have an inherent advantage in this respect because of the larger number of potential domestic applicants. Smaller countries, which in the past had a large share of their trade mark applications coming from other EU Member States or from third countries may be faced with a much lower base from which to attract domestic applications. Also, some national offices fear that if the threshold for acquiring and maintaining protection under the CTM system is set very low, this would have a strong pulling effect even for SMEs, which national systems – at least in smaller countries – cannot stand up against.
1.3 While it is unclear at the moment whether those scenarios are realistic or not, they should be taken into account as a backdrop for the discussions regarding coexistence.

B. Genuine use

1.4 This Study proceeds from the idea that, in view of the “single market” concept, any approach for maintaining the protection of Community trade marks which is linked as a decisive criterion to the frontiers of Member States is inappropriate. In accordance with the principle that Community trade marks are uniform intellectual property rights for the whole of the European Union and thus for Europe’s “single market”, territorial boundaries made up of political frontiers should be accepted only if they are necessary to implement the principle of coexistence, notably in the context of earlier rights. For the determination whether there has been “genuine” use “in the Community” within the meaning of Article 15 CTMR, political frontiers are neither adequate nor necessary. Requiring use in more than one Member State, or even in all Member States, would establish an arbitrary criterion being incompatible with the “single market” concept.

1.5 Consequently, the genuine use issue should be dealt with as a legal topic to be interpreted in line with the inherent principles and objectives of Community trade mark law, that is to realize the single market, not as a matter to structure the coexistence concept.

1.6 However, in order to support the coexistence it is proposed in the Study to introduce in the Directive a provision that limits under specific circumstances the right of the proprietor of a Community trade mark to file an opposition or a cancellation claim against a national trade mark. Such limitation could result in a limited coexistence between the national trade mark and the Community trade mark in a Member State remote from the territory where the Community trade mark has actually been used. This proposal is viewed as a mechanism to strengthen the national systems and thereby the principle of coexistence.

C. Fee structure

1.7 The level of fees for trade mark registrations and renewals is a matter where the legislator has substantial discretion and may take into account various interests. These include the interests of CTM applicants and proprietors, interests of those likely to be affected by CTM applications and registrations, such as owners of earlier rights, and of course also the interests of the European Union as a whole and of its Member States in maintaining an adequate balance between their trade mark systems and the CTM system.

1.8 It is obvious and has been confirmed by the Allensbach survey, that the fee level has an immediate impact on the users’ decisions to file or to renew a trade mark. Therefore, in setting the fees and forming the fee structure at the Community level the Commission can, at least to some extent, control the coexistence and the functioning of the European trade mark system.
D. Usage of 50 percent of renewal fees

I. Current situation, Council conclusions

1. Current situation

1.9 Current legislation provides that the fees of the Office should be set at such a level that the income from fees in principle balances the Office's budget (Article 144 (2) CTMR: “The amounts of the fees shall be fixed at such a level as to ensure that the revenue in respect thereof is in principle sufficient for the budget of the Office to be balanced.”). Over the years, OHIM has generated a substantial surplus, allowing the creation of a reserve fund of more than € 200 Mio and in addition accumulate a surplus of more than € 200 Mio. This created pressure to lower the fees, even though, in absolute terms, the level of fees for obtaining and maintaining trade mark protection for CTMs was considered reasonable. Application, registration and renewal fees had been lowered previously (in 2005), but the surplus still increased. As a result of a compromise reached at a joint session of OHIM’s Administrative Board and Budget Committee in September 2008, the Fees Regulation was amended and the fees for CTM applications and registrations were significantly reduced. An important element of the compromise was the understanding that a proportion (50 percent) of the renewal fees would be distributed to the national offices.

2. Council conclusions

1.10 In its session in May 2010, the Competitiveness Council reviewed the situation and adopted conclusions, which also include conclusions on the distribution of a share of the fee income to national offices. The full text of the conclusions, published in OJEU No C 140 of 29 May 2010, p. 22, is reproduced hereafter:

Council conclusions of 25 May 2010 on the future revision of the Trade Mark system in the European Union
(2010/C 140/07)
THE COUNCIL OF THE EUROPEAN UNION,
1. RECALLS that in May 2007 it adopted conclusions regarding the financial perspectives of the Office for Harmonization in the Internal Market (Trademarks and Designs) (hereinafter referred to as ‘OHIM’) and the further development of the Community trade mark system (1);
2. ACKNOWLEDGES the agreement reached on 18/19 September 2008 at the joint meeting of the Administrative Board and the Budget Committee of the OHIM on a package of budgetary measures aiming at better balancing OHIM’s budget in the future, this package consisting of three major elements: (i) the reduction of fees for obtaining Community trade mark protection, (ii) the creation of a Cooperation Fund and (iii) the future distribution of 50 percent of renewal fees to Member States’ national trade mark offices (hereinafter referred to as 'National Offices');
3. AGREES that these budgetary measures not only constitute appropriate and useful instruments to guarantee a balanced budget for OHIM in the future, but also contribute to modernising, streamlining, harmonising and strengthening the trade mark system in Europe as a whole within the framework of enhanced cooperation between the OHIM and the National Offices;
4. WELCOMES the fact that further to the September 2008 agreement, the fees for obtaining a Community trade mark registration were substantially reduced by Commission Regulation (EC) No 355/2009 with effect from 1 May 2009;
5. WELCOMES the significant progress made by the OHIM towards setting up a Cooperation Fund and ENCOURAGES the OHIM to finalise this work as a priority, in order to have the Fund fully operational as a matter of urgency and with the active participation of the National Offices;
6. RECALLS the Commission Communication of 16 July 2008 on an Industrial Property Rights Strategy for Europe (2);
7. WELCOMES the launch by the Commission of the study on the overall functioning of the trade mark system in Europe and SUPPORTS its objectives as specified in the terms of reference;
8. TAKES NOTE of the interim results of the study presented to the Council Working Party on Intellectual Property on 25 March 2010;
9. ENCOURAGES the Commission to finalise the study with the aim of building a solid foundation for its subsequent legislative initiatives;
10. ACKNOWLEDGES the fact that most associations of users of the Community trade mark system are satisfied with this system, as well as with the principle of coexistence between Community and national trade marks, and see the need to fine tune it through a future revision, taking into account the need for a balanced relationship between the Community and national trade mark systems;EN C 140/22 Official Journal of the European Union 29.5.2010
11. RECOGNIZES that national trade marks continue to meet the needs of large numbers of applicants, and that, therefore, national trade mark protection should be maintained as an option for these applicants;
12. RECALLS the Commission Communication of 11 September 2009 on enhancing the enforcement of intellectual property rights in the internal market;
13. RECALLS its Resolution of 1 March 2010 on the enforcement of intellectual property rights in the internal market;

The revision should include in particular:
— the introduction of a specific provision to define the framework for cooperation between the OHIM and the National Offices,
— making explicit that harmonization of practice and tools is an aim which all trade mark offices in the EU should pursue and that efforts in this area should be supported and facilitated by the OHIM with the active involvement of its Administrative Board,
— the establishment of a clear legal basis for the involvement of the OHIM in enforcement-related activities, including the fight against counterfeiting, in particular through fostering its cooperation with the National Offices, in accordance with their national competences, and the European Observatory on Counterfeiting and Piracy,
— the creation of a legal basis for distributing an amount equivalent to 50 percent of OHIM’s renewal fees to the National Offices in accordance with fair, equitable and relevant distribution criteria, to be defined in a way which would guarantee, inter alia, a minimum amount for each Member State, as well as the introduction of appropriate mechanisms which have due regard to the financial arrangements applicable to individual National Offices, to ensure that these funds will be available to the National Offices and will be used for purposes closely related to the protection, promotion and/or enforcement of trade marks, including combating counterfeiting,
— amendments and other measures, where appropriate, aimed at supporting the complementary relationship between the Community and national trade mark systems,

1.11 As regards the fee-sharing arrangements, the tasks will be
- to establish a legal basis for the distribution
- to establish criteria for the distribution.
This section of the Study deals with the amounts available for distribution and the distribution criteria and mechanism. The creation of a legal basis for the distribution are addressed in Part IV.

II. Available amounts

1. Available amounts

The common understanding is that the amount to be distributed to national offices shall be the equivalent of 50 percent of the renewal fees. This means that there are in fact two variables, namely first the number of CTMs renewed, and second the level of the renewal fees.

1. Renewals

The following table shows that the rate of renewal of CTM registrations, starting at 72 percent for CTMs filed in 1996, has dropped from that figure to 52 percent for CTMs filed in 1999 (which could be renewed until 2010). It therefore seems realistic to base the considerations on a renewal rate for 2010 and beyond of 50 percent.

<table>
<thead>
<tr>
<th>Year</th>
<th>CTMs Filed</th>
<th>CTMs Renewed</th>
<th>Renewal Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>43,290</td>
<td>30,738</td>
<td>72%</td>
</tr>
<tr>
<td>1997</td>
<td>34,853</td>
<td>21,608</td>
<td>62%</td>
</tr>
<tr>
<td>1998</td>
<td>26,011</td>
<td>14,394</td>
<td>56%</td>
</tr>
<tr>
<td>1999</td>
<td>28,023</td>
<td>17,027</td>
<td>61%</td>
</tr>
</tbody>
</table>

1.15 In rounded figures the following number of CTM renewals should be expected for the years 2010 to 2019 (the figures for 2019 are more speculative because many registration proceedings are not yet concluded):
The renewal fee currently amounts to €1500 (€1350 in case of electronic renewal, and €1200 for Madrid Protocol renewals), with an additional €400 to be paid for each class beyond the third class. According to OHIM’s estimates (in the 2010 budget), in addition to the basic renewal fee, which predominantly is paid for electronic renewal, about 15 percent of the total will be for additional class fees. That would mean that on average an amount of ca. €1500 to €1600 would be paid for each renewal. Taking the lower figure, the revenue from renewals in future years would be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Registrations Filing date 10 years earlier</th>
<th>Renewals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>42.000</td>
<td>21.000</td>
</tr>
<tr>
<td>2011</td>
<td>37.900</td>
<td>18.950</td>
</tr>
<tr>
<td>2012</td>
<td>36.300</td>
<td>18.150</td>
</tr>
<tr>
<td>2013</td>
<td>47.100</td>
<td>23.550</td>
</tr>
<tr>
<td>2014</td>
<td>47.500</td>
<td>23.750</td>
</tr>
<tr>
<td>2015</td>
<td>53.200</td>
<td>26.600</td>
</tr>
<tr>
<td>2016</td>
<td>63.300</td>
<td>31.650</td>
</tr>
<tr>
<td>2017</td>
<td>71.500</td>
<td>35.750</td>
</tr>
<tr>
<td>2018</td>
<td>70.600</td>
<td>35.300</td>
</tr>
<tr>
<td>2019</td>
<td>70.700</td>
<td>35.350</td>
</tr>
</tbody>
</table>

The amounts listed in the right column would be the likely income from renewal revenue, *rebus sic stantibus.*
1.18 Taking the Council conclusions as the basis, the amount available for the fee-
sharing agreed would be between € 14 Mio and ca. € 26 Mio in the coming years.

III. Distribution

1.19 According to the Council conclusions of 25 May 2010, the criteria for the
distribution should be

“... fair, equitable and relevant ... , to be defined in a way which would
guarantee, inter alia, a minimum amount for each Member State, as well as
the introduction of appropriate mechanisms which have due regard to the
financial arrangements applicable to individual National Offices, to ensure
that these funds will be available to the National Offices and will be used for
purposes closely related to the protection, promotion and/or enforcement of
trade marks, including combating counterfeiting.”

1. Minimum amount for each Member State

1.20 The 27 Member States of the European Union are very small, small, medium,
large and very large, by size and by population, or by GDP, or by any other
measure. In attributing a “minimum amount” to each Member State, various criteria
have been considered, such as the minimum number of votes in the Council, or
the minimum number of seats in the European Parliament.

1.21 A different approach would be to fix a proportion of the sum available each year
under the renewal-fee sharing arrangement and distribute this amount evenly to all
Member States. This would obviously be to the advantage of smaller countries
which would receive a “disproportional” amount as compared to their size. On the
other hand, this can be justified by the consideration that the basic costs for
maintaining the infrastructure needed to run a functioning trade mark office are to
some extent independent of its size. The costs per registration therefore tend to
rise in inverse proportion to the number of applications which an office receives.
Hence the effect that small offices profit more than others from an even distribution
of a part of the shares is in accordance with coexistence as the fundamental
principle governing the modus vivendi of trade mark regimes in Europe, and this
approach is therefore considered to be “fair, equitable and relevant”. There is a
degree of arbitrariness in determining the proportion, but a figure of 50 percent
appears to be “fair, equitable and relevant”.

1.22 It must also be considered that according to preliminary calculations, the total
amount of fees to be distributed, at least in the immediate future, would not be
very high. If it is assumed that 50 percent of the sum is distributed evenly, the
revenue per office would be about 300 000 EUR. The disparities would therefore
not make a significant impact on national offices’ budgets. If the total amount of
fees to be distributed should increase over time in the manner proposed, it could
be taken up for renewed discussion whether the portion of the sum to be
distributed evenly should be differentiated according to a key which largely reflects
the size of the offices. Thus, for instance, a scheme for measurement of the share
to be distributed to individual offices could be developed by distinguishing between “small” (below 3,000 applications p.a.), “medium” (below 20,000 applications p.a.) and “large” offices, which receive more than 20,000 applications p.a.

2. Proportionate amount to each Member State

1.23 In addition to the “minimum amount”, the distribution should also have a “proportionate” amount as second element. This presents the issue of determining an appropriate – “fair, equitable and relevant” – distribution key. A number of criteria have been considered, such as size, population, GDP, or number of votes in the Council or seats in the European Parliament. All of these would be “fair” and “equitable”. But if one includes “relevant”, a more – the most – appropriate criterion would be to take the number of trade mark applications filed (or trade mark registrations granted) each year, or the number of valid “live” trade mark registrations in the respective Member State (or, in the case of the three Benelux countries, at the Benelux Intellectual Property Office) as the measure. The Study suggests to take the number of applications filed (including Madrid extensions) as the basic measure. This appears particularly relevant because of the obligations arising in the Member States to accord Community trade marks the same treatment in all respects as they accord to national marks. For instance, at least in theory, each national trade mark application filed (or registration granted) might give rise to a conflict with CTMs, which would then have to be resolved within and at the expense of the national system. The distribution key therefore represents the best possible approximation to a scheme reflecting the costs possibly caused on the national level by virtue of the interlink between the national and Community system.

1.24 As an additional element, one could take into account that the national systems provide different ways for resolving conflicts, which are more or less elaborate and costly. This feature might lead to a further modulation of the key. Inspiration for such a model could be gathered from the WIPO rules concerning the fixing of fees under the Madrid Agreement. For the time being, however, the Study proposes that trade mark applications filed in the year prior to the distribution of the shares should be the relevant “relative” factor.

3. A simulation

1.25 Taking the year 2010 as a hypothetical case for distribution, the total amount available would be € 15,750,000.

1.26 The “equal” share available for each Member State would be € 7,875,000 divided by 27, i.e. ca. € 292,000 (it is assumed for present purposes that Belgium, Luxembourg, and The Netherlands are entitled to the same share, even though they have a common office).

1.27 The proportional share would depend on the number of trade mark applications filed in 2009. Unfortunately, the statistical information on the OHIM website, which lists national trade mark activity, is not complete for 2009. Thus, the figures for
2008 are taken as an example (it is unlikely that the proportions will vary much over the years), even though these figures are also not totally complete.

The following list gives rounded figures for trade mark applications, including Madrid extension. For some countries, data for 2008 were not complete; to the extent that figures for the first 6 months were available, they were doubled; to the extent that no figures were available – Germany – the figures for 2007 were taken.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>13.600</td>
</tr>
<tr>
<td>BOIP</td>
<td>31.900</td>
</tr>
<tr>
<td>BG</td>
<td>10.900</td>
</tr>
<tr>
<td>CY</td>
<td>3.200</td>
</tr>
<tr>
<td>CZ</td>
<td>17.300</td>
</tr>
<tr>
<td>DE</td>
<td>83.700</td>
</tr>
<tr>
<td>DK</td>
<td>8.100</td>
</tr>
<tr>
<td>EE</td>
<td>4.700</td>
</tr>
<tr>
<td>ES</td>
<td>55.100</td>
</tr>
<tr>
<td>FI</td>
<td>7.300</td>
</tr>
<tr>
<td>FR</td>
<td>79.600</td>
</tr>
<tr>
<td>GB</td>
<td>39.900</td>
</tr>
<tr>
<td>GR</td>
<td>10.300</td>
</tr>
<tr>
<td>HU</td>
<td>8.200</td>
</tr>
<tr>
<td>IE</td>
<td>5.200</td>
</tr>
<tr>
<td>IT</td>
<td>60.400</td>
</tr>
<tr>
<td>LT</td>
<td>6.500</td>
</tr>
<tr>
<td>LV</td>
<td>5.100</td>
</tr>
<tr>
<td>MT</td>
<td>1.300</td>
</tr>
<tr>
<td>PL</td>
<td>20.600</td>
</tr>
<tr>
<td>PT</td>
<td>20.100</td>
</tr>
<tr>
<td>RO</td>
<td>15.500</td>
</tr>
<tr>
<td>SE</td>
<td>15.900</td>
</tr>
<tr>
<td>SI</td>
<td>5.200</td>
</tr>
<tr>
<td>SK</td>
<td>7.400</td>
</tr>
</tbody>
</table>

537.000

1.29 Dividing the 50 percent (7.875.000) by 537.000 gives a figure of about € 14,55 per application.

1.30 This would result in the following (approximate) results for the respective Member States:

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>13.600</td>
<td>197.900</td>
</tr>
<tr>
<td>BOIP</td>
<td>31.900</td>
<td>464.100</td>
</tr>
<tr>
<td>BG</td>
<td>10.900</td>
<td>158.600</td>
</tr>
<tr>
<td>CY</td>
<td>3.200</td>
<td>46.600</td>
</tr>
<tr>
<td>CZ</td>
<td>17.300</td>
<td>251.700</td>
</tr>
<tr>
<td>Country</td>
<td>Amount 1</td>
<td>Amount 2</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>DE</td>
<td>83.700</td>
<td>1.217.800</td>
</tr>
<tr>
<td>DK</td>
<td>8.100</td>
<td>117.900</td>
</tr>
<tr>
<td>EE</td>
<td>4.700</td>
<td>68.400</td>
</tr>
<tr>
<td>ES</td>
<td>55.100</td>
<td>801.700</td>
</tr>
<tr>
<td>FI</td>
<td>7.300</td>
<td>106.200</td>
</tr>
<tr>
<td>FR</td>
<td>79.600</td>
<td>1.158.200</td>
</tr>
<tr>
<td>GB</td>
<td>39.900</td>
<td>580.500</td>
</tr>
<tr>
<td>GR</td>
<td>10.300</td>
<td>149.900</td>
</tr>
<tr>
<td>HU</td>
<td>8.200</td>
<td>119.300</td>
</tr>
<tr>
<td>IE</td>
<td>5.200</td>
<td>75.700</td>
</tr>
<tr>
<td>IT</td>
<td>60.400</td>
<td>878.800</td>
</tr>
<tr>
<td>LT</td>
<td>6.500</td>
<td>94.600</td>
</tr>
<tr>
<td>LV</td>
<td>5.100</td>
<td>74.200</td>
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<tr>
<td>MT</td>
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<td>18.900</td>
</tr>
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<td>PL</td>
<td>20.600</td>
<td>299.700</td>
</tr>
<tr>
<td>PT</td>
<td>20.100</td>
<td>292.500</td>
</tr>
<tr>
<td>RO</td>
<td>15.500</td>
<td>225.500</td>
</tr>
<tr>
<td>SE</td>
<td>15.900</td>
<td>231.300</td>
</tr>
<tr>
<td>SI</td>
<td>5.200</td>
<td>75.700</td>
</tr>
<tr>
<td>SK</td>
<td>7.400</td>
<td>107.700</td>
</tr>
<tr>
<td></td>
<td>537.000</td>
<td>7.813.400</td>
</tr>
</tbody>
</table>

4. Manner of distribution

1.31 The manner of distribution must assure that the amounts are made available to national offices for the purposes listed in the Council conclusions, taking into account the financial arrangements applicable to the respective offices.

1.32 It would appear appropriate that the available amounts set up in the OHIM budget for each year are paid by OHIM to the respective national office or the authority competent for such office in order to achieve the objectives for which the amounts are to be used. For those Member States where the national office does not have financial autonomy, it would be for each national authority to propose the proper arrangements to assure that the objectives for which the amounts are to be used are met.

5. Objectives

1.33 According the Council conclusions, the amounts distributed through the fee-sharing arrangement should be used for purposes closely related to the protection, promotion and/or enforcement of trade marks, including combating counterfeiting.

1.34 The Study favours the position that the usage of the renewal fees must first of all serve the purpose to establish or to keep national offices operational in order to maintain and intensify the coexistence. In general, the main objective to be pursued by using the amounts should be to improve the infrastructure of the
national offices as an element closely related to the protection and promotion of trade marks. Infrastructure measures within this meaning are investments in the IT architecture and tools of the offices, in qualified staff and personnel, such as examiner training and support in applying tools for examiners, and in tools aimed at ensuring consistency with the practice of other offices. More specific proposals in that regard are made under “Cooperation and Coherence” in Chapter 2 A.

1.35 These measures could substantially contribute to a balanced coexistence between the national and the Community level. Enforcement measures should not be regarded as a primary area for using the renewal fees.

1.36 It would appear appropriate that each Member State or each national office should report to OHIM’s Administrative Board and Budget Committee on the manner or activity for which the attributed funds have been used. Requirements for more direct accounting mechanisms would face the institutional problem that some national offices do not enjoy financial autonomy. However, if specific goals with regard to performance are defined, and benchmarking schemes are established as a complement to the reporting obligations, it should be possible to ensure that the flow of funds from the CTM system is not spent on purposes which are alien to the envisaged objectives.

Chapter 2 – Cooperation

A. Cooperation and coherence

2.1 As a general proposition it would seem uncontroversial and in fact universally accepted that the registrability of a particular mark should not depend on the administrative authority dealing with the mark or the individual examiner called upon to make the decision. Under the same factual circumstances the outcome should be the same. However, this idealistic concept is not fully reflected in current practice. Differences exist within the same office, and the divergences between different offices may be even more pronounced.

2.2 While consistency is not the sole yardstick for the quality of decisions in trade mark matters, it is nevertheless a crucial element. To attain and keep up a high degree of consistency and quality of decisions and administrative practices should become a primary goal for further development of the European trade mark system. This would benefit the interests of users and the public at large, and it would also contribute to strengthening the coexistence between the CTM and national trade mark regimes.

2.3 Among the most promising measures available to obtain high quality, coherence and consistency in the decision-making of national offices and OHIM are measures of cooperation between national offices and with OHIM. Much has already been undertaken in this regard, but much more can be done. The following are some examples.
I. Guidelines

2.4 At the “abstract” level, the development of common guidelines for the examination of trade marks for issues where national laws and Community law are the same should be an objective where both OHIM and national offices can cooperate.

II. Classification

2.5 In a different context, the issue of classification was raised. It appears mandatory that the rules on classification, and the classification in individual cases, do not differ from office to office, perhaps unless imposed by a court judgment (of which there are only very few). The current EUROACE project goes in this direction.

2.6 It would appear necessary (and easily achievable) that OHIM and national offices set up a permanent classification committee to which general issues (such as classification of new terms or indications not yet in the accepted classification database), disputed cases or divergent practices are referred for analysis and decision, which would then be applied by each office. That committee could be in permanent session via an Internet platform, and meet in person as often as necessary. It could provide significant input for the practice at the international level, within the framework of the Nice Agreement. It would be proper for OHIM to finance this activity.

III. Examination

2.7 In the course of examining individual trade marks, OHIM and national offices could cooperate by putting new applications on a common Internet-based platform for a limited period of time allowing participating offices to raise objections, which would become part of the examination in the respective office.

2.8 Similarly, in the examination of contested inter partes cases involving earlier rights, a common platform where these cases would be presented would permit national offices in CTM cases, and OHIM in national cases, to contribute to the likelihood of confusion analysis. In individual cases, where questions of law (or fact) arise which are specific to a particular Member State, such as in Article 8 (4) CTMR cases, OHIM’s bodies could actually present the issue to the national office inviting it to elucidate or at least explain what the national law applicable in a particular case is.

2.9 Such involvement of national offices in OHIM examinations could well give rise to OHIM paying the participating offices for their involvement (similar to the proposed fee-sharing arrangement for the fees to be paid for seniority claims).

IV. Joint activities
2.10 OHIM should also become, beyond its current activities, the focus point for joint activities relating to trade mark examination, such as examiner continuing education, common Internet-based platforms for particularly contested issues (3D marks, colour marks), or joint training of staff through programs that should include staff exchange in both directions.

2.11 All these measures would contribute to an intensified concept of coexistence and thus improve the functioning of the European Trade Mark system.

B. Enforcement

I. Context

2.12 Intellectual property (IP) rights must prove their worth and value in competition with rights of others and with goods or ideas that are not protected by IP rights. As regards trade marks it is common knowledge that – subject to a grace period – they do not deserve protection unless actually genuinely used on the market.

2.13 The process for obtaining IP rights – the main focus of this Study – is therefore only one of the many facets of IP protection, even though an essential part of it: without valid trade marks or other IP rights there is nothing to prevail on the market.

2.14 Prevailing on the market depends on the value of the IP right, as compared to rights or competitive activity of competitors, but also on the availability of instruments or measures of enforcing these rights against competitors infringing the exclusivity of the IP right. In this Study the nature and scope of exclusive rights conferred on trade mark proprietors has been covered prominently, and proposals are made to clarify these rights and provide appropriate limitations in the interest of free and undistorted competition. The focus in this analysis has been generally on rights conferred and infringement of these rights, without making any distinctions as to the nature or type of the infringement. There is however an important exception to this “generic” approach, namely with regard to goods in transit, where the Study proposes that European trade mark law should provide proprietors with the right to intervene in the country of transit when “counterfeit” goods are transported through the territory of the Member State (or the European Union in cases of CTMs). The Study has also pointed out that European trade mark law has important lacunae, as regards enforcement against infringers, because the CTMR only provides for the sanction of injunctive relief, referring for all other sanctions to the laws of the Member States. The Study proposes in this regard that the CTMR should contain the full range of civil sanctions in accordance with the 2004 Enforcement Directive.

2.15 Enforcement of IP rights has been in the forefront of national, European and international actions since the 1980s, with the advent of what has become known as “product piracy”, which is called “counterfeiting” when trade mark or trade dress infringement is involved, and “piracy”, when infringement of copyrights and neighbouring rights is involved. Cheap copies of genuine products – from fashion to medicine, from software to DVDs, from tools to auto and airplane spare parts – have flooded the markets.
The response on the national or European level actually followed the development at the international level, which culminated in the 1994 Agreement establishing the World Trade Organisation which includes as an integral part the Agreement on Trade-Related Intellectual Property Rights (TRIPS), which for the first time for an international agreement provides obligations for Member States with regard to civil, penal and administrative enforcement of IP rights.

In Europe, the 2004 Enforcement Directive, which applies to all kinds of IP rights has set the ambitious goal of providing proprietors of IP rights with a broad range of sanctions in case of infringement. The focus of this Directive is not on counterfeiting and piracy, and it seems at times that the absence of such focus has led to solutions which may not be entirely appropriate in cases of “normal” infringements. The Directive is currently under review by the Commission.

Harmonised criminal sanctions are not yet part of European Union law.

Border seizure is also part of the bundle of measures seeking to impede the flow of goods infringing IP rights. The relevant legislation is also under review.

The Commission has been very much aware of the need to provide for effective and efficient protection of IP rights. Most recently, the Communication from the Commission to the Council, the Parliament, and the Economic and Social Committee, “Enhancing the enforcement of intellectual property rights in the internal market” (COM (2209) 467 final, dated 11 September 2009) has led to an intensive debate among the institutions. The European Parliament adopted a Resolution on 22 September 2010, “Enforcement of intellectual property rights in the internal market” (2009/2178(INI)), based on the „Gallo Report“ of the Legal Affairs Committee, dated 3 June 2010 (A7-0175/2010). Reference should also be made to the European Observatory on Counterfeiting and Piracy set up by the Commission in 2009, which is currently administered by DG Markt.

At the international level, a group of major trading partners comprising the European Union and its Member States as well as Australia, Canada, Japan, the Republic of Korea, Morocco, New Zealand, Singapore, Switzerland, the United Mexican States, the United States, have recently concluded their negotiations on a new international agreement seeking to establish common rules beyond those of the TRIPS Agreement. The Anti-Counterfeiting Trade Agreement (ACTA) (the latest text dates from 3 December 2010) will oblige members to provide for sanctions beyond those made mandatory by the TRIPS Agreement in cases of infringement of IP rights, and notably in cases of counterfeit and pirated goods.

II. Involvement of IP offices in enforcement activities

As far as the enforcement of trade mark rights in the future European trade mark system is concerned, the issue of providing for appropriate legal rules in the CTMR and in national laws has been discussed in the context of analysing the substantive and procedural law of trade mark protection.
In addition, the question has been raised, how and to what extent national trade mark offices as well as OHIM can be involved in a strategy aimed at reinforcing the protection of trade mark rights.

This question was addressed in the interviews with the national offices and the questionnaires sent to them. The responses received reveal extremely divergent conditions in the Member States. It seems that, apart from the offices in Bulgaria, Portugal and the United Kingdom, none of the other offices do currently perform any direct enforcement activities. Enforcement-related activities are mostly limited to indirect measures, for example awareness-raising, education of judges or customs officials, or information exchange with other national authorities. Some offices point to more specific activities, such as coordination or cooperation with and assistance to authorities involved in the enforcement of trade mark rights. The overall picture, however, is that enforcement activities within the meaning of measures to combat trade mark infringements are not part of their current tasks.

The potential for enhancing enforcement activities is, for the majority of the offices, restricted by the existing legal framework. The current structures and competences of many national offices do not allow assigning to them any substantial role in enforcement matters. A change of that situation would require legal amendments at the national level and, in addition, clear legal rules at the Community level to be implemented by national law.

The statements of the user associations do not support the idea to entrust the national offices with enforcement activities. They consider enforcement primarily a responsibility of proprietors of IP rights and other government authorities (police, customs) rather than a task of national offices. They see the primary role of the offices as providing a fast, efficient and reliable delivery of registered trade mark rights. However, user associations welcome in general an intensified participation of the offices in programmes to make the protection of trade mark rights more efficient, and to raise the awareness of the public to the dangers of counterfeiting and piracy.

The Council conclusions of 25 May 2010 on the future of the European Trade Mark system call upon the Commission to propose for the revision

“a clear legal basis for the involvement of the OHIM in enforcement-related activities, including the fight against counterfeiting”.

Furthermore, the Commission is requested to propose the creation of a legal basis for distributing an amount equivalent to 50 percent of OHIM’s renewal fees to the national offices and to introduce appropriate mechanisms to ensure that these funds will be used by the National Offices for purposes closely related to the protection, promotion and/or enforcement of trade marks, including combating counterfeiting.

These issues are dealt with in the context of OHIM’s mandate and the distribution of a share of the renewal fees (see Part IV). Among the measures proposed is the possible transfer of the European Observatory on Counterfeiting and Piracy to OHIM.
2.30 As a general proposition, the Study proceeds from the idea that trade mark offices (or IP offices in general) are not the proper authorities to serve as actors in the enforcement of intellectual property rights.

2.31 The steps aimed at involving trade mark offices in enforcement matters should be cautiously developed, taking into account the legal framework at the national level and the restrictions that current legislation and constitutional arrangements in the Member States impose. Whereas it may indeed be appropriate to oblige Member States to adopt rules and regulations and take measures to bolster the combat against counterfeiting and piracy, it would appear logical that it should be left to the Member States to decide how and with which administrative or judicial structures they will comply with European Union rules.

2.32 The proposal to establish a legal basis for OHIM's involvement in enforcement-related matters is different. With regard to OHIM, the European Union legislature has the power and the competence to determine the scope of activity of OHIM. Therefore, OHIM's mandate does not have to be limited to administering the Community trade mark and design system and notably the registration systems and all attendant procedures.

2.33 It would appear a priori compatible with OHIM's existing mandate that OHIM would also become involved, as one of the actors, in enforcement activities relating to Community trade marks and designs. Such involvement would require a proper mandate which could be achieved through an amendment of the CTMR (see above Part IV).

2.34 Even though enforcement measures have regularly a horizontal dimension since acts of infringement and, in particular, acts of counterfeiting touch upon other intellectual property rights rather than mere trade marks, it appears possible for the legislature to limit OHIM's mandate to trade marks and designs, although a broader mandate is not legally excluded. For enforcement of trade marks and designs (and perhaps for other IP rights as well) OHIM can become a major actor at the European level – obviously not as a "police" agency, but as a center of information and training, of coordination and of developing new ideas and concepts. To the extent that national offices have similar competences, OHIM should set up a network with these offices for all enforcement-related activities.

2.35 The plan for a CTMR revision to ensure by a new legal provision in the CTMR that the amounts coming from 50 percent of OHIM's renewal fees are used by the national offices for purposes closely related to, inter alia, the enforcement of trade marks, including combating counterfeiting, conflicts to some extent with the existing structures of many of the national offices which have currently no competences in the area of enforcement. Limited competences of the offices preclude a Community strategy aimed at involving all national offices directly in measures to combat trade mark (or design) infringements. Community law cannot require the national legislator to provide for an active participation of national trade mark offices in enforcement activities. Therefore, the means to involve Member States and their offices in the enforcement of trade mark (and design) rights are limited. The usage of the renewal fees will, as far as enforcement-related purposes are concerned, in nearly all Member States at best be of benefit for measures such as coordination, cooperation, or mutual assistance between the authorities.
on the national and Community level. Due to the different conditions within the Member States it is important to grant the Member States and the national offices sufficient flexibility in their policies to decide how the funds received from OHIM's renewal fees will be used.
Part VII – Conclusions

5.1 Links between the CTM system and national trade mark systems

5.1 (1) Harmonization of National Trade Mark Systems

(a) Achievement of TMD objective

To what extent has the trade mark directive achieved the objective of creating a single market by removing barriers to free movement and competition?

1 The TMD pursues - in accordance with recital 2 - the primary goal to remove barriers to free movement of goods and distortions of competition within the common market, which arise from legal differences in the Member States’ trade mark laws, and thereby to develop the functioning of the internal market. However, the harmonization of national trade mark laws does not overcome the territorial limitation of the rights conferred on proprietors of national trade marks. Thus, the TMD cannot create real internal market conditions in the area of trademark law. Only a unitary right with unlimited effect within the Community like the supranational Community trade mark can implement the single market concept immediately.

2 It cannot be proved by empirical means to what extent the TMD has contributed to remove barriers to the free movement of goods and services. However, it is quite clear that the harmonization of the main substantive provisions of national trade mark law and their interpretation by the ECJ have considerably reduced the risk that the requirements, the scope and the limitations of protection for identical trade marks filed in different Member States are assessed differently from Member State to Member State. To support the main goal of fostering and creating a well functioning single market, there is no alternative to the harmonization of laws, even if the harmonization is a long-term process that demands authoritative interpretations of the TMD by the ECJ as well as a harmonization of national legal practices.

(b) Need for further legislative harmonization

To what extent is there a need for further legislative approximation of Member States’ national trade mark systems within the current scope of the TMD?

3 A further harmonization basically serves the goal of a better functioning of the internal market for the reasons already mentioned. The harmonization process should therefore be continued. The optional provisions of the TMD should become mandatory provided that these provisions do not embody established national traditions and that the principle of coherence with the CTMR is observed.
The Study strongly endorses the principle of coherence as a general guideline, meaning that the provisions of TMD should be in line with those of the CTMR, where this is considered as relevant for ensuring a smooth functioning of cross-border business activities.

The optional provisions of the TMD are analysed in detail in Part V Chapter 1 in light of the existing legal provisions in the Member States and the provisions of the CTMR. It is proposed that the following should become mandatory provisions:

1. The absolute ground for refusal of bad faith applications, currently in Article 3 (2) (d);
2. The relative ground of refusal applying in case of conflict with a reputation mark, currently in Article 4 (4) (a);
3. The relative ground for refusal applying in case of conflict with a non-registered trade mark or another sign used in the course of trade, currently in Article 4 (4) (b);
4. The relative ground of refusal applying in case of conflict with other prior rights within the meaning of present Article 4 (4) (c), which are protected under national or Community law;
5. The provision in Article 4 (5), pursuant to which registration of a trade mark in appropriate circumstances need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark;
6. Article 5 (2) concerning extended protection for trade marks having a reputation;
7. Article 9 (2) concerning acquiescence of proprietors of trade marks having a reputation within the meaning of present Article 4 (4) (a) and of non-registered marks and other signs used in the course of trade in the meaning of present Article 4 (4)(b);
8. Article 11 (2) concerning the defense of non-use in opposition proceedings based on prior marks;
9. Article 11 (3) concerning the defense in infringement proceedings that the trade mark is liable to revocation on grounds of non-use;
10. Article 15 concerning the protection of collective marks, guarantee marks and certification marks and the additional grounds for revocation and invalidation of these marks.

To what extent is there a need for further legislative approximation of Member States’ national trade mark systems beyond the current scope of the TMD?
The scope of the TMD is, according to recital 4, limited to those national provisions which most directly affect the functioning of the internal market, in other words to the essential provisions of substantive trade mark law. According to recital 6 the national procedural rules concerning the registration, the revocation and the invalidity of trade marks are excluded from the scope of the TMD.

A further harmonization of trade mark law going beyond the current scope of the TMD is, first of all, proposed for those issues of substantive law which are covered by the provisions of the CTMR and which should, along these lines, become subject matter of mandatory national provisions in order to establish more coherence in European trade mark law. This harmonization process should also be extended to provisions of procedure, a proposal that is strongly supported by the user associations.

The proposals for a harmonization beyond the current scope of the TMD are developed in Part V Chapter 2. It is proposed to introduce the following provisions into the TMD:

1. Provisions concerning the transfer of trade marks in accordance with Article 17 CTMR;
2. A provision concerning the transfer of a trade mark registered in the name of an agent in accordance with Article 18 CTMR;
3. A provision concerning rights in rem in accordance with Article 19 CTMR;
4. A provision concerning the levy of execution in respect of a trade mark in accordance with Article 20 CTMR;
5. A provision concerning the involvement of trade marks in insolvency proceedings in accordance with Article 21 CTMR;
6. Provisions concerning licensing going beyond the scope of the current Article 8; in accordance with Article 22 (3) to (5) CTMR;
7. Provisions concerning the protection of collective marks in accordance with Articles 66 to 72 CTMR;
8. A provision in respect of a procedure before the trade mark Office where earlier trade marks can be invoked and the defense of non-use must be allowed;
9. Provisions concerning procedural issues in accordance with the regulations contained in the CTMR.

(c) Need for trade mark offices’ practices to become more consistent
To what extent do stakeholders see a need for the Trade Mark Offices’ Practices becoming more consistent?

9 The consistency of the decision-making practice of trade mark offices was one of the subjects of the Allensbach survey. The users were asked to assess the consistency of the OHIM practice in five areas, namely the examination of formalities and classifications, the examination for absolute grounds for refusal, the examination of CTM oppositions, of CTM cancellations and of CTM appeals (question 14). Another question focused on the consistency in terms of comparability between the practice of the different national trade mark offices in the five mentioned areas and, in addition, with regard to the examination of relative grounds for refusal (question 6).

10 The assessments showed a majority of positive ratings ranging from very consistent to fairly consistent. A clear majority of users of the CTM system perceives the consistency of the OHIM practice as fairly well. Only about 20 percent of users who gave an assessment on consistency consider shortcomings in the examination of absolute grounds for refusal, CTM cancellation procedures and CTM appeal procedures. The negative ratings are even lower in respect of the examination of formalities and classifications. A share of slightly more than 25 percent rated the consistency in the examination of CTM oppositions as unsatisfactory.

11 The assessments of the practice of national trade mark offices are slightly less positive even though the consistency on the national level is also rated by the majority as fairly well or better. About 20 to 40 percent of users perceive inconsistencies. The areas of opposition procedures and of the examination for absolute grounds for refusal are perceived as least consistent. The examination of formalities and classifications is assessed as substantially more consistent.

12 The statements of the user associations confirm these survey results. Similar to the users in the survey the associations indicate that inconsistencies of the practice of national offices exist primarily in the areas of examination for absolute grounds for refusal, in particular the distinctive character, and the examination of relative grounds for refusal.

13 Consequently, the efforts to improve the consistency of trade mark offices’ practice should, according to the users of the CTM system, focus on the areas of examination for absolute and relative grounds for refusal.

14 While the surveys thus show a reasonable degree of satisfaction, the percentage of users which are dissatisfied shows that there is still substantial room for improvement, both at the level of OHIM and at the level of national offices.

How could the cooperation between the OHIM and National Trade Mark Offices be intensified to achieve a more transparent and consistent Office practice throughout the Community?

15 The potential for an increased cooperation between OHIM and the National trade mark offices are addressed in Part VI Chapter 2. Proposals are made to develop
1. Common guidelines for the examination of trade marks for issues where the provisions of national law and Community law are identical;

2. Common rules on classification of goods and services supplemented by setting up a classification committee consisting of representatives of OHIM and national trade mark offices to which general or individual issues in respect of classification can be referred for analysis and decision;

3. Cooperation in the areas of examination of trade mark applications, examination of likelihood of confusion in proceedings involving earlier rights and examination of the requirements for protection of earlier national rights within the meaning of Article 8 (4) CTMR;

4. Joint activities relating to quality improvement of trade mark examination, such as examiner continuing education, common Internet platforms for particularly contested issues or staff exchange through cooperation programs;

5. Improvement of access to resources;

6. Support for academic research.

5.1 (2) Relation between CTM system and national trade mark systems

(a) Nature of the relation

How are the CTM system and national trademark systems used by stakeholders?

This question was one of the subjects of the Allensbach survey among the users of the CTM system. CTM proprietors and agents were asked whether their prevailing practice with respect to trade mark applications is a filing either on the national level or as CTMs or both as national trade marks and CTMs (question 7).

The answers reveal that a majority of CTM proprietors as well as CTM agents, i.e. 41 percent of proprietors and 59 percent of agents, are using the national systems and file national trade marks, either simultaneously with CTMs or only on the national level. Another 38 percent of proprietors and 24 percent of agents say that the filing only as a CTM is their prevailing practice.

The answers do not specify whether and to what extent they refer to the application of identical signs or of different signs in the coexisting trade mark systems. However, the survey results make clear that the national systems serve an important complementary function for the CTM system and that maintaining them is in line with the interests of all users of the European trade mark system, also the users of the CTM system.

(b) Future role and mission of national offices

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What should be the role and mission of national offices in the future?

19 The national offices are the institutional elements of the national trade mark systems and, therefore, the primary condition for the complementarity and coexistence between the CTM system and the national systems. There can be no stable coexistence in the European trade mark system without well-functioning national offices in all Member States.

20 The future role and mission of the national offices should therefore focus on fostering and strengthening the national trade mark systems in their complementarity to and competition with the CTM system. This requires efforts to improve the infrastructure of the offices, to enhance their performance, the quality of their services and the consistency of their decision-making practice. Measures that serve these purposes are the development of e-tools for users, the setting up and expanding of databases for making available national trade marks by searches, guidelines for the examination of trade mark offices, rules on classification of goods and services or office decisions. Further measures include networking with databases of other offices, investments in the education and training of examiners and improved helpdesk facilities to provide advice and service for users. Many of these measures are already undertaken, under the leadership of OHIM, others are being set up in the context of the Cooperation Fund, but there remains much room for further activities.

21 In addition, national offices can become more active in the future in the field of enforcement by arranging awareness campaigns, offering seminars and other professional education programs, or otherwise supporting the combat against counterfeiting in an indirect manner. This would include information exchange with other authorities of the same or of other Member States, particularly with custom authorities, or a cooperation with the upcoming European Observatory for Counterfeiting and Piracy, in particular if the latter should be transferred to OHIM. Already at present, national offices engage in such activities to a varying extent; examples for that are described above Part II Chapter 1 E. In the future, the level and intensity of the relevant activities could be enhanced and developed further, and the coordination between the national offices as well as with OHIM could be improved. A large majority among national offices and user organisations would welcome such developments. However, it is also emphasized that in the majority of Member States, involvement of national offices in enforcement activities is limited to measures providing information and indirect support. Only in few Member States, the constitutional and administrative structures allow national offices to engage directly in the combat against counterfeiting, for instance by intervening against infringing activities outside registration proceedings. In general, the enforcement of IP rights belongs to the competence of other authorities, or depends on the initiative of the trade mark owners. These other authorities include courts, custom authorities, in certain cases criminal prosecuting authorities, but other authorities as well, for example consumer protection authorities.

22 It is important in that context that the legal instruments for an efficient enforcement of trade mark rights are available or will be completed. These instruments are analyzed in the chapters on „Exclusive rights, conflicts, infringement“, „Civil
Regarding the structure of national offices, user associations frequently emphasize that offices tend to work more efficiently if they have financial autonomy and do not run on state budget. Although the Study does not undertake a comparative analysis of national offices’ efficiency, it appears indeed plausible to submit that offices become more “user-oriented” when they must balance their own budget on the basis of the fees they collect. However, it is for Member States to determine the institutional structures of administrative authorities, and they may have different attitudes towards the question whether the administration of trade marks (and other IP rights) should be treated like a “normal” commercial service, and whether the activities of IP offices should be steered primarily by the interests of their customers.

It should be clear, however, that irrespective of Member States’ institutional choices, well-functioning systems must take the interests of all sides into account. In the same vein, it would be mistaken to regard the organisational structure of national trade mark offices as an element of crucial importance for their future role and mission. Offices which do not have financial autonomy but run on state budget can establish the same infrastructures as financially independent offices which allow to operate a competitive institution as regards performance, quality and consistency of its services. Some of these offices have already now the structures and means to meet these requirements. However, the financial autonomy has an impact in the context of the distribution of a share of OHIM income attributable to renewal fees on the possibilities to guarantee the usage for specific trade mark-related purposes. This aspect will be addressed in the question on „Accounting mechanisms“.

(c) Linkages between the systems

To what extent is the option to file a CTM application at the central IP Office of a Member State still appropriate?

This question was one of the subjects of the Allensbach survey (question 18). The responses show that a significant share of users still want the opportunity to apply for Community trade marks through the national offices be retained. This applies to proprietors as well as to agents. 32 percent of the CTM proprietors and 27 percent of agents were in favour. However, variations were seen between the groups with different activity levels. Only 11 percent of the proprietors and 19 percent of the agents with a high activity level were in favour of the maintenance of this opportunity.

Overall, the results of the Allensbach survey indicate that the possibility of a registration of a CTM through national offices should continue to be offered. The costs incurred by the offices appear to be insignificant, as many offices do not charge the applicant a fee for forwarding the CTM application to the OHIM, as provided for in Article 25 (2) CTMR.
To what extent is the territorial requirement for a CTM to be genuinely used "in the Community" (Art. 15 CTMR), as interpreted in the related Joint Statement by the Council and the Commission of 20 December 1993, still appropriate in view of a Community market now comprising 27 Member States?

This question has become a core issue in the debate on the coexistence of the systems and thereby attained a political dimension. The Joint Statement by the Council and the Commission of 20 December 1993 determines that a use which is "genuine" within the meaning of Article 15 CTMR in a Member State, constitutes a "genuine use" in the Community.

To the extent that the Joint Statement is an expression of the "single market" concept which transcends frontiers between Member States, and focuses on the "genuineness" of the use rather than on its transnational character, the Statement is also today, in a European Union having grown to 27 Member States, an appropriate statement of principle. What matters is whether the use is "genuine", and not whether the use extends to more than one Member State. The focus thus is on the nature and extent of use, in view of the factual circumstances of each case, which take into account the nature of the product, the size of the enterprise, etc.

To the extent that the Joint Statement is taken to mean that any use sufficient to maintain a national mark in a Member State of the European Union automatically is taken to be "genuine" also for a Community trade mark it would have been misinterpreted at the time it was adopted, and it would continue to be inaccurate.

The Study strongly supports an interpretation of the "genuine use" requirement for Community trade marks which disregards political frontiers. The requirements for "genuine use" referred to in Article 15 CTMR must be assessed on a case-by-case basis taking into account the criteria developed by the ECJ. The extent of use, including the territorial extent, is one of the criteria that are relevant in determining the genuineness. Therefore, there is no reason or room for requiring that a Community trade mark in order to be maintained or enforced necessarily has to be used in more than one Member State.

The Study proposes that the wording of Article 15 CTMR be left unchanged and to entrust the territorial conditions for the "genuine use in the Community" within the meaning of Article 15 CTMR to the interpretation by the ECJ.

The Study recognises that situations may arise in the future where it is difficult if not impossible to justify the enforcement of Community trade marks against later national trade mark applications or registrations which are obtained in Member States far removed from the territory where the earlier Community trade mark is in use. In these situations there may be no true economic conflict in the same market. As the earlier Community trade mark is immune from revocation on grounds of non-use, the Study suggests a rule for a coexistence between the CTM and the later national trade mark under certain narrowly defined circumstances. The details of this proposal are included in the chapter "Territorial aspects of genuine use" (see Part III Chapter 3 A).
To what extent does the option of claiming seniority of a national trade mark still match the needs of users?

Seniority claims provided for in Articles 34 and 35 CTMR provide a means of combining trade mark holdings of the same mark valid in one or more Member States with later identical CTMs. The option to claim the seniority of a national trade mark meets the needs of a substantial part of users of the CTM system. This results from the answers of the CTM users given in the Allensbach survey (question 24). The question whether the respondents claim seniority at all, was answered by 39 percent of the proprietors and 64 percent of the agents in the affirmative. This possibility is “always” used by 17 percent of the proprietors and 20 percent of the agents, “in most cases” by 15 percent of proprietors and 25 percent of agents, and “now and then” by 7 percent of proprietors and 19 percent of agents. Only 5 percent of proprietors and 6 percent of agents said they never claim seniority.

The fact that the number of seniority claims registered at OHIM is nonetheless relatively low must have other reasons. The Allensbach survey reveals that 25 percent of proprietors (but only 5 percent of agents) did not know of this possibility before. Furthermore, 31 percent of proprietors (and 25 percent of agents) answered that they never had an opportunity to claim seniority. Taken into account the legal requirements for a seniority claim these results indicate a significant share of CTMs which are not identical with national trade marks of the same proprietor either as far as the marks or the registered goods or services are concerned, and which, therefore, do not qualify for a seniority claim. It has also to be considered that the CTMR does not provide any time limit for claiming seniority. Consequently, it may happen that the request for registration of the seniority of a national trade mark may be filed only after a long time following registration of the CTM. These are some aspects which might explain the current situation in respect of seniority registrations.

To what extent should seniority claims be verified by the OHIM in future?

This question was a subject of the Allensbach survey as well. The users were asked whether they would like to have a full verification of seniority claims or whether the current OHIM practice to check only the identity of the marks should be retained. 32 percent of the CTM proprietors were in favour of a full verification and 32 percent in favour of leaving the current practice unchanged. Among the agents 37 percent supported a change to a full verification whereas 44 percent were in favour of the current approach. The other 36 percent of the proprietors and 19 percent of agents either did not give an assessment or an answer which was not covered by the responses in the questionnaire. Therefore, it may well be that among the 36 percent of proprietors and 19 percent of agents there are users who support a mere registration of seniority claims without any verification. But this share is in any case substantially lower than the share of users who either are in favour of maintaining the current approach or favour a full verification.

The clear result of the Allensbach survey is that from the users’ point of view there is no reason to change the existing system of examination of seniority claims. The same view is supported by the majority of user associations stating an opinion on this issue.
The Study submits the proposal to amend the rules contained in Articles 34 and 35 CTMR as regards the legal effects of a seniority claim. Under current law the seniority effect, namely that the CTM proprietor can continue to claim the "seniority" (filing or priority date) of the national mark, becomes operative only upon surrender or non-renewal of the national trade mark. It is proposed to provide that this effect should apply regardless of whether or not the national trade mark is surrendered or maintained. The consequence would be that oppositions or cancellation requests based on national trade marks which are protected in the Member State in respect of which seniority of a national trade mark was claimed, which, while being earlier than the CTM, are later than the national mark on which the CTM is based, would be rejected.

As regards procedure, it is proposed that OHIM should continue to verify the existence of the earlier national mark, the identity of the persons claiming seniority and applying for or being proprietors of the CTM, while identity of the goods or services would not be examined. OHIM should also require the submission of a proper document proving the existence of the earlier national mark, until such time as an appropriate common data base is established. It is also proposed that OHIM should cooperate with national offices in examining seniority claims. As a supplementary measure it is proposed to introduce a seniority fee.

5.1. (3) Contributions of national offices to the overall functioning of the CTM system

(a) Sort of contributions

To what extent are national offices contributing to the overall functioning of the CTM system?

The national offices are involved in the CTM system in several aspects and thereby contribute to its functioning. First, there are some tasks that have been assigned directly to the national offices by the CTMR. These include the forwarding of Community trade mark applications that have been filed under Article 25 (1) (b) CTMR at the national offices to the OHIM according to Article 25 (2) CTMR, and the preparation of search reports by the national offices of those Member States that participate on the optional search system in accordance with Article 38 (2) to (5) CTMR.

The national offices have to perform some further tasks that the CTMR provides for: The national offices must retain the files of their national trade marks which form the basis for seniority claims in accordance with Article 34 and 35 CTMR, in order to allow determining the substantive requirements for an effective seniority claim in case of dispute. Also, the conversion of a CTM into a national trade mark under Article 112 and 113 CTMR requires a cooperation of national offices with OHIM and assumes that there are well-functioning national offices. Further necessary elements and contributions of the national offices to the functioning of the CTM system are, even though allocated outside the scope of the CTMR but provided in the TMD, the procedures in case of oppositions or cancellation requests based on CTMs against national trade marks or trade mark applications...
before the national offices. The national offices help CTM owners to enforce their rights against later national trade marks in a relatively easy way by offering opposition or cancellation procedures, which are subject to the national laws of the Member States. The Study proposes, in the context of adding procedural rules into the TMD, to require Member States to introduce either an opposition procedure or a cancellation proceeding before the national office in the future.

Apart from legislative or administrative measures, national offices provide information about the CTM system, through help desks, brochures, information events, etc.

The contribution of the national offices to the functioning of the CTM system does not consist only of their direct involvement in procedures related to the acquisition or protection of CTMs and to the interfaces between CTMs and national trade marks. Ultimately, the national offices contribute as the competent authorities to maintain the national trade mark systems and thus the overall functioning of the European trade mark system. The coexistence between the supranational CTM system and the national trade mark systems is one of the basic principles of European trade mark law. This principle implies the existence of national systems and national offices. Without well-functioning national offices the present system would no longer exist and European trade mark law would have to be fundamentally revised.

(b) Compensation by financial contributions from OHIM

*To what extent are the expenses related to these contributions made by national offices covered by payments received from the OHIM budget?*

Among the contributions mentioned in reply to question 5.1. (3) (a) the national offices only receive payments for their participation in the optional search system. The search fee currently amounts to 12 € for each Member State, regardless of the nature of the mark (word, device, 3D, other) or the number of goods or services or classes for which registration is requested. The role of the national offices in the filing of CTM applications under Article 25 CTMR is not covered by OHIM payments. According to Article 25 (2) CTMR the national offices may charge the applicant a fee for the forwarding of a CTM application to the OHIM.

The other contributions and services of the national offices for the benefit of the functioning of the CTM system are not separately remunerated. This also applies to information services at the national level that relate to the Community trade mark system.

The Study proposes an implementation of the decision to distribute a share of the renewal fees to national offices.

The Study also proposes that national offices should participate in the fees to be charged for seniority claims to the extent that they participate in the examination of such claims.
The Study also suggests ways of involving national offices in the examination of CTM applications, and suggests that national offices might be remunerated for their contributions.

5.1 (4) Potential for enhanced cooperation between OHIM and national offices

In what ways could national offices additionally and valuably contribute to the overall functioning of the CTM system to the benefit of current and potential users?

This question overlaps to a substantial part with question 5.1 (1) (c) How could the cooperation between the OHIM and National Trade Mark Offices be intensified to achieve a more transparent and consistent Office practice throughout the Community? Therefore, we refer to the answers to that question.

As far as this question alludes to the issue of involving the national offices in activities to combat counterfeiting and piracy, we refer to the answer given to question 5.1 (2) (b) on the future role and mission of national offices. The Study considers activities such as information exchange, awareness raising campaigns or the offering of training programmes in cooperation with the Observatory as important elements of an intensified cooperation between the Offices.

5.1. (5) Impact of distributing an amount equal to 50 percent of OHIM’s renewal fees to national offices

What could be the benefits both for the OHIM and users of the CTM system to have the half of the renewal fees revenue going to Member States’ national offices? What are possible disadvantages?

The CTM system is embedded in the European trade mark system. The Council Conclusions of 25 May 2010 (OJ C 140, 22) on the future revision of the trade mark system in the European Union recall that the budgetary measures adopted by the Administrative Board and the Budget Committee of OHIM in September 2008 not only constitute instruments to guarantee a balanced budget for OHIM in the future, but also “contribute to the modernising, streamlining, harmonising and strengthening the trade mark system in Europe as a whole within the framework of enhanced cooperation between the OHIM and the National Offices”. This political statement emphasizes the impact of the distribution of an amount equivalent to 50 percent of OHIM’s renewal fees to national authorities. The Council recognizes that the renewal fees should serve to improve the competitiveness of national offices.

The national offices are indispensable elements for the overall functioning of the European trade mark system which is built on the principle of coexistence of national trade mark protection and Union-wide protection. The distribution of amounts equivalent to one-half of the renewal fees to the Member States must be regarded as a measure to maintain and strengthen the complementarity and coexistence between the trade mark systems. Users of the CTM system benefit from the distribution of funds to Member States to the extent that national trade
mark systems are improved, in their performance, their complementarity, that examination procedures are harmonised, that complementary infrastructures are created and maintained. Some of these issues are addressed under Question 5.1 (3) (a).

53 The Study strongly supports measures to keep national trade mark systems in place and in particular to keep national offices operative and competent. Therefore, it must be ensured that the funds coming from the renewal fees will actually be used for the improvement of national trade mark systems and actually are applied for purposes of improving the performance and infrastructure of national offices. The negative effect of the fee distribution on the possibility to further reduce the application fees or other fees for Community trade marks cannot be considered as a relevant disadvantage for the CTM system in general or CTM users in particular since any such reduction would create further imbalances between the trade mark systems.

5.1 (6) Accounting mechanisms

*How and to which extent could it be ensured that these transferred funds are available to Member states’ national offices and really used for the trade mark related purposes concerned?*

54 The Study has analysed the financial status in the interviews with the national offices. The information received reveals that 10 offices have financial independence whereas 15 offices operate on general state budgets. According to the majority of these offices their domestic laws do not provide for a mechanism ensuring that the fees paid by the users for their trade mark operations would be used specifically for trade mark related purposes.

55 The Council Conclusions of 25 May 2010 call on the Commission to create a legal basis for the fee distribution to national offices and to introduce appropriate mechanisms to ensure that these funds will be available for purposes closely related to the protection, promotion or enforcement of trade marks.

56 The Study proposes the introduction of a provision in the CTMR and in the Fees Regulation as a legal basis for the distribution of OHIM’s fees to national authorities and for the complementary accounting mechanisms on the Community level as a first condition to achieve the envisaged objective. As a second measure implementing rules should be established that require the national authorities to report to the Administrative Board and Budget Committee of OHIM on the purposes for which the fees have been used. These rules should specify the details of the reporting obligations and include instruments to stop transfers of funds which do not comply with the legal conditions for the use of the amounts or the reporting obligations. The European Court of Auditors should also become involved, as it is with any expenditure of Community funds.
5.1 (7) Distribution key

**What would be an appropriate key for distributing 50 percent of OHIM's renewal fees to the individual Member States?**

57 The Council conclusions of 25 May 2010 address this topic by calling on the Commission to propose a distribution key “in accordance with fair, equitable and relevant criteria, to be defined in a way which would guarantee, inter alia, a minimum amount for each Member State”.

58 The Study proposes to distribute the sum available corresponding to one-half of the renewal fees paid to OHIM according to a key that distinguishes between a minimum amount and a proportionate amount for each Member State. The Study proposes that 50 percent of the sum should be distributed to all Member States, with each Member State receiving the same amount, whereas the other 50 percent should be distributed to the Member States proportionally in relation to the trade mark applications and international registrations filed with or granted by the Member States. This model would guarantee all Member States a basic amount for maintaining and modernizing the office's infrastructure, and it would take into account the different sizes of the offices by fixing an additional amount in relation to the number of trade marks seeking protection in the Member States.

5.2 Functioning of the CTM system including the OHIM

Part of the questions posed under this heading, in particular those dealing with substantive law, do not only relate to the CTM system, but concern the TMD as well.

5.2 (1) Definition of signs of which a trade mark may consist (Article 2 TMD, 4 CTMR)

**To what extent is the required capability of being represented graphically still a relevant and appropriate requirement for a sign to qualify as a trade mark with regard to non traditional trade marks? What could be appropriate alternative requirements to establish instead of it?**

59 The Study proposes that the requirement of graphical representation should be deleted from the wording of the relevant provisions so as to not bar the option for developing of new ways of representation which may be equally informative and reliable. However, this should not detract from the level of legal security prescribed in the ECJ's Sieckmann judgment (C-273/00). Appropriate wording should be included in the relevant provisions as well as in the Preambles.

5.2 (2) Rights conferred; sanctions (Article 5 TMD, Article 9 CTMR)

**Does the definition of the rights conferred upon proprietors in case of infringements still satisfy current need?**
The Study has not established a need to introduce fundamental changes concerning the definition and scope of the rights conferred. However, in order to enhance transparency and consistency of legal practice, certain clarifications and amendments are proposed.

In particular, it should be clarified in the Preamble that Article 5 (1) (a) TMD and Article 9 (1) (a) CTMR apply to the use of marks for goods and services originating from a third party as well as for those of the right holder. It should also be clarified that the use that may be prohibited is use “for purposes of distinguishing goods or services”. Furthermore, it is proposed that a provision modelled on present Article 5 (5) TMD becomes a mandatory part of the TMD and is integrated into the CTMR, in order to accommodate use for other purposes than to distinguish goods and services within trade mark law proper. This will avoid a risk for inconsistent practices evolving under national regulations against unfair marketing, which would have particularly negative consequences regarding activities with trans-border effects, such as use of marks in the digital environment.

The present catalogue of limitations in Article 6 TMD and Article 12 CTMR should be enhanced inter alia with a view to better provide for the use of protected marks for or in relation to the goods of the proprietor of the mark. Apart from that, minor corrections are proposed, such as clarifying, in accordance with ECJ decisions C-292/00 (Davidoff) and C-408/01 (Adidas/Fitnessworld), that extended protection for marks having a reputation is granted independently of whether the sign is used for identical, similar or dissimilar products.

Is there a need to align the customs seizure sanctions with the civil sanctions, in particular in case of import, export, and transit transactions?

The Study is aware of the fact that the question of interpretation of the term “infringing goods” under the Regulation on Border Measures (1383/2003) is currently pending before the ECJ. Regardless of the outcome of that judgment, the Study proposes to clarify that use in the relevant territories (those of Member States as well as that of the Community) includes use anywhere in the territory of the Member State or the European Union, thus including use in custom-free zones. The Study further proposes that apart from the situations addressed in ECJ C-281/05 (Montex/Diesel), use of trade marks on goods in transit should fall under Articles 5 TMD or 9 CTMR if the goods are counterfeit goods in the definition of the TRIPS Agreement, and if they would be infringing in the country of transit (or in the European Union) and in the country of destination. The aim is to establish an appropriate balance between an efficient fight against counterfeiting and the respect for free trade.

Should the CTMR include the same sanctions, in accordance with the Directive 2004/84/EC on the enforcement of IP rights, as made available for the infringement of national IP rights?

The Study strongly endorses the inclusion of a chapter on sanctions into the CTMR. It also emphasizes that the sanctions must be modelled on the Directive 2004/48/EC. However, as the Enforcement Directive is presently under review, no specific proposals for the wording of provisions to be inserted into the CTMR are included in the Study.
5.2 (3) Classification

To what extent does OHIM's practice of encouraging lists of goods and services corresponding to the headings of the Nice classification system meet the needs of applicants with a view of avoiding unnecessarily broad specifications of goods and services?

According to the Allensbach survey, the broad majority of proprietors (64 percent) and agents (72 percent) approves of OHIM’s current practice regarding class headings. It is notable, however, that the portion of those who disapprove of that practice is significantly higher for proprietors and agents with a high level of OHIM activities (31 percent and 27 percent vs. 13 percent and 11 percent disapproval in the group with a low level of activities). Nevertheless, the share of supporters remains to be very strong also among proprietors and agents with a high activity level (68 percent and 70 percent). It is not clear whether the positive evaluation of current OHIM practice includes also the interpretation that the use of class headings includes all goods or services properly classified in a class, even though not specifically mentioned.

The overall positive, though somewhat mixed impression received from the “high activity” group of users is reflected also in the solution proposed by the Study. Although the present status quo does not call for significant changes, account must be taken of the fact that the situation in the various Nice classes can be quite diverse and is partly unsatisfactory, depending on the breadth of the class headings, and the possibility for users to identify with sufficient exactness the category of goods and services for which the mark is, or is proposed to be used. Where class headings are in need of specification (there are only very few such class headings), such specification should be required. The practice of all offices should be the same. OHIM and national offices should cooperate to agree on a common approach. Generally, however, using generic terms for claiming protection, including the use of the Nice class headings, should be accepted by all offices.

As regards the question whether the use of generic class headings includes a claim to goods or services which may not be properly be grouped under that headings but nevertheless are classified as belonging to the same class, the Study proposes, contrary to current OHIM practice but in line with the practice of the majority of national offices, a solution which would require applicants to specifically claim goods or services which may not be understood as falling under a class heading.

5.2 (4) Claiming priority (Article 30 CTMR)

To what extent should priority claims be verified by the OHIM in future?

This question formed part of the Allensbach survey. The outcome was remarkable insofar as it was the only question about changes in the present system that received a positive reply from a majority of proprietors (46 percent vs. 24 percent
favouring the present system) and of agents (52 percent vs. 38 percent). Interestingly, the answers from proprietors with a high level of OHIM activity, as well as those from LSEs, were even more positive than the entire sample. The preferences of users are therefore clearly in favour of a more comprehensive examination. Nevertheless, evaluation of the result must proceed with some caution. Even though it stands out in terms of clarity, it conforms to a general trend reflected in the survey where it addresses potential changes in the current system: While proposals for changes are generally viewed with some reluctance, the portion of positive answers is likely to rise when a change would result in more services being offered. This can also be observed – although in a less pronounced fashion – concerning examination of seniorities, and regarding ex-officio examination for prior rights (see below). In all of those instances, it remains an open question whether the answers were given in full awareness of the consequences such changes would imply, in particular regarding time delays.

69 In view of those drawbacks, the Study recommends to maintain the present system of confining the examination to requiring the necessary documentation for inclusion in the files and the congruence between what is documented and what is claimed. Going further than that would create administrative costs which are not balanced by any benefits such changes might yield to the users.

5.2 (5) Examination of absolute grounds

(a) Access to trade mark protection

To what extent are users satisfied with the granted level of access to trade mark protection?

70 The Allensbach survey shows that users appear to be satisfied with the current level of examination for absolute grounds at OHIM. 36 percent of proprietors answer that the level is just about right, and only 8 percent resp. 7 percent concur with the view that the OHIM's practice is too strict or too liberal. However, a rather high percentage (49 percent) indicates that this is “impossible to say”. The percentage of agents declining a judgment is much lower (19 percent), and their rating is generally more positive: 55 percent say that the level of examination is just right, whereas 16 percent resp. 10 percent choose the alternatives “too strict” or “too liberal”.

71 A similar question was posed by the EBTP survey. The basis on which the answer was given was rather small; of the entire sample (344 answers) 183 stated that they did not have any experience with the OHIM. Of the remaining 161, about 40 percent said that the practice was just about right, while 6.2 percent (11) and 9.3 percent (15) said that the practice was “too liberal” or “too strict”. A large portion (72 = 44.7 percent) answered that they “don't know”. Whereas the statistical significance of those figures is somewhat diminished by their narrow basis, they show the same overall pattern as the Allensbach survey.

72 Opinions solicited by user organisations confirm the general impression that the current approach to examination for absolute grounds is (more or less)
appropriate. Criticism is brought forward not so much as regards the standards used, but as regards the consistency of the results of examination.

The Study does not propose any changes, except that the criteria for examining claims of distinctiveness acquired through use should be reviewed (see hereafter para 80 and 81).

To what extent does the examination practice of OHIM meet users’ expectations of providing certainty that the resulting CTM registrations are entitled to a presumption of validity?

According to the Allensbach survey, the quality of examination for absolute grounds for refusal at OHIM is rated as “high” by 26 percent of proprietors and agents, whereas 13 percent resp. 11 percent consider it as “low”. Interestingly, the percentage of those who give a negative vote (“low quality”) with regard to examination for substantive grounds rises with the level of OHIM activities: for highly active users, the relevant figures are 19 percent (proprietors) and 20 percent (agents); regarding the latter, the level of dissatisfaction is higher than the number of those who consider the quality standard as “high” (15 percent). Irrespective of levels of activity, it is a common feature that an absolute majority - 61 percent of proprietors and 63 percent of agents – consider the quality as “average”. Whereas that vote is definitely on the positive side of the spectrum, it does not necessarily reflect the level of enthusiasm that a high-achieving agency would like to evoke among users.

The complexity of the survey did not allow to explore more deeply the causes for the somewhat lukewarm response. However, in talks with user associations, it was frequently stated that although on the whole OHIM is doing a credible job, its performance could be improved if more attention was paid, and time dedicated, to the recruitment and proper training of staff, not least on the level of examiners. Further concerns were voiced regarding the somewhat “mechanical” application of quality monitoring tools at OHIM.

It is for OHIM to draw conclusions from those findings; the Study does not take any specific position on those points. It does emphasize, however, that irrespective of internal policies of OHIM, the quality of decisions there as well as in national offices could certainly be improved by providing for a higher level of information exchange on all subjects of legal relevance as well as the elaboration of common guidelines, best practices, etc.

To what extent does the examination practice of OHIM meet users’ expectations of consistency in examination for formal deficiencies, such as classification, or in examination for absolute and relative grounds, at the various levels of OHIM activities?

For an answer to this question, reference can be made, first, to Q 5.1 (1) (c), where brief reference was already made to the results obtained from the Allensbach survey with regard to users’ evaluation of the consistency of OHIM’s and national offices’ decisions. As was pointed out there, the rating for OHIM is on all points clearly better than that for national offices. Apart from that, the ratings show a similar pattern as for the quality assessment. While a majority considers
the consistency of OHIM’s practices throughout all activities as “fairly satisfactory”, the portion of those giving the most favourable rating (“very satisfactory”) remains relatively small – in particular regarding oppositions - , and is often lower than the aggregated votes for “not at all/not very satisfactory”.

78 The evaluation of those results therefore also corresponds to what was said above with regard to quality. Whereas the appraisal of OHIM’s performance is, on the whole, clearly on the positive side, users also perceive certain shortcomings, which might be addressed by OHIM’s internal policies, and which highlight the necessity of more intense cooperation, as set out above.

79 The measures and actions proposed in the Study seeking to improve performance, consistency, and cooperation are all aimed at converting OHIM - as well as the national offices in the Member States - into a centre of excellence, rather than merely a centre of satisfactory or good performance.

(c) Territory of acquired distinctiveness (Article 7 (3) CTMR)

Is there a need for clarifying the territorial scope in respect of which acquired distinctiveness must be shown, and, if yes, what would be an appropriate solution?

80 It follows from the concept reflected in Article 7 (2) CTMR that acquired distinctiveness must be established for the part of the European Union where it was initially lacking. The rule is clear enough, and Article 7 (3) CTMR is applied in a consistent manner in respect of trade marks which are not protectable for linguistic reasons in part of the European Union. However, application of the rule is more contentious in regard of signs which are not distinctive anywhere, such as colours per se and shape of product marks. If the practice currently established by the General Court is followed, which seems to imply that acquired distinctiveness of such signs must be established separately for each Member State, it would become extremely difficult to obtain a CTM registration for such trade marks. In addition, applying a country-by-country assessment does not comply with the general principle of unitary rights, which conceives the European Union as one territory (single market).

81 The Study therefore proposes that instead of following a scheme of compartmentalization, the assessment of acquired distinctiveness should focus on the European Union as a whole. Furthermore, in accordance with the spirit underlying Article 6quinquies C Paris Convention, it is proposed that the length of time of an unchallenged and substantial use of a sign should be taken into account for the establishment of acquired distinctiveness.

(d) Bad faith as an additional ground for refusal

Should bad faith be added to the list of absolute grounds for refusal?

82 The Study has not found evidence that to include applications filed in bad faith in the catalogue of absolute grounds for refusal would yield specific benefits to the users. The majority of comments emphasized that examination of bad faith usually involves quite complex assessments, and that most frequently, offices have to rely
on information provided by aggrieved parties in order to address the issue properly. It is therefore not proposed that bad faith should be examined ex-officio by OHIM as an absolute ground for refusal. However, the Study recognizes the importance of bad faith as an obstacle for protection. It therefore proposes with regard to the TMD that bad faith becomes a mandatory ground for refusal or cancellation (see already above).

5.2 (6) Use requirement (Article 15 CTMR)

To what extent has the current system with regard to the user requirement, including the 5 years period proved to be efficient and effective to reduce the total number of trade marks protected in the Community, and, consequently, the number of conflicts arising between them?

83 The question of whether a three year period should apply for the use requirement instead of the current five years was addressed in the Allensbach survey and produced a rather clear vote in favour of maintaining the present rules (55 percent of proprietors; 54 percent of agents). It is nevertheless remarkable that 40 percent of all agents were in favour of a change (proprietors: 28 percent), with the percentage rising to 45 percent for agents with a medium level of OHIM activities.

84 The results of the survey demonstrate that opinions are divided on the issue whether the use requirement in its present form efficiently reduces the number of protected trade marks. The issue is closely connected with the topic of “cluttering”, which is also judged very differently by representatives of stakeholders, especially among the legal profession.

85 The Study addresses the issue, including the difficulties to find conclusive evidence on one or the other position, in Part III Chapter 1 D III. While the Study does not propose any substantial changes concerning the use requirement in its present form, it does suggest a number of measures against the risk of cluttering, such as an additional class fee for each class (as compared to the current fee system for OHIM which includes three classes in the basic fee), some adaptations as regards the use of class headings, and the general requirement that registration of a trade mark requires an intent of use, even though that intent must be realised only after the expiry of the grace period.

86 The Study also considered the introduction of a declaration of use, which would clearly be effective in reducing the number of registered trade marks which are not actually used. However, no reliable statistics are available showing the number of trade marks which remain unused after the initial five-year grace period. Furthermore, such a declaration, which currently is required in only very few countries, and in none of the Member States of the European Union, would increase the burden on trade mark proprietors as well as on the trade mark offices. The introduction of such a use declaration should remain an “ultima ratio” option if the number of unused trade marks remaining in the registers would create serious problems.
5.2 (7) Searches (Article 39 CTMR)

(a) Optional search for national rights

To what extent has the recently introduced optional search system for national rights proved to be effective and efficient of users?

According to the Allensbach survey, about a fifth of all proprietors (19 percent) consider the current system of an optional search comprising 11 Member States as useful; only 11 percent do not regard it as useful at all. Among agents, the opinions are more evenly divided: 21 percent say that the search is useless, and 23 percent consider it as useful. The large majority in both groups (46 and 48 percent) agree with the statement that the search would only be useful if it included many more countries. The survey did not include a question on price; however, given that the fee of € 132 due for an optional search is rather modest, it is rather unlikely to have a negative influence on users’ estimation as to the usefulness of the service.

The conclusion from this is that the support among users for the search system in its present form is rather weak, with a significantly higher potential for endorsement if the system became more comprehensive and attractive.

The Study does not propose any changes.

(b) Mandatory search in the CTM Register

To what extent has the mandatory search in the CTM Register proved to be effective and efficient for users?

The Allensbach survey shows strong support by proprietors as well as by agents for maintaining the mandatory search in the OHIM registry: 64 percent of proprietors and 57 percent of agents are in favour of the current system, compared to 18 percent of proprietors and 26 percent of agents being in favour of an optional search. Even if these figures are aggregated with those who do not consider searches as useful at all (6 percent of proprietors and 12 percent of agents), the result remains clear.

With users’ preferences being so strongly in favour of the present system, the Study does not see a basis for proposals to abolish the mandatory search.

(c) Demand for additional or different services

Would users like the OHIM to offer different or additional search services?

Whereas it can be expected in general that that users would react positively to the offering of additional services by OHIM, the answer to this question cannot be unanimous. As far as high-quality search reports within the framework of the existing mandatory search system are concerned the search techniques could be developed by OHIM so as to offer reports comprising an assessment on the relevance of the hits. The feasibility and desirability of other options depends very
much on the specifics of the services rendered, and the price that would be charged. It also needs to be considered that offering such services would place OHIM in direct competition with private business, which might raise concerns from their side.

Being aware of all that, the Study nevertheless proposes that OHIM should be given the possibility to conduct pre-filing searches against payment of a special fee. Also in that regard, cooperation with national offices could be envisaged, not least with those which have already gained experience in the field.

5.2 (8) Examination of relative grounds

(a) No ex-officio examination

To what extent has the examination of relative grounds only upon opposition, i.e. not ex-officio, proved to be effective and efficient to deal with conflicting earlier trade mark rights?

The question whether users would prefer OHIM to perform an ex-officio examination of relative grounds for refusal formed part of the Allensbach survey. Nearly one half of proprietors (48 percent) express preference for such a system, whereas only 27 percent would like to keep the current system of examination upon opposition. The figures are particularly high for proprietors with a medium level of OHIM activity (53 percent) and for SMEs (51 percent), whereas highly active proprietors and LSEs were much less attracted by a change of the system (22 percent resp. 35 percent). Geographically, the support for ex-officio examination is highest in the new Member States (61 percent). Remarkably, however, the proposal also found approval in countries with a tradition of examination upon opposition only, like Germany (47 percent) and France (53 percent), with the latter percentage even exceeding that of the UK (51 percent).

For agents, the picture is different. Only 35 percent would like to switch to ex-officio examination, compared to 55 percent who prefer to keep the system as it is. Not surprisingly, the opinions in favour of change are highest for agents with low OHIM activity (51 percent), and also for agents from the UK (57 percent), followed by agents from newly acceded Member States (49 percent).

The positive perception of ex-officio examination for earlier rights is probably influenced by the presence of such practices in many national systems, as well as by the expectation that control of conflicting rights could easily, and inexpensively, be exercised by public authorities.

The Study takes the view that the opinions expressed do not justify a departure from the current approach to earlier rights. The current system – no ex-officio refusal but official search for earlier CTMs and optional search for national marks – is the result of a compromise reached before the CTMR was adopted. It was accepted at the time, and still is accepted now, that OHIM (or for that matter national offices) is ill equipped to evaluate the realities of conflicts between trade marks ex-officio, notably whether these earlier marks are actually in use, the more so as OHIM would have to take into account not only earlier CTMs but also earlier
national marks. Also, the perception prevailed that protecting existing trade marks against “encroachment” by later marks was an obligation of the proprietors of the earlier rights, rather than a public authority.

(b) Introduction of “accelerated registration” procedure

To what extent is there support for introducing an option for requesting the accelerated registration of a CTM application against the payment of a higher fee and with opposition occurring thereafter?

On accelerated procedure, the picture offered by the Allensbach survey is rather clear: neither proprietors (50 percent vs. 32 percent) nor agents (51 percent vs. 40 percent) would welcome the introduction of such a novel feature. The Study does not make any proposals in that direction.

5.2 (9) Opposition procedure (Art. 42 CTMR)

(a) Pre-registration opposition system

To what extent has in the users’ view the providing of opposition proceedings before registration (‘pre-registration opposition system’) proved to be effective and efficient to best accommodate the interests of both CTM applicants and holders of earlier rights compared to a post-registration opposition system?

The Allensbach survey shows a clear preference of users for maintaining the present pre-registration system: 55 percent of proprietors and 68 percent of agents are in favour, whereas only 14 percent resp. 19 percent vote for a change. Whereas changes are endorsed more frequently among LSEs and proprietors as well as agents with high OHIM activities, this does not change the overall picture which favours the current system throughout all groups. The Study does not propose any changes.

(b) Well known and reputation marks Article 8 (2) (c) and Article 8 (5) CTMR

Is there a need for clarifying the difference between or the common features of well-known marks and those with reputation?

Most stakeholder associations were in favour of attempts to clarify the relationship between well-known and reputation marks, without offering specific views on the outcome of such an endeavour. Based on the jurisprudence of the ECJ as well as on the WIPO Recommendation Concerning Provisions on the Protection of Well-Known Marks (1999), the Study proposes that a mark fulfilling the criteria for extended protection based on reputation should at the same time also be considered as well-known in the meaning of Article 6bis Paris Convention. Such marks should therefore attract protection against likelihood of confusion as well as against unfair use of, and detriment inflicted on, their reputation or distinctive
character, irrespective of whether they are registered or not in the territory where protection is sought.

(c) Appropriate relative grounds

101 To what extent have the relative grounds under articles 8 (3) and (4) CTMR proved to be appropriate subject matter to be dealt with in opposition proceedings with a view to their legal and evidentiary complexity?

102 The question concerning examination of conflicts with non-registered marks and other signs used in trade received the clearest answer among all potential changes addressed in the Allensbach survey: 52 percent of proprietors and 68 percent of agents are in favour of maintaining the present system, whereas only 9 percent of proprietors and 11 percent of agents would prefer examination after registration, i.e. within cancellation proceedings only. Again, the latter figures rise in proportion with the intensity of OHIM activities, but this leaves the overall picture unchanged. The Study therefore does not make any proposal for narrowing the range of prior rights on which an opposition may be based, except that it is proposed to limit the rights that may be invoked to those with a nation-wide scope. The change proposed is not of major impact as it is currently the case that most unregistered rights actually are nation-wide in scope.

(d) Opposition period

To what extent does the period of three months to file an opposition still meet the interests of users?

103 The inclination towards changes is also rather small concerning the proposal to curtail the period for filing an opposition. One fourth (26 percent) of proprietors and agents are in favour of changing to two months, whereas 61 percent of agents and 47 percent of proprietors would like to maintain the present period of 3 three months. Among proprietors, the response is not much influenced by size or level of OHIM activity; however, agents with high OHIM activity endorse the proposal for change by a majority of 50 percent. The Study did not consider this as a sufficient basis for proposing any changes.

5.2 (10) Appeal procedure

To what extent does the providing of an additional two month period for filing the grounds of appeal still meet the needs and interests of users?

104 The surveys as well as the opinions submitted have shown general support for the current system, where an appeal must be filed within two months from notification of the contested decision and the appellant disposes of an additional two months for submitting the grounds of the appeal.

105 In view of these results and the clear user approach of this question the Study does not propose to change the current situation.
5.2 (11) E-business

To what extent are users satisfied with the e-Business tools offered by the OHIM and to what extent are they in favour of the OHIM performing the registration and administration of CTMs exclusively by electronic means in the future?

The Allensbach survey generally reflects a very strong level of satisfaction among those agents and proprietors who are aware of the e-business tools offered by OHIM. This concerns in particular CTM online and e-renewal, where more than 90 percent of the answers express a very/fairly high degree of satisfaction. The lowest rates – which are still above 70 percent - are attained for MYPAGE (proprietors: 76 percent; agents: 72 percent), followed by CTM watch and EUROACE/EURONICE (proprietors: 84 percent resp. 79 percent; agents: 79 percent resp. 81 percent). The level of awareness is very to fairly high among agents, where – with the sole exception of CTM watch – a (strong) majority is aware of the different services offered. Contrary to that, a majority of proprietors is only aware of CTM Online (91 percent), the possibility of e-filing (88 percent), and, to a somewhat lesser extent, OAF (online access to all additional documents contained in a CTM file: 65 percent). For all other e-tools, the level of proprietors’ awareness lies below 50 percent, with CTM Watch only being known to 34 percent.

Regarding future dealings with OHIM, a sizeable minority of proprietors (32 percent) and agents (24 percent) votes in favour of switching to electronic communication only, whereas 45 percent of proprietors and the absolute majority of agents (63 percent) endorse the view that OHIM should continue to develop its e-business tools, but should at the same time maintain traditional forms of communication. Only a small minority of proprietors (8 percent) and agents (7 percent) call for a halt in OHIM’s efforts to further develop and expand its e-business tools.

Similar results were found by the EBTP survey, where a relative majority of 43 percent stated that both electronic and traditional communication media should be used, and an additional portion of 23,5 percent opined that traditional means of communication should be available, but that a higher fee might be charged on the users of such tools.

Whereas the figures indicate that in general, users are positively inclined towards OHIM’s e-tools and will be responsive to further developments, time does not seem to be ripe for cutting off all forms of traditional communications.

Therefore, the Study takes the view that current traditional methods of communicating with OHIM, and of OHIM communicating with parties to its procedures, such as telefax or mail, should be maintained. OHIM should be encouraged to extend electronic communications beyond the current scope, in addition to the currently preferred methods of communicating by telefax.
5.2 (12) Regime on costs

To what extent has the current regime on costs proved to be effective and efficient?

The current regime on costs is the result of compromise reached at the time of the adoption of the CTM and the CTMIR. A small increase in reimbursable costs was adopted in 2005. The current system takes into account the interests of applicants as well as of proprietors of earlier rights seeking to challenge CTM applications and registrations and any party wishing to obtain invalidation of a CTM on absolute grounds. The costs that are awarded the winning party are “capped” at levels allowing to limit the overall risk of filing a CTM or opposing an application to a reasonable level whereas they make it difficult for parties to recoup the costs they have to pay their professional representatives. For the moment, the Study does not propose any changes.

Difficulties have been encountered occasionally in collecting cost awards from unwilling or reluctant debtors, even though cost awards are enforceable decisions in all Member States. The Study suggests some amendments to Article 86 CTMR and initiatives to be taken by OHIM, national offices and NGOs to improve the situation.

5.2 (13) OHIM

(a) Role and mission

How should the role and mission of OHIM be defined in future?

The primary task of OHIM is and should continue to be administration of the European Union’s trade mark and design system. There are a number of attendant tasks and mandates which should be made explicit, such as harmonizing national practices, furthering cooperation among national offices and with OHIM, including staff exchange, establishing common e-tools, such as common platforms, etc. Many of these tasks are already undertaken by OHIM without any specific legislative mandate.

As regards tasks or activities which are beyond the administration of trade marks and designs, there is a wide variety of tasks that could be envisaged. For example, administering the register for designations of origin and geographical indications, participating in the fight against counterfeiting and piracy, and many other “harmonization” activities, within and beyond the realm of intellectual property. The Study takes the view that for such additional activities a legislative change would be required.

The Study does not take a definite position on whether OHIM should actually be entrusted with activities and tasks beyond the field of trade marks and designs. Nevertheless, in view of the widespread nature of counterfeiting, which primarily relates to trade marks (piracy being used to denote copyright infringements), and the competence of OHIM and its staff, and the possibilities of creating additional competences, a role for OHIM in this area should be foreseen. This also applies...
for the administration of the European Union’s existing systems for registration of designations of origin and geographical indications.

(b) Fees and fee structure

116 **To what extent is there a need for the adjustment of fees?**

117 The fees charged for trade mark activity have been reduced at two occasions, most recently by Commission Regulation 355/2009, by which principally the fees for filing and registration of CTMs were adjusted downward. At an earlier occasion, Commission Regulation 1618/2005 reduced, *inter alia*, the fees for renewal (from €2500 to €1500 for three classes). In principle there is agreement that in future an amount of fee income corresponding to 50 percent of the renewal fees should be distributed to the Member States. Other fees have remained unchanged since 1996, which means that in real terms the fees have become lower. Nevertheless, the Office continues to have an overall surplus in its budget, with currently some €400 Mio being in reserve funds.

118 If one would take the mandate of the Regulation that the OHIM’s budget must be balanced literally as meaning that the fee income must not exceed expenses, including a reasonable reserve, reducing the fees further would be mandatory. However, the Study takes the view that the fee income may be higher than expenses plus a reasonable reserve, and may take into account the value of the rights obtained by a CTM registration as well as concerns related to the coexistence of national systems and the CTM system.

119 Among the various fees, the current balance between the principal income-generating fees, namely application and registration fees and renewal fees, appears appropriate. The actual fee level must be set by the Commission in delegated legislation, but needs agreement of the Member States, a process which may take into account various considerations, including the “value” of the right granted by registration.

120 **To what extent is there a need for changing and/or streamlining the fees structure?**

121 The current fee structure has remained substantially unchanged since the beginning of OHIM, except that the application and registration fees have been reduced, as have been the renewal fees, and that some fees have been abolished altogether, such as the fee for recording a transfer. The fees for an opposition, invalidation or revocation, or for an appeal have remained unchanged.

122 The Study takes the view that there is no need to change the overall fee structure, and notably that there is no need to adjust the fees for an opposition, cancellation, or appeal.

123 The Study also takes the view that a separate application and renewal class fee should be payable for each class beyond the first (and not the third as is currently the situation), not for purposes of adjusting any imbalances in the fee structure,
but rather for purposes of reducing unwarranted claims for goods or services not really required by the proprietor of the mark.
The Study published by the Max Planck Institute for Intellectual Property and Competition Law contains an overall analysis of the European trade mark system, beginning with the substantive and procedural law issues of importance to the system, through current political questions such as the relationship between the Community trade mark system and the national systems and the future form of their coexistence, and ending with questions of an improved coherence and collaboration in practice. The comments on the various issues are preceded by a brief description of the programmatic objectives and principles of the European trade mark system and the international law framework in which the system is embedded.

The following summary provides an overview of the Study's most important results and proposals and refers to amendments laid down in the synopses (hereinafter p-TMD and p-CTMR).

A. General principles

I. Overview

The first chapter of Section III of the Study identifies the principles of coexistence, the unitary character of the Community trade mark and the coherence between Community trade mark law and national trade mark law and between trade mark law and neighbouring provisions (unfair competition law, law on the protection of geographical indications) as being the general principles which shape the European trade mark system in its current form in terms of content and that will also be of decisive significance for its future form. It also addresses the relationship between trade mark protection and competition from the point of view of undistorted competition and freedom of competition, and the interests protected by trade mark law and how they are taken into account in the individual case. As further background to the functioning of the European trade mark system, a brief description is given of the court system and the relevant provisions of international law. Finally, the Study also examines the question of the extent to which the de jure unitary market within the EU is also integrated de facto and what factors determine this. The last mentioned part of the analysis has a genuinely economic focus and was conducted by a staff member of the Institute for Information Technology and Innovation Research (INNO-tec) at the Ludwig Maximilian University of Munich.

II. Individual principles

1. Coexistence

With respect to the principle of coexistence, the Study emphasises the general consensus on which this principle, laid down in Recital 6 of the CTMR Preamble, is based (See Recital 2 of the proposed TMD Preamble). In fact, the central significance of the coexistence principle was not called into doubt by any of the persons questioned in the course of the Study. Nevertheless, certain differences
can be observed as far as concerns the concrete interpretation of this principle and the conclusions to be drawn. It is undisputed that the abolition of the national trade mark systems continues not to be an issue; such a proposal would no doubt also encounter general rejection. However, this does not mean that there is in principle agreement that measures must be taken to ensure the continued existence of the national system if it should, in the extreme case, shrink to such an extent that its maintenance would be jeopardized for economic reasons. In fact, a number of national offices, according to their own statements, see themselves confronted with such a situation in the long term. In contrast to the Community trade mark system, the figures for national applications are in part falling significantly, and since the situation would only get worse if the national fees were increased, considerable financial losses may under certain circumstances have to be accepted. If this development continues, a critical limit could be reached that will force the offices to abandon this sphere of activity.

From the point of view of the Study, the principle of coexistence constitutes an essential and indispensable element of European trade mark law. From this, the conclusion is drawn that appropriate measures must be taken to counter any developments that ultimately might pose a risk to the very existence of national offices in the trade mark sector. This objective can and should above all be served by the proposed redistribution of a sum corresponding to 50% of the annual renewal fees received by the Harmonisation Office. These sums should be used to ensure the good functioning and the maintenance or improvement of the competitiveness of the national offices. This will require not least investments in the communication structures as well as active involvement in projects such as the creation and use of digital platforms and the creation and maintenance of databases etc. At the same time, by setting out and monitoring concrete objectives, it should be ensured that the funds will actually be used for the corresponding functions. On the other hand, the Study rejects the imposition of uniform organisational structures that would ensure that the funds received are autonomously administered by the offices, instead of being distributed to them via the national budgets. More far-reaching proposals were considered incompatible with the priority of national law concerning the regulation of state activities.

2. Unitary principle

The Study also attaches outstanding importance to the principle of the unitary nature of the Community trade mark. It assumes as a matter of principle that the territory of the EU is to be regarded as a unitary territory, in particular as far as concerns questions of the acquisition of rights and the use of Community trade marks. As is well known, this question has led to discussions in connection with the issue of genuine use; this is addressed below. At this point, however, it should already be pointed out that the principle of the unitary nature is not to be interpreted such that the Community trade mark must always be enforced uniformly throughout the territory of the EU. This would already be in conflict with the territorial restriction of the powers of the Community trade mark courts under Art. 98(2) of the CTMR. In addition, the ECJ in the Chronopost decision\(^1\) held that even the sanctions imposed by the Community trade mark courts with central

\(^1\) ECJ decision dated 12.04.2011, Case C-235/09, [2011]– DHL Express v. Chronopost, ECR I-0000.
competence pursuant to Art. 98(1) of the CTMR may under certain circumstances have to be restricted in terms of territory, if the preconditions for an infringement of a trade mark are not satisfied in parts of the Community, e.g. for linguistic reasons. The Study had come to the same conclusion before the ECJ decision was rendered.² Nor does the coexistence rule proposed in connection with the genuine use issue (see below, B II 4) constitute an abandonment of the unitary principle, but instead merely takes account of the existence of different conditions on individual submarkets within the EU.

3. Cluttering of the register

The term "cluttering" is the keyword in the discussion whether the Community Trade Mark Register is "overcrowded", leading to disadvantages for new applicants. Possible reasons for such cluttering are firstly the attractiveness of the Community trade mark as compared with national rights and secondly the fact that certain characteristics of the system benefit the registration of "excessively broad" rights. In fact, it cannot be disputed that, unlike American law, the objective of European trade mark law is not to provide a generally accurate image of the use situation on the market through the Trade Mark Register. This follows already from the five-year use grace period, as well as from other special features such as the possibility of using relatively broad generic terms such as the class headings from the Nice Agreement classification to identify the goods and services to which the trade mark relates. Searches to identify potential conflicts in advance of new registrations are as a result subject to uncertainties, and the scope for the choice of new trade marks is tending to become narrower.

The replies to the question whether this is leading to serious problems in practice, however, vary considerably. Thus the user poll by the IfD Allensbach showed that a relative majority (41%) of the agents but only a minority of the holders (29%) feel that the registration of Community trade marks that are not used or used for only some of the goods and services covered is a problem. Nor does objective data confirm that new applications for trade marks are encountering considerable problems as the number of registrations increases. Thus above all the Harmonisation Office points out that the percentage of oppositions has remained the same, hence that there has been no tendency to increase, and that the rate of oppositions in the particularly "full" classes is in fact even slightly below the average. On the other hand, such figures say nothing about how the growing number of - in part unused - registrations is affecting the cost of searches and clearances conducted before the application is made.

The Study refrains from a concluding assessment of these questions. However, it assumes that in the absence of concrete evidence of a serious problem, there is no need for radical changes of the current provisions. The proposal to oblige the trade mark holder to issue a "statement of use" after expiry of the use grace period was discussed but ultimately rejected. In the interests of a certain cleansing of the register with respect to "excessively broad" or unused registrations, however, it is proposed that the basic fee should cover only registration in one instead of in three classes of goods or services. In addition, suitable measures should be taken to

² The restriction is also of interest in connection with the protection of Community trade marks with a reputation, see below, B II 3.
ensure that the use of generic terms does not lead to uncertainties and to overextension of the scope of protection of registered trade marks. This is to be effected firstly by the Harmonisation Office and the national offices together identifying and specifying unclear terms and by taking account of the principle that goods and services that according to normal use of language are not covered by a generic term must be specified individually.

In the IP Translator judgment the Grand Chamber of the ECJ followed a similar approach.

4. Interests that can be taken into account

The aim of trade mark protection in European law is to ensure undistorted competition in the common market. This has been emphasised by the ECJ in numerous decisions. In order to achieve this objective, the interests of all parties involved must be taken into account and weighed against each other. This concerns above all the interests of the trade mark holder and those of consumers and competitors.

In its judicial practice on the absolute obstacles to protection, the ECJ has defined the interests of consumers and those of competitors as different subcategories of the public interest that can prevent the registration of a trade mark. The consumer interest in being able to distinguish the commercial origin of goods and services is linked to the obstacle to protection of a lack of distinctive character (Art. 7(1) (b) CTMR; Art. 3(1) (b) TMD), while the interest of the competition in the unrestricted use of the sign in question can only be taken into account with respect to descriptive indications (Art. 9(1) (c) CTMR; Art. 3(1) (c) TMD). The fact that this makes it more difficult to take full account of all the interests involved is particularly significant in the case of trade marks consisting in the shape of goods. From the point of competition the protection of such trade marks frequently appears problematic; nevertheless, inter alia because of the absence of Europe-wide uniformly acknowledged and manageable criteria, the shape can often not easily be qualified as descriptive. Problems can also arise if for instance combination signs are primarily examined under the aspect of lacking distinctive character, but in the same context it is asserted that certain elements of the sign must also be kept free in the interests of competition. If such arguments are not dismissed for objective reasons but merely because they are submitted within the framework of Art. 7(1) (b) CTMR or Art. 3 (1) (b) TMD, this conflicts with the objective of a comprehensive examination to satisfy the principle of undistorted competition. The Study therefore proposes the abandonment of the exclusive tying of specific subcategories of the public interest to individual grounds for refusal and that

4 See in particular ECJ decision dated 16.06.2004, Case C-329/02 – SAT.1, Para. 55.
5 See the Käse in Blütenform decision of the Federal Supreme Court, where the separate treatment of the obstacles to protection pursuant to Sec. 7 No. 1 No. 2 of the Trade Mark Act led to substantial and objectively unnecessary delays in the proceedings.
6 As happened in SAT.1; above, note 5.
instead maximum account should be taken of all aspects of relevance for the registration of the trade mark.

Likewise, account must be taken of all the interests involved in connection with the definition of the exclusive rights conferred on a trade mark. The interests of competitors in being able to use a sign for legitimate purposes irrespective of its being protected as a trade mark will primarily have to be taken into account through the provisions on exceptions (see below). Similar considerations, however, should also apply to the determination of the scope of protection in that the extent of the right to prohibit depends inter alia on the degree of distinctive character. Accordingly, the Study emphasises the principle, hitherto not sufficiently accentuated in the judicial practice of the Court of Justice of the European Union (ECJ) and the General Court (previously Court of First Instance, that weak signs can only claim a small scope of protection. It also makes it clear that the assumption of a legally relevant trade mark conflict cannot be based on the fact that the signs correspond in a feature for which no trade mark protection can be claimed.

B. Substantive law

The analysis of substantive European trade mark law took place at two levels in the Study. The first stage investigated the common issues that concern both the Community trade mark system and the national systems equally. On the second level, questions were examined that are raised only within the Community trade mark system. These primarily concern the territorial aspects of Community trade mark rights that result from the fact that the territory of protection of the Community trade mark comprises the territory of the entire European Union with all its 27 Member States.

I. Common issues

1. Requirements for registration

a) Capability of being represented graphically

According to the current legal situation, the registration of a national trade mark or a Community trade mark requires the sign to be capable of being represented graphically. In its invitation to tender, the Commission asked the question whether this requirement in Art. 2 TMD and Art. 4 CTMR should be maintained.

The Study argues in favour of abandoning this precondition for registration in the future and replacing it with a flexible criterion according to which a sign must be capable of being represented in a way that allows the competent authorities and the public to determine the subject matter of protection precisely (see Article 3 (2) p-TMD and Art. 4 (2) p-CTMR). The standard to be applied should be the criteria set up in the European Court of Justice’s Sieckmann decision, according to which the representation must be clear, self-contained, easily accessible, intelligible, durable and objective.

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b) Grounds for refusal regarding the shapes of products

In their catalogues of absolute grounds for refusal, the Directive and the Regulation include three prohibitions on the registration of shape trade marks that cannot be overcome by acquired distinctiveness. These concern shapes resulting from the nature of the goods, that are necessary to achieve a technical result and that give substantial value to the goods.

On the ground for refusal for technically functional shapes, the ECJ has in two decisions\(^8\) laid down rules of construction that draw the scope of application of these provisions relatively broadly. A sign is excluded from registration if all the essential features of the shape serve a technical function and the shape contains no essential non-functional elements. It is irrelevant for the application of the ground for refusal whether there are alternative shapes that can be used to achieve the same technical effect of the product. The obstacle to protection for aesthetic and functional shapes has hitherto only been addressed by the ECJ in one decision.\(^9\) The answer to the preliminary questions submitted by the referring court, however, does not go beyond what can already be derived from the text of the legislation. The ECJ confirmed that the shape of a product that originally constituted the substantial value of this product and then acquired distinctiveness through advertising campaigns cannot be registered on the basis of Art. 3(3) of the Directive.

The Study proposes to replace the ground for refusal for shapes that result from the nature of the goods by a clause excluding all signs that exclusively result from the nature or the technical performance of the goods (see Article 4 (1) (e) (i) p-TMD and Article 7 (1) (e) (i) p-CTMR). In this way, as in American law, signs other than merely three-dimensional signs such as sound marks or colour marks could also fall under this prohibition. An example would be the particular noise of an engine for class 12 goods filed as a sound mark. The ground for refusal for shapes which give substantial value to the goods, on the other hand, should according to the Study be deleted. The argument that this prevents the creation of an unlimited monopoly by means of trade mark protection where design protection or copyright protection has expired does not justify the general prohibition on registration for particularly creative or original shapes of products that have a huge market success and whose value, such as in the case of the "Elwood trousers" or the "Bang & Olufsen loudspeakers",\(^10\) is placed on other factors than merely their shape. The few cases in which the shape alone determines the nature and value of the product can be handled appropriately by means of the prohibition on registration for lack of distinctive character of for descriptive indications.

c) Absolute grounds for refusal for geographical indications protected by


Community law

Article 7(1) (j) CTMR, implementing Art. 23 of TRIPS, contains a prohibition on registration for trade marks that contain geographical indications for wines or spirits and which are filed for wines and spirits that do not come from the relevant region. Article 7(1) (k) CTMR provides for a prohibition on registration for trade marks that contain geographical indications for agricultural products or foodstuffs registered pursuant to Regulation No. 510/2006, which fall under one of the provisions of Art. 13 of that Regulation. The Directive does not contain a corresponding prohibition on registration.

In order to create greater coherence between the European trade mark system and the Community law system for the protection of geographical indications, the Study proposes adjusting the existing grounds for refusal of the Community Trade Mark Regulation to the scope of the provisions of the Regulations protecting geographical indications for wines, spirits, agricultural products and foodstuffs (see Article 7 (1) (k) p-CTMR), and including corresponding grounds for refusal in the Directive (Article 4 (1) (j) p-TMD). As a result, the trade mark offices would be obliged to check trade mark applications for compatibility with the provisions of the said Regulations for the protection of geographical indications. This would end the offices’ current practice of only subjecting such trade marks to a check for being contrary to the prohibition on deception.

There may no longer be a need to have a complete alignment of substantive national and Community trade mark law with the provisions of the Regulations protecting geographical indications: In a decision dated 14 July 2011 the ECJ clearly pointed out that the national trade mark authorities are required to apply directly the prohibition on the registration of trade marks that infringe the provisions of Regulation No. 110/2008 on the protection of geographical indications for spirits as laid down in Article 23(1) of this Regulation. The Court added that within the scope of application of this Regulation, there was no need for the construction of the provisions of the Trade Mark Directive, since Regulation No. 110/2008 must apply independently of the provisions with which the Trade Mark Directive has been implemented in national law. These rules of interpretation adopted by the ECJ can easily be transferred to the prohibition on registration in the other Regulations protecting geographical indications. It would appear that in the light of this decision the prohibition on registration to the benefit of geographical indications protected by Community law included in the CTMR and the TMD only serve the clarification of the trade mark authorities and that their substantive law scope is no different from the direct effects and applicability of the special Regulations protecting geographical indications. Special trade mark rules may still be necessary as regards the procedures to be followed (examination ex-officio, opposition and cancellation, etc.).

d) Well-known trade marks and trade marks with a reputation as relative grounds for refusal

According to Article 4(3) TMD, the Member States are obliged to recognize Community trade marks having a reputation as a relative ground for refusal if the use of the younger trade mark without due cause would take unfair advantage of or be detrimental to the distinctive character or reputation of the Community trade mark. For national trade marks having a reputation, such protection is optional (Article 4(4) (a) of the Directive). Neither the Directive nor the Regulation say anything about the extended protection of unregistered trade marks that are well-known in the meaning of Article 6(2) Paris Convention.

The Study regards these provisions as unsatisfactory in the light of the state of developments in international law. For this reason, it proposes converting the optional provision of the Directive in Article 4(4) (a) into a mandatory provision (see Article 6 (1) (c) p-TMD). At the same time, it proposes that well-known marks be treated as being equal to national trade marks with a reputation within the meaning of the Directive and the Regulation, and that those marks be granted the same protection as national trade marks with a reputation as a relative ground for refusal according to the provisions of the Directive and the Regulation (see Article 6 (1) (c) p-TMD and Article 8 (1) (c) in conjunction with Article 8 (2) (d) p-CTMR). The consequence would be that in future not only national trade marks with a reputation but also marks that are well-known in the Member States within the meaning of the Paris Convention would enjoy protection against the unfair impairment or exploitation of their distinctive character or reputation as relative obstacles to protection independently of any registration.

The more extensive step of granting trade marks that are well-known within the Community protection as Community trade marks without prior registration (comparable with unregistered Community designs) and then recognizing them as a relative Community-wide obstacle to protection and as rights enforceable throughout the Community is only addressed as an option in the Study. Implementation would require a decision with political consequences that would appear to be incapable of achieving consensus amongst the Member States.

2. Rights conferred on the trade mark

a) Protection in case of double identity

One of the central issues in current European trade mark law is the determination of the scope of trade mark rights in the case of double identity, which is addressed in Article 5(1) (a) TMD and Article 9(1) (a) CTMR. The ECJ has developed the principle that the use of an identical sign for identical products only infringes the trade mark if it impairs the functions of the mark.\(^\text{12}\) According to the case law of the ECJ, these functions include not only the essential function of guaranteeing the origin of the goods to the consumers, but also include its other functions. In this context, the ECJ mentions the quality function, the communication function, the investment function and the advertising function.\(^\text{13}\) According to the approach developed by the ECJ, the function of guaranteeing origin is impaired if the use of


the sign produces the impression that the goods originate from the trade mark holder or a commercially affiliated enterprise.\(^\text{14}\) It is less clear by now under which conditions the advertising function and the investment function are negatively affected to an extent that justifies a finding of infringement.

The Study argues that the main reason for the ECJ to embark on its function analysis, which has caused much confusion and legal uncertainty, has been that the Court had difficulties to incorporate certain cases into the ambit of trade mark law where a mark was used for other purposes than to indicate the commercial origin of the goods or services on which it appeared or in respect of which it was used. For reasons of transparency, it is therefore proposed to point out clearly in the preambles to the Directive and the Regulation that the double identity rule pursuant to Article 5(1) (a) TMD and Article 9(1) (a) CTMR covers two different groups of cases: firstly, the use of the sign for the goods of a third-party and secondly the use of the trade mark to identify or refer to original goods of the trade mark holder (see Recitals 29 p-TMD and 33 p-CTMR).

The Study proposes that in the first case the decisive factor should be whether the identical sign is used to distinguish identical products that do not originate from the trade mark holder himself or an affiliated enterprise. In this case, the function of a trade mark as a guarantee of origin is impaired and the use of the sign always constitutes a trade mark infringement without there being a need for establishing a likelihood of confusion. This reflects the absolute nature of the trade mark protection in cases of double identity. Accordingly, a trade mark infringement in the case of double identity is only excluded if the public does not regard the sign as an indication of origin and for this reason the guarantee of origin remains unaffected.

In the second case, the use of the trade mark to distinguish or refer to original goods of the trade mark holder again requires no examination of the impairment of a trade mark function within the meaning of the ECJ’s judicial practice. Nevertheless, the protection of the trade mark is not absolute here. The Study points out that these cases are as a matter of principle to be resolved by means of the limitations contained in Article 6 of the Directive (see Article 15 (1) (c) p-TMD) and Art. 12 of the Regulation (Article 12 (1) (c) p-CTMR). In that context, it is proposed that the limitation for the use of the trade mark as an indication of intended purpose be extended to other cases of the use of the trade mark as a reference to the goods of the trade mark holder (see below, 3. b).

**b) The protection of trade marks with a reputation**

The Study’s proposal, already set out above, that in future European trade mark law well-known trade marks as a relative ground for refusal with extended scope of protection should be treated as being equal to national trade marks with a reputation, will also require adjustments and modifications in the determination of the rights resulting from the trade mark.

First of all, in order to meet the European Union’s obligations under the TRIPS Agreement, the optional provision of Article 5(2) of the Directive, which regulates

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\(^\text{14}\) ECJ decision dated 23.3.2010, Joined Cases C-236/08-C-238/08 – Google France v Vuitton, [2010] ECR I-02417, Para. 84.
the extended protection of trade marks with a reputation, must be converted into a mandatory provision. At the same time, the Study proposes that well-known trade marks should be included in the provision of Article 5(2) of the Directive (see Article 12 (2) (c) p-TMD). It is only in this way that they will enjoy completely equal status with trade marks with a reputation within the meaning of the TMD and that well-known trade marks within the meaning of Article 6bis of the Paris Convention will enjoy extended protection in the case of a use of identical or similar signs outside the field of product similarity. This extension of harmonised trade mark protection to unregistered trade marks that are well-known would also require an adjustment of the provision of Article 1 TMD concerning the scope of the Directive (see Article 2 p-TMD).

c) Protection against use for other than distinguishing purposes

Hitherto, European trade mark law has only covered the protection of trade marks where a sign is used “for goods or services”. The protection against use of the sign for other purposes than to distinguish goods or services is according to Article 5(5) of the Directive a matter for the Member States. In such cases, they can provide for protection if the use of the sign unfairly takes advantage of or is detrimental to the distinctive character or the repute of the trade mark without due cause. The ECJ has held the use of a sign as a trade name to be such a use for purposes other than to distinguish goods or services within the meaning of Article 5(5) of the Directive.15 As a result, conflicts between trade marks and younger trade names that are not used for purposes of distinguishing products belong within the field of non-harmonised law.

The Study argues in favour of extending the harmonisation of trade mark law to use for purposes other than to distinguish goods or services by including in the Directive a mandatory provision based on Article 5(5) of the Directive (see Article 12 (4) p-TMD). A corresponding provision is proposed for the Regulation (Article 9 (4) p-CTMR). In order to ensure that this provision is better adjusted to the conflicts between trade marks and trade names, it is also proposed that the current wording should be extended so as to comprise also the case that the use of the sign creates the impression of a business relationship between the third party and the trade mark holder. The use of another’s trade mark as a trade name must, therefore, not take place in such a way that for instance the impression is created that the enterprise that uses the trade name is a licensee of the trade mark holder or is part of his distribution network.

3. Restrictions on protection

a) Use of names

The limitations contained in Article 6 TMD and Article 12 CTMR contain a restriction on protection to the benefit of the use of names. The Council and the Commission in the Joint Statements on 21 December 1988 on the occasion of the adoption of the Directive and on 20 December 1993 on the occasion of the adoption of the Regulation, expressed the view that a third party’s right to use his

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name only applied to natural persons. Irrespective of this, the ECJ has applied these provisions to all trade names. Even trade names of enterprises made up of arbitrary designations also fall within the limitation of Article 6 (1) (a) TMD and Article 12 (a) CTMR, provided that the use is in accordance with honest practices.

The Study proposes limiting the scope of application of this limitation to personal names in accordance with the original intentions of the legislator, and laying this down expressly in the legislative text (see Article 15 (1) (a) p-TMD and Article 12 (1) (a) p-CTMR). Trade names that do not contain personal names should, where they are used to distinguish goods or services, be treated no differently than other signs, in particular trade marks. There is no risk that the enforcement of trade mark rights will block the activity of enterprises using identical trade names, in particular for cross-border activities, because of the lack of an exception reservation. The use of trade names to identify entrepreneurial activity is a use for a purpose other than to distinguish goods or services as covered by Article 5(5) TMD, and therefore requires examination whether it is unfair (see Article 12 (4) p-TMD and Article 9 (4) p-CTMR). A reservation of weighting is inherent in this provision.

b) Use of indications of intended purpose

The exception for the use of indications of the intended purpose pursuant to Article 6 (1) (c) TMD and Article 12 (c) CTMR concerns a particular group of cases in which the trade mark is used to refer to the goods of the trade mark holder. A further exception for cases in which the trade mark is used for original goods is contained in the provisions of Article 7 TMD and Article 13 CTMR concerning exhaustion. Other cases in which the sign or the trade mark is used to designate the goods of the trade mark holder, such as in specific cases of trade mark criticism, are not covered by any of the exceptions under current trade mark law.

In the interests of improving the system of the legal provisions, the Study proposes a general limitation for the use of trade marks as an indication or reference to the goods or services of the trade mark holder. This limitation, which would not affect the rules on exhaustion, should be subject to the dishonesty proviso under the current exception (see Articles 15 (1) (c) p-TMD and 12 (1) (c) p-CTMR). At the same time, it is proposed that the limitation provision should be supplemented by a paragraph which, adopting the judicial practice of the ECJ, sets out examples in which the use is dishonest (Articles 15 (2) p-TMD and 12 (2) p-CTMR). There is no need to include comparative advertising in this list of limitations. Instead, the Study argues in favour of including in the list of acts that the trade mark holder can prohibit the use of a sign in comparative advertising unless it satisfies the Community law preconditions for comparative advertising (see Articles 12 (3) (g) p-TMD and 9 (3) (g) p-CTMR). This is intended to make it clear that the content and exceptions of trade mark protection in the case of the use of another's trade mark in the context of a comparison are without prejudice to the harmonized provisions concerning the lawfulness of comparative advertising.

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4. Use maintaining the right

Article 10 TMD concerning the use of national trade marks and Article 15 CTMR concerning the use of Community trade marks each lay down that a use maintaining the right to the registered trade mark also includes the use in a form that differs from the registration only in elements that do not alter the distinctive character of the mark. If the form used that differs from the registered form has likewise been registered as a trade mark, according to a decision of the General Court the use of that mark cannot be attributed to the benefit of similar registered trade marks not used as registered. The ECJ confirmed this decision without however explicitly following the reasoning of the General Court.18 This judicial practice has met with criticism.19 For purposes of clarification, the Study proposes modifying the statutory provisions in such a way that a use in a modified form is recognized as genuine and capable of maintaining the right irrespective of whether this modified form has been registered as a trade mark or not (see Articles 17 (3) p-TMD and 15 (2) (a) p-CTMR). This provision is intended above all to facilitate the maintenance of trade mark protection in cases of a trade mark modernisation that does not affect the distinctive character of the trade mark.

5. Transit

In cases of pure transit, in which a product bearing a potentially infringing trade mark is brought into the territory of the European Union or a Member State without customs clearance for marketing within the Union, the ECJ as a matter of principle only assumes an infringement if the goods are subject to the act of a third party which necessarily entails their being put on the market in the country of transit.20 In contrast, the Polo/Lauren decision21 held that Article 1 of the Customs Regulation No. 3295/94 also applies to cases of pure transit. In this respect, the Study proposes that, in the interests of protection against counterfeit goods on the one hand and the free movement of goods on the other hand, an infringement of a trade mark committed within the Union is always to be assumed if the goods are counterfeit goods according to the definition of the TRIPS Agreement22 and if the putting of the goods onto the market both in the country of transit and in the country of destination would lead to trade mark infringement. (see Articles 12 (3) (d) p-TMD and 9 (3) (d) p-CTMR). In the meantime, the ECJ has again ruled on

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19 Cf. the Order of the German Federal Supreme Court of 17.8.2011, I ZR 84/09, GRUR Int. 2012, 70 – Rintisch, referring various questions on this case constellation to the ECJ. The proceedings are pending before the ECJ as Case No. C-553/11.
22 See Art. 51 Footnote 14 TRIPS.
this issue in the joined cases of Philips and Nokia, confirming that according to the current legal situation border confiscation measures pursuant to Regulation No. 1383/2003 can only be imposed if there is a threat of a trade mark infringement, i.e. the concrete risk that the products will be put onto the market within the Union. However, it was also made clear that the requirements for the evidence supporting such a risk should not be set too high.

II. Questions on the Community trade mark system

Alongside the common issues concerning both the Regulation and the Directive, the Study addressed a number of substantive law issues that arise only within the Community trade mark system.

1. Distinctive character of a Community trade mark acquired through use

Pursuant to Article 7(3) CTMR, a Community trade mark that falls under one of the absolute grounds for refusal according to Article 7(1) (b), (c) and (d), can be registered if it has become distinctive in relation to the goods or services for which registration is requested “following the use which has been made of it”. According to the judicial practice of the General Court, proof of distinctive character acquired through use requires this proof being provided in all Member States in which inherent distinctive character is missing or where one of the other absolute grounds for refusal applies. If for instance, as in the case of the three-dimensional trade mark of the neutralised Lindt Goldhase, it is assumed that distinctive character is lacking throughout the Community, according to the General Court evidence will be required that this trade mark has acquired distinctive character through use in all 27 Member States of the European Union.

The Study proposes that the focus of this territorial issue should be less on the borders of the Member States and more on the territories and markets of the Community, at the same time permitting a more flexible approach. Distinctive character that has been acquired should be acknowledged if it can be proven for the majority of the markets that constitute the relevant territory. In its appeal decision rendered in the Lindt Goldhase-case mentioned above, the ECJ explicitly rejected the requirement of proof for all Member States, without however being explicit about the exact conditions for such a finding.

2. Older rights pursuant to Article 8(4) of the Regulation

According to Article 8(4) CTMR, upon opposition by the proprietor of a non-registered trade mark or another sign used in the course of trade of more than merely local significance, the trade mark applied for shall not be registered where and to the extent that the sign has a better priority and confers on its proprietor the

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right to prohibit the use of a subsequent trade mark. In a decision\textsuperscript{26} rendered after publication of the Study, the ECJ set out the conditions that an prior right within the meaning of Article 8(4) CTMR must satisfy. For such a right of more than merely local significance, the Court requires that it be protected throughout the entire territory of a Member State and that it is also used in a substantial part of this Member State.

The Study proposes an amendment to Article 8(4) CTMR. This should make it clear that older rights in distinctive signs constitute relative grounds for refusal within the meaning of Article 8(4) if they confer on the holder the right to prohibit the use of a subsequent trade mark throughout the territory of a Member State. Thus, the decisive element should be the nationwide scope of protection, and not the territorial extent of the use.

3. Protection of Community trade marks with a reputation against taking of unfair advantage

The protection of Community trade marks with a reputation in the absence of likelihood of confusion is regulated in Article 9(1) (c) CTMR. The provision requires that the Community trade mark "has a reputation in the Community" and that the use of the sign without due cause takes unfair advantage of or is detrimental to the distinctive character or the reputation of the Community trade mark. On the question of the territorial requirements for establishing reputation in the Community, the ECJ in its \textit{Pago} decision of October 2009\textsuperscript{27} held that the Community trade mark must have a reputation amongst a substantial part of the relevant public in a substantial part of the territory of the Community. The Court added that in the light of the circumstances of the actual proceedings,\textsuperscript{28} the territory of Austria could be regarded as a substantial part of the Community territory.

In the light of the \textit{Pago} decision, the Study proposes that in cases of a territorially limited reputation the extended protection of a Community trade mark pursuant to Article 9(1) c) CTMR should only be granted if the preconditions for an unfair exploitation of the repute or a dilution through use of a later sign apply within the territory of the reputation. The use of a latersign outside the territory in which the Community trade mark has a reputation can for this reason not be prohibited on the basis of the provisions concerning the extended protection of a Community trade mark with a reputation. This principle should also apply where the reputation of an older Community trade mark is asserted in national opposition or cancellation proceedings. For this reason, in these cases the Community trade mark must have a reputation in the territory of the Member State in question.

4. Territorial extent of the use of a Community trade mark ("genuine use")


\textsuperscript{28} At issue was a dispute in Austria concerning claims deriving from the Community trade mark "Pago" against the marketing of a similar product with a similar get up in Austria.
The currently most disputed issue concerning the Community trade mark system is the required territorial extent of use of a Community trade mark after expiry of the grace period. That the territorial requirements to be made of the use of the Community trade mark after expiry of the grace period should be the subject of a Study on the overall functioning of the Community trade mark was already announced by the Council of the European Union in its Conclusions of May 2007.29

Article 15(1) CTMR lays down that the Community trade mark must be put to genuine use in the Community to maintain protection. As yet, there has been no judicial practice by the ECJ on the required territorial extent of the use. However, a preliminary ruling is currently pending before the ECJ on this question.30 Of primary interest for the issue is the Joint Statement by the Council and the Commission on the occasion of the adoption of the Community Trade Mark Regulation in December 1993, which reads:

"The Council and the Commission consider that use which is genuine within the meaning of Article 15 in one country constitutes genuine use in the Community."

In its invitation to tender for the Study in July 2009, the Commission posed the question whether this statement was still appropriate in a Community consisting of 27 Member States.

The Study's reply to this question is unambiguous. The Study recommends that Article 15(1) CTMR should not be changed. In the light of the unitary nature of the Community market and the internal market principle underlying the Community trade mark system, genuine use of a Community trade mark should be assessed solely from the perspective of the Community. This should be the basis for a decision on a use maintaining the right on a case-by-case basis, leaving national borders between the Member States out of consideration. This approach means that the territorial preconditions for a genuine use of a Community trade mark and of a national trade mark do not have to be the same. A use that is sufficient for maintaining a national trade mark is not necessarily sufficient for a genuine use of a Community trade mark pursuant to Article 15 CTMR. This principle is already part of the Regulation: Article 112(2) CTMR allows a Community trade mark to be converted into a national trade mark if the Community trade mark has been revoked on the grounds of non-use if this use is, however, sufficient for a genuine use of a national trade mark within the meaning of the provisions of the Member State in question.

This principle concerning genuine use of a Community trade mark means that the Community trade mark can be maintained by means of use in a small part of the Community. For this reason, the Study proposes as a supplementary measure that

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29 Council Conclusions of 21 and 22 May 2007 regarding the Financial Perspectives of the OHIM and the further development of the Community trade mark system, Council document 9427/07.
30 Case No. C-149/11 – Leno Merken B.V. v. Hagelkruis Beheer B.V. The opinion of Advocate General Sharpston was delivered on 5 July 2012.
a new coexistence rule be created (see Article 11 p-TMD). This coexistence can occur in cases in which a Community trade mark has been used for more than 15 years in only a small part of the Community and subsequently a national trade mark is applied for in a Member State that is remote from the territory of the use of the Community trade mark. According to the proposal in the Study, this coexistence between an older Community trade mark and a subsequent national mark should be subject to three preconditions. Firstly, this rule should only be applicable to Community trade marks that have been registered for at least 15 years. Secondly, it should only apply if the Community trade mark has been used in a part of the Community that is remote from the country of application of the national trade mark. Whether the territories in this sense are remote from each other should be determined not only in terms of geography but also taking account of the markets to which the trade marks belong. And thirdly, the national trade mark must have been filed in good faith, i.e. the applicant must prove his good faith. For this purpose, the applicant must show that he had no reason for assuming that the national trade mark could lead to actual conflict with the Community trade mark on the market.

This coexistence rule would maintain the unitary character of the Community trade mark. The right to use the Community trade mark in all parts of the Community is not restricted. If the use of the Community trade mark should be extended to the country of application of the national trade mark, the Study proposes that it should be for the holder of the national mark to prevent confusion in commerce. The Community trade mark can be used without restriction in this Member State. This coexistence rule is intended to reduce the prohibition effects of a Community trade mark that has been unused for many years in many parts of the Community. At the same time, it should also strengthen the coexistence between the Community trade mark system and the national systems.

C. Procedural law

In connection with the functioning of the Community trade mark system, the Study, in addition to the substantive law provisions, also examined a number of procedural regulations. The Study largely followed the list of questions proposed by the Commission and also took account of the opinions of the system’s users as determined by the Allensbach poll. Overall, the conclusion is that no substantial fundamental changes are proposed for the procedural regulations that apply to the Harmonisation Office in Alicante, particularly since the circles involved are overall in agreement with the form of the proceedings and are sceptical to negative towards modifications. The following addresses both the procedures before the OHIM and the proceedings for the enforcement of trade mark rights before the civil courts.

1. Proceedings before the Harmonisation Office
a) Application for a Community trade mark

In accordance with the results of the Allensbach poll, the Study comes to the conclusion that the possibility of also submitting applications for Community trade marks to national offices as a means of securing the filing date, and the provision that the payment of the application fee can be made within one month after submission of the filing without loss of the filing date should be retained.
b) Classification of goods and services

In connection with the topic of "cluttering", reference has already been made to the significance of the classification of goods and services and the importance of the ECJ decision in *IP-Translator*. The classification is only generally addressed in the Community Trade Mark Regulation; the provisions concerning classification are to be found in Rule 2 of the Implementation Regulation.

The Study considers classification from a variety of aspects: consistency (uniformity in practice), certainty, cluttering of the register, changes to the classification standards, class fees, classification and scope of protection, and classification and the obligation to use. Even if there is agreement that the classification of the goods and services as carried out in Alicante and in all national offices according to the Nice Agreement on the International Classification of Goods and Services for the Registration of Trade Marks is only of administrative significance (as expressly set out in Rule 2 of the Implementation Regulation), it cannot be denied that the designation or identification and classification of the goods and services also enjoys substantive law importance. The protection of registered trade marks is firstly to be determined according to the sign protected and secondly according to the goods and services for which the trade mark claims protection. Accordingly, a correct description or designation of goods and services is of importance not only for the administrative classification into the 45 classes of the classification but also, and perhaps even primarily, from the point of view of determining the scope of protection of the trade mark.

Consistency in classification practice is a necessary precondition. Creating this is first of all the function of each office for itself. However, because of the multitude of interconnections between national and Community trade mark protection, consistency is also necessary across offices. The Harmonisation Office plays a leading role in this field.

The certainty of the claim, according to the largely uniform practice of the offices in Europe, does not require a precise specification of the goods or services in the sense of detailing the individual products (leather sandals) instead of the type of goods (footwear). Generic terms such as are used for the class headings of the 45 classes, as well as generic terms freely selected by the applicant, are permissible as a matter of principle. According to the Study, there should, however, be a restriction for generic terms where these do not clearly disclose what products are to be covered (see Article 39 (2) (b) p-TMD and Rule 2 p-CTMIR). The Study proposes that the Harmonisation Office should publicise all generic terms considered to be too vague, and that in addition agreement should be reached with the national offices concerning the generic terms that require explanation. The Study also addresses the question whether the use of all class headings of a specific class claims all the goods or services to be attributed to this class or not (see Article 39 (5) p-TMD and Rule 2 (5) p-CTMIR). Such an interpretation going beyond the normal understanding of a generic term is incompatible with the principle of certainty. This has effects on the scope of protection of a registered or

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31 Supra, A. II. 3.
32 See in the synopsis next to Article 39 p-TMD.
filed trade mark and also on the question whether the use of a specific product or service is to be acknowledged as a use of the trade mark for the registered goods or services in the sense of the use requirement. If the view supported in the Study should become the subject matter of a statutory provision, the Study also proposes the creation of transitional provisions so that trade mark holders who have been able to rely on previous practice can adjust their goods and services lists without loss of rights. In the case of changes to the classification, all the offices should adjust to the new legal situation upon application or ex-officio.

c) Priority

The claiming and documentation of priority concerns the scope of the examination and the documentation of the claims. The majority of those polled in the Allensbach Study argue in favour of a complete examination of the priority claims. In contrast, the Study considers it sufficient to leave the details of the extent of the examination to the president of the office as long as the priority documents are available in full in the (electronically accessible) files. The Study does not see any reason for maintaining the strict regulations concerning the need to translate the priority documents.

d) Seniority

Where seniority claims are asserted, the Study addresses both the principle, i.e. the effect of claiming the seniority of a national mark, and the documentation and scope of the examination. The Study proposes going beyond the current scope of the provision which permits the non-renewal or surrender of national trade marks that correspond to Community trade marks without loss of rights and granting the seniority claim in the Member State in question the same effect as a priority claim (see Article 34 (3) p-CTMR). This would mean that a national trade mark older than a Community mark would enjoy no effect as an older right if the holder of the Community mark is also the holder of an even older identical national mark the seniority of which has been claimed. The Study also proposes that a fee should be charged for seniority claims (Article 34 (2) p-CTMR).

With respect to the scope of the examination, it should, in accordance with current practice, continue to be sufficient to examine the presence of the documentation and the identity of the trade marks and the ownership. The issue of the necessary documentation for seniority claims is closely related to the collaboration of the national offices with the Harmonisation Office, regarded by the Study as being necessary. If all documents were present in an Internet accessible seniority database and if the national authorities continued to update this database if a corresponding national trade mark has been surrendered, there would be no need to include identical documents in the files of the Harmonisation Office.

e) Searches

The current system – ex-officio searches for all the Community trade marks and notification of the applicants and the holders of older trade marks, and optional searches in the registers of the participating national offices – has admittedly few outspoken supporters, but on the other hand there is no clear majority for its abolition. Against the background that the current system constitutes an important
element of the political compromise between the interests of the offices and the trade mark holders, the Study proposes no changes.

**f) Opposition and cancellation proceedings**

In the light of the large number of opposition proceedings (over 15,000 each year) and the increasing number of cancellation proceedings (currently approximately 1000 a year as compared with approximately 550 in 2006), the appropriate and rapid settlement of these proceedings is of particular importance. Overall, the current arrangements are regarded by the users as appropriate, and fundamental changes such as a shortening of the opposition period from three to two months are rejected. Overall the Study agrees with this view, and considers that there is no reason for fundamental changes to the proceedings. This also applies to the proposal of having registration precede the opposition proceedings as in Germany.

Nevertheless, a number of additions and adjustments are proposed. Just as with the cancellation proceedings, the applicant should in opposition proceedings be able to raise the defence that the opponent has consented to the registration (see Article 41 (3) p-CTMR). The present categorical separation between examinations for admissibility and well-foundedness appears unnecessary. The parties should be obliged not merely to submit the evidence globally but rather to identify it precisely and attribute it to specific elements of the submission on facts.

**g) Cost decisions**

While the rules concerning the distribution of costs in decisions of the Harmonisation Office are not fundamentally criticised or called into question, there is considerable dissatisfaction concerning the amount of the costs awarded and even more on the grounds of the difficulty in enforcing claims to the reimbursement of costs against unwilling or refusing debtors. On this, the Study proposes that the Member States should designate a single agency for the recognition of Harmonisation Office cost decisions as enforceable titles and that the documents issued by the Harmonisation Office should be issued in all languages so as to eliminate translation costs (see Article 86 (2) p-CTMR).

**h) Trade mark protection according to the Protocol to the Madrid Agreement**

The integration of the Community trade mark law into the system of international trade mark protection according to the Protocol to the Madrid Agreement in 2004 works in both directions – the Harmonisation Office as a designated office and as an originating office – without difficulties. Accordingly, the Study does not contain any extensive proposals on this field of regulation. Adjustments to the current situation in terms of "normal" Community trade marks are proposed for the start of the opposition period and the start of the use grace period.

**2. Infringement proceedings**

The Commission's list of questions did not include questions on infringement proceedings, i.e. on the enforcement of trade mark law claims before the civil courts. The Study nevertheless addresses this topic because it is obvious that the official proceedings for the acquisition and loss of trade mark rights only cover one
aspect of trade mark protection, and preventing trade mark infringements constitutes the actual core of the right of exclusion under trade mark law. It also justifies the extensive account taken of the scope of the exclusive rights in the Study.

A characteristic feature of civil proceedings is that the national courts designated by the Member States as Community trade mark courts have comprehensive powers to decide on the infringement and validity of Community trade marks. However, the Community Trade Mark Regulation only provides for injunctions, while for all other sanctions, including damages in particular, reference is made to the law of the Member State or States in which the infringements have been committed or are threatened.

In the light of the fact that the Enforcement Directive is also currently being reviewed, the Study refrained from commenting in terms of content on the possible sanctions. However, the Study emphatically argues in favour of regulating all sanctions throughout the Community in the Community Trade Mark Regulation itself in order to comply with the principle of the unitary nature of the Community trade mark in this sector too.

However, the Study also proposes a number of adjustments of the procedural regulations. In the case of actions on the grounds of a pending infringement (preventive protection) (Article 96 (b) CTMR), uniform provisions should be adopted and reference not made to national law. With the scope of jurisdiction (Article 98 CTMR), the reference should not be to the territory of the Member States but rather to the territory of the Community. The Study also reveals a number of inconsistencies in actions for declaratory judgement, but assumes that the issues raised by this are better dealt with in the review of the Enforcement Directive and the Brussels I Regulation.

D. Functions of the Harmonisation Office

1. Questions of fees

a) Amounts of fees

As emphasised at the beginning, the increasing fee revenue of the Harmonisation Office and the resulting surplus is one of the reasons why the Council decided to instruct the Commission to conduct an extensive review of European trade mark law. As part of the Study, the current development of the fee revenue and the individual fee elements were also examined.

The Study comes to the overall conclusion that there are basically no objections to the Office in Alicante in the long term earning more revenue than the expenditure incurred through the operation of the Office. Instead, it appears fundamentally legitimate for account to be taken of the scope or the "value" of the right and the effects on the national legal systems when determining the fees. The Study does not comment on what should happen to any surpluses. However, it is probably obvious that resulting surplus should be used for the operation of the European trade mark system as a whole.
As far as concerns individual elements in the fees, the Study comes to the conclusion that overall they are balanced and does not recommend any modification of the ratios between the individual fees.

b) Class fees

As already mentioned above, the Study proposes the abandonment of the current provision according to which the filing and renewal fees apply for three classes, and instead to charge a separate fee for each additional class.

c) Distribution of the fee revenue resulting from the renewal of Community trade marks

As pointed out in the introduction, one of the pioneering conclusions of the Council is that in future an amount corresponding to one half of the renewal fees is to be made available to the national trade mark authorities for functions related to trade mark protection. One of the tasks of the Study was to develop a proposal for the criteria for the distribution of these amounts.

For the next 10 years, the Study comes to the conclusion that the revenue from the renewal fees, assuming a renewal rate of 50% with the fees themselves not changing, will be between € 30 million and € 55 million. This would mean that roughly € 15 million to € 27 million per year would be available for distribution. As criteria for the distribution, the Study proposes that one half of the amounts be made available to the Member States in equal shares and the other half in proportion to the filing activity in the Member State in question.

As far as concerns the use of the funds, the Study comes out in favour of primarily using them to maintain the national protection systems and to strengthen cooperation. A suitable mechanism, e.g. through the involvement of the Office’s Administrative Board, should be developed in order to ensure the proper distribution of the funds.

2. Additional powers

At present, the powers of the Harmonisation Office are restricted to the administration of Community trade marks and Community designs, i.e. the implementation of the functions laid down in the corresponding Community legislation. The Office has however also assumed "ancillary powers" in collaboration with national authorities and developed further activities such as annual judges’ conferences.

The Study has concluded that in the field of the cooperation with national authorities, there are many tasks that, going beyond the current legal situation, serve the practical aspects of the coexistence of the national trade mark systems with the Community trade mark law (and the same should also apply to design law). In its list of functions, the Harmonisation Office should be expressly empowered to carry out corresponding coordination activities (see Article 123a p. CTMR). In addition, the Office should also be able to assume further functions

33 Supra, A. II. 3.
such as the European Observatory for Trade Mark and Product Piracy, or functions in the field of the protection of certain types of geographical indications of origin. Finally, the Study proposes that the Alicante Office should also be responsible for a Community-wide system of certification marks (to supplement the already existing collective mark system).

E. Cooperation

The Study considers that there is a need to expand the measures already taken to consolidate cooperation between the national offices and the Harmonisation Office. This concerns both technical facilities such as joint databases and platforms for the administration of trade mark rights, and processes for improving the consistency of trade mark proceedings. The aim should be to achieve identical results where the facts of the case are comparable and the legal rules the same, namely initially within each office and then subsequently throughout Europe. The recommendations include all offices applying common rules for the classification of goods and services with identical multilingual databases, the examination for absolute grounds for refusal being conducted not by each office for itself but instead including the other offices, and identical criteria being applied and also coordinated in the individual case for the likelihood of confusion including the determination of the similarity of goods and services.

Finally, activities in the field of the enforcement of rights are also amongst the possible joint functions, these not being executive functions, however, but rather participation in the development of corresponding structures, the notification of the relevant authorities, the education and further training of the instances involved in enforcement etc. The European Observatory for Trade Mark and Product Piracy already mentioned can serve as a model.

F. Further harmonisation of the law

1. Harmonisation in the field of substantive law

The First Trade Mark Directive issued in 1988, replaced by a codified version in 2008, deliberately restricted itself to the harmonisation of the main substantive law provisions such as the preconditions for protection, the content of protection and the exceptions. In the light of the extensive overlaps between Community trade mark law and national trade mark law and the common practice of acquiring trade mark protection both at national and Community level, the Study comes to the conclusion that the uniform regulation of substantive law should be achieved as far as possible, and that the differences between national law and Community law should only be permitted to the extent that such is necessary for reasons of important national interests. This means that substantive law issues hitherto not

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34 The corresponding proposal pending at the time of writing the Study was meanwhile implemented, see Regulation No 386/2012 of the European Parliament and of the Council of 19 April 2012 on entrusting the Office for Harmonization in the Internal Market (Trade Marks and Designs) with tasks related to the enforcement of intellectual property rights, including the assembling of public and private-sector representatives as a European Observatory on Infringements of Intellectual Property Rights, OJ L 129/1, 16.5.2012.
regulated in the Directive, such as for instance assignment and in rem rights, as well as the question whether the existence of a business is necessary for the filing of a trade mark and whether an intention to use can be required, should in future be regulated in the Directive in accordance with Community trade mark law.

The optional provisions still provided in the current Directive for the absolute and relative grounds for refusal should be reduced as far as possible.

2. Harmonisation in the field of procedural laws

The current Directive contains no provisions whatsoever to regulate the procedure for the acquisition of protection and leaves it entirely to national law whether and to what extent trade mark applications must be examined prior or after registration. In particular in the case of older rights, practice varies considerably within Europe. Whether the existence of older rights is checked ex officio, only upon opposition or only after registration upon application by the holder of older rights, varies from country to country. All further procedural questions such as the recognition of the date of application, classification, modification and division, renewal etc have hitherto not been addressed at all in the Directive.

With respect to the procedural rules, the Study proposes that all the national offices must apply identical classification rules and that cooperation procedures between the national offices and the Harmonisation Office must be set up in order to actually achieve a uniform classification practice. In addition, the Study proposes a provision in the Directive according to which all national trade mark legislation must provide for administrative procedures for the assertion of older rights, either opposition or cancellation procedures or both, and that the holder of the contested trade mark must be allowed in all proceedings to raise the lack of use of the older trade mark. The Study also proposes, without going into detail, the inclusion in the Directive of provisions compatible with Community law on other important procedural regulations, including: date of application, reproduction of the trade mark, (no) disclaimer, withdrawal, restriction, modification and division of applications and registrations: term of protection and renewal.
### MPI-Synopsis

Proposals for Amendment of the Trade Mark Directive

with [Explanations and links](#)

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
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<tbody>
<tr>
<td>to approximate the laws of the Member States relating to trade marks (Text with EEA relevance)</td>
<td>to approximate the laws of the Member States relating to trade marks (Text with EEA relevance)</td>
</tr>
<tr>
<td>Having regard to the Treaty establishing the European Community, and in particular Article 95 thereof,</td>
<td>Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,</td>
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<td>Having regard to the proposal from the Commission,</td>
<td>Having regard to the proposal from the Commission,</td>
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<td>Having regard to the opinion of the European Economic and Social Committee [1],</td>
<td>Having regard to the opinion of the European Economic and Social Committee,</td>
</tr>
<tr>
<td>Acting in accordance with the procedure laid down in Article 251 of the Treaty [2],</td>
<td>Whereas:</td>
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<td><strong>Whereas:</strong></td>
<td><strong>Whereas:</strong></td>
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<td>(2) The trade mark laws applicable in the Member States before the entry into force of Directive 89/104/EEC contained disparities which may have impeded the free movement of goods and freedom to provide services and may have distorted competition within the common market. It was therefore necessary to approximate the laws of the Member States in order to ensure the proper functioning of the internal market.</td>
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<td>(2)</td>
<td>Trade mark protection in the Member States coexists with protection available at Union level through Community trade marks which are intellectual property rights unitary in character and valid throughout the Union; coexistence of trade mark systems at national and Union level in fact constitutes a cornerstone of the Union’s approach to intellectual property protection, as realised not only in the field of trade marks but also in the field of design rights.</td>
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<td>(3)</td>
<td>Due account must be taken of the substantial body of case-law of the Court of Justice in preliminary rulings interpreting European trade mark law and in deciding on appeals from decisions of the General Court reviewing decisions of the Boards of Appeal of the Office for Harmonisation in the Internal Market.</td>
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<td>(4)</td>
<td>Trade mark rights constitute an essential element in the system of undistorted competition. In such a system undertakings must be able to attract and retain consumers by the quality of their goods or services, which is made possible only by distinctive signs allowing them to be identified. Trade mark protection should be granted in the light of the interests of proprietors, consumers and competitors weighted in accordance with the principle of undistorted competition.</td>
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<tr>
<td>(5)</td>
<td>A primary purpose of trade mark protection is to provide proprietors of marks the means to distinguish their goods or services from those of others, allowing their customers to identify the goods or services and purchase them or make use of them without any risk of being confused about the commercial origin of the goods or services, thus contributing to a system of undistorted competition. Trade marks represent the actual or potential goodwill linking the goods or services with their producers and providers. They are advertising tools and thereby serve to confirm the links that consumers perceive between the goods and services and the proprietors of their trade marks.</td>
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<td>(6)</td>
<td>So as to facilitate obtaining and protecting trade marks in the Union, it appears necessary to go beyond the limited scope of approximation achieved by Directive 2008/95/EC and extend approximation to all aspects of substantive trade mark law governing trade marks protected through registration, except where this would interfere with important legal principles and traditions of national law.</td>
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</table>

(4) It does not appear to be necessary to undertake full-scale approximation of the trade mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect the functioning of the internal market.
(6) Member States should also remain free to fix the provisions of procedure concerning the registration, the revocation and the invalidity of trade marks acquired by registration. They can, for example, determine the form of trade mark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure or in both and, if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an ex officio examination procedure or both. Member States should remain free to determine the effects of revocation or invalidity of trade marks.

(7) Furthermore, in order to facilitate obtaining and administering trade mark registrations throughout the Union it appears necessary to approximate not only provisions of substantive law but also procedural rules to the extent necessary to achieve this objective; procedural rules in the Member States and in the Community trade mark system should be aligned with each other; as regards procedures under national law it appears sufficient to provide for the general principles, leaving the Member States to determine specifics.

(10) It is fundamental, in order to facilitate the free movement of goods and services, to ensure that registered trade marks enjoy the same protection under the legal systems of all the Member States. This should not, however, prevent the Member States from granting at their option extensive protection to those trade marks which have a reputation.

(8) It is fundamental that registered trade marks enjoy the same protection under the legal systems of all the Member States, and that the protection of trade marks at the national level is the same as the protection of Community trade marks.

(3) It is important not to disregard the solutions and advantages which the Community trade mark system may afford to undertakings wishing to acquire trade marks.

(9) Protection should also extend to trade marks which are not registered, but are well-known in the sense of Article 6bis of the Paris Convention and Article 16 (2) and (3) of the TRIPS Agreement.

(10) Furthermore, also unregistered trade marks having a reputation in the Member States should be afforded protection; the requirements for reputation and being well-known actually coincide.

(5) This Directive should not deprive the Member States of the right to continue to protect trade marks acquired through use but should take them into account only in regard to the relationship between them and trade marks acquired by registration.

(11) In addition to protecting well-known marks and marks with a reputation without registration, Member States may protect trade mark rights acquired by use, in accordance with their national law.

(8) Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark be, in general, identical in all Member States. To this end, it is necessary to list examples of signs which may constitute a

(12) Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark be, in general, identical in all Member States.
<table>
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<th>(13)</th>
<th>To this end, it is necessary to list examples of signs which may constitute a trade mark, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings. Mere concepts or other non-specific subject-matter should not obtain protection as a trade mark. To the extent that protection is acquired by registration, the sign must be represented in a manner which allows for a precise determination of the protected subject matter so as to fulfill the objectives of the registration system.</th>
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<tr>
<td>(8) ...</td>
<td>The grounds for refusal or invalidity concerning the trade mark itself, for example, the absence of any distinctive character, or concerning conflicts between the trade mark and earlier rights, should be listed in an exhaustive manner, even if some of these grounds are listed as an option for the Member States which should therefore be able to maintain or introduce those grounds in their legislation. Member States should be able to maintain or introduce into their legislation grounds of refusal or invalidity linked to conditions for obtaining and continuing to hold a trade mark for which there is no provision of approximation, concerning, for example, the eligibility for the grant of a trade mark, the renewal of the trade mark or rules on fees, or related to the non-compliance with procedural rules.</td>
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<td>(14)</td>
<td>Registration of a trade mark should be refused in particular if it is not distinctive, if it is descriptive or deceptive, against public order or morality, if the application has been filed in bad faith, or if the mark applied for is in conflict with designations of origin or geographical indications protected by Community legislation; Member states should be able to provide for additional grounds, particularly where these relate to signs which are contrary to public interest in the Member State.</td>
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<td>(15)</td>
<td>For the assessment of the descriptive nature of a sign, the views of the public to which it is addressed, including those which are in the chain of distribution, should be taken into account, in order to determine whether there is a need for third parties to make use of the sign sought to be protected as a mark.</td>
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<td>(16)</td>
<td>Also as regards the assessment of the distinctive character of a sign, the same criteria as for descriptive signs should apply, and signs should not be appropriated as marks which may be needed by competitors in relation to their own goods or services.</td>
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<td>(17)</td>
<td>Distinctiveness is lacking in all signs which are not immediately perceived by the public as indicating commercial origin, such as abstract</td>
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colours or the shape of products not differing significantly from the shape of the same or comparable products, taking into account the interests of other market actors that competition on the relevant market should not be unduly restricted.

(18) Trade marks which are devoid of distinctive character, or which are descriptive, or have become customary in trade, should only obtain protection upon establishing that the initial obstacles have been overcome through use on the market in the Member State.

(19) Where a sign exclusively consists of features which, if the sign would be registered, would confer on the proprietor exclusive rights for technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors, registration should be excluded even if the sign has acquired distinctiveness through use.

(20) It is necessary to establish which rights may be asserted in order to prevent the registration of a trade mark. These rights include in particular earlier national and Community trade marks.

(21) In order for an earlier Community trade mark to prevent the registration of a later national mark, a relevant conflict must be found to exist in the Member State in question, which would require either identity of marks and goods or services, or likelihood of confusion in the Member State in question, or reputation and detriment to distinctiveness or reputation in that Member State.

(22) Earlier trade marks constitute an obstacle to the registration of a later trade mark according to the same criteria applicable when protecting an earlier trade mark against the use of a later sign.

(11) The protection afforded by the registered trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services. …

(23) In case of identity of marks and goods or services protection is absolute. Marks are identical where the contested sign reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.
| (11) | The protection should apply also in the case of similarity between the mark and the sign and the goods or services. It is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection. The ways in which likelihood of confusion may be established, and in particular the onus of proof, should be a matter for national procedural rules which should not be prejudiced by this Directive. |
| (24) | The protection should apply also in the case of similarity between the mark and the sign and the goods or services. It is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market and the degree of its distinctiveness, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection. |
| (25) | Trade marks with a high degree of distinctiveness should receive more extensive protection than those with a low degree of distinctiveness, the degree of distinctiveness depending on the inherent qualities of the mark to operate as an indication of commercial origin as well as on the market position of the mark as a result of its use; a high degree of distinctiveness requires that the mark, even if it possesses an inherently distinctive character, has become established on the market as a result of extensive use; if no such use can be shown, an inherently distinctive mark should be attributed only an average degree of distinctiveness. |
| (26) | Where a trade mark is composed of or consists of an element which is not itself registrable, a finding of likelihood of confusion cannot be based on the fact that both marks consist of or contain that element. |
| (27) | Trade marks which have a reputation in the Member State should be entitled to protection without the need to prove likelihood of confusion where the use of the later mark or sign would be detrimental to or take advantage of the distinctive character or reputation of the earlier trade mark in a manner contrary to honest practices in industrial or commercial matters. |
| (28) | An earlier Community trade should not constitute an obstacle to the registration of a later national mark or the use of such mark if the earlier Community trade mark has been registered for more than 15 years and has not been used in the part of the Community to which that Member State belongs, but only in a |
part of the Community which is remote from the relevant Member State. In these situations it would be disproportionate to prevent the establishment of trade mark rights limited to the particular Member State. Such intervening right should not be available if the later national mark has not been applied for in good faith. The later applicant would be required to assert and if necessary prove that in view of the circumstances, such as the extent of market activities of the CTM holder, the kind of goods or services concerned, and the perception by the public, the applicant had no reason to expect that the registration would lead to a conflict. Such a conflict should be taken to exist in particular if use has been made of the CTM in other parts of the Community or in a neighbouring part, or if even minor activities on the relevant market sector tend to have an impact on the entire market in the European Union; mere knowledge of an earlier Community trade mark as such shall not constitute bad faith. Such trade mark rights, being later in time, would not entitle their proprietors to prevent the use of the Community trade mark in question if this use should nevertheless eventually expand to the Member State. Where in cases of concurrent use confusion arises, it would be for the proprietor of the later national mark to take appropriate measures to prevent or reduce such confusion.

(29) The protection afforded by the registered trade mark applies to use made by third parties for their own goods or services as well as to use designating goods or services as being those of the proprietor.

(30) In accordance with Article 16 of the TRIPS Agreement, the enforcement of trade mark rights should be without prejudice to the rights of proprietors acquired prior to the filing or priority date of the trade mark.

(31) Infringement of a trade mark requires a finding that the infringing mark or sign is used in the course of trade for purposes of distinguishing goods or services as to their commercial origin; use for other purposes is subject to a separate rule.

(32) In case of a mark being used to designate the goods or services of the proprietor as an indication of commercial origin in commercial communication referring to those goods or services or in the context of commercialising such goods or services, protection is granted
where the use does not comply with honest commercial practices, as specified in the limitations, or where it relates to goods or services that are not legitimately commercialised on the market in the EU and the EEA.

| (33) | Where the use of the proprietor’s trade mark is made in comparative advertising, such use is subject to Community legislation covering misleading and comparative advertising; where comparative advertising complies with this legislation, it may not be found to infringe trade mark rights; however, where such comparative advertising infringes the Community rules, trade mark infringement should apply, without any recourse to the limitations otherwise applicable in cases of referential use, which in these cases are inherent in the rules governing comparative advertising. |
| (34) | Infringement requires use of the mark in the territory of the Member State, which includes customs-free zones. |
| (35) | Infringement should also comprise the use of the sign as a trade name or similar designation as long as the use is made for the purposes of distinguishing goods or services as to their commercial origin. |
| (36) | In order to interrupt trade in counterfeit goods, infringement should also cover the transit of such goods through the territory of the Member State, without, however, interfering with the flow of legitimate trade. |
| (37) | Protection should also be available against any use made of the mark or a similar sign in the course of trade for purposes other than to distinguish goods or services as to their commercial origin, provided such use would mislead the public about the existence of a commercial link between the proprietor of the trade mark and a third party, or would be detrimental to or take advantage of the distinctiveness or reputation of the trade mark in a manner contrary to honest practices in industrial and commercial matters. |
| (38) | The exclusive rights conferred on the proprietor of a trade mark should not entitle to prohibit the use of signs or indications which, while identical with or similar to the protected trade mark, are used fairly and in accordance |
with honest practices in industrial and commercial matters. Examples of such use are the use of one’s own personal name, the use of signs or indications which are not distinctive or which are descriptive. Furthermore, the fair and honest use of the proprietor’s mark for referential purposes identifying the goods or services as those of the proprietor, should also be expressly permitted.

(39) It follows from the principle of free movement of goods that the proprietor of a trade mark must not be entitled to prohibit its use by a third party in relation to goods which have been put into circulation in the Community, under the trade mark, by him or with his consent, save where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods. This principle must be extended to cover the territory of the European Economic Area. Goods should be considered as having been put into circulation by the proprietor when the proprietor transfers the right to dispose of the goods to a third party and thereby realises the economic value of the mark. Consent by the proprietor should also be found where the goods were put on the market by a separate person or entity, where the proprietor of the mark is entitled to exercise control over the marketing of the goods concerned; the case law of the European Court of Justice regarding the limits on prohibiting parallel imports within the European Economic Area following from the principle of free movement of goods remains applicable.

(12) It is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application for the subsequent trade mark was made in bad faith.

(40) Same text as current Recital (12)

(41) Proprietors of earlier trade marks should not be entitled to obtain refusal or invalidation or to oppose the use of a later trade mark when the later trade mark was acquired at a time when the earlier trade mark was subject to invalidation or revocation, for example because it had not yet acquired distinctiveness through use, or when the earlier trade mark could not be enforced against the later trade mark because the necessary conditions were not applicable, for example when the earlier mark had not yet
(9) In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation. It is necessary to provide that a trade mark cannot be invalidated on the basis of the existence of a non-used earlier trade mark, while the Member States should remain free to apply the same principle in respect of the registration of a trade mark or to provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked. In all these cases it is up to the Member States to establish the applicable rules of procedure.

(42) Trade marks fulfil their purpose of distinguishing goods or services and allowing consumers to make informed choices free from confusion only when they are actually used on the market. A requirement of use is also necessary in order to reduce the total number of trade marks registered and protected in the Union and, consequently, the number of conflicts which arise between them. It is therefore essential to require that registered trade marks must actually be used for the goods or services for which they are registered, or, if not used, be subject to revocation.

(43) Trade marks should only be registered when their proprietors have the intention of actually using the marks for the goods or services for which they seek registration. The absence of such an intent to use the mark for all or some of the goods or services for which they are applied for or registered should be considered as bad faith and thus lead to a refusal or invalidation of marks for all or some of the goods or services.

(44) However, trade mark proprietors should be given a reasonable period of time after registration within which to begin to use their marks.

(45) The use must be genuine, which requires that goods or services of the proprietor are actually on the market, as a result of having been placed on the market by the proprietor or with his consent inside or outside the Member State, by sale or any other distribution. The burden of proving use if challenged should be on the proprietor of the mark, who should be required to adduce evidence regarding in particular the nature, time, place, and extent of use which allow the conclusion that the use was not merely to preserve the registration but actually with the purpose of creating or maintaining a market presence for the goods or services.

(46) It is necessary to provide that a trade mark cannot be invalidated or, where the Member State has an opposition procedure, opposed on
the basis of an earlier registered trade mark that has not been put to genuine use; furthermore, Member States must provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked or, when the action is brought against a later right, could have been revoked at the time when the later right was acquired. In all these cases it is up to the Member States to establish the applicable rules of procedure.

(47) Where the seniority of a national mark has been claimed for a Community trade mark and the national mark has thereafter been surrendered or allowed to lapse, it must still be possible to challenge the validity of such a mark. The challenge should be limited to situations where the mark could have been declared invalid or revoked at the time the decision is taken and at the time the mark was removed from the register.

(48) The grounds on which a registered trade mark may be revoked should be enumerated; these grounds are the absence of genuine use and the development of a mark into a generic or misleading indication.

(49) The rules applicable to trade marks as objects of property should be aligned with those already in place for Community trade marks, and should include rules on assignment and transfer, licensing, rights in rem, insolvency proceedings and enforcement of judgments.

(50) Member States should be free to determine the effect of registration of acts relating to trade marks as objects of property, including the effect vis-à-vis third parties claiming rights to the trade mark.

(51) Registration of trade marks in the Member States should be available according to procedures which are transparent and efficient and which should be aligned with those applicable for Community trade marks.

(52) In order to permit the cancellation of trade marks which should not have been registered or which are subject to revocation, Member States must make available an administrative cancellation procedure; in addition Member States may provide for an opposition procedure; Member States may also provide for judicial procedures allowing to challenge the validity of
| (53) | Fees for the registration and renewal of trade marks should be set for each class of goods or services for which protection is requested. |
| (54) | The classification of goods and services should follow the same rules in all Member States and for Community trade marks. |
| (55) | Member States should make available protection for collective trade marks in accordance with the rules applicable for Community collective trade marks. |
| (56) | Member States should be able to determine whether and according to what rules protection should be granted to certification and guarantee trade marks. |
| (57) | Member States should cooperate with each other and with the Office for Harmonization in the Internal Market in all fields of trade mark administration in order to contribute to a harmonious development of trade mark law and practices which lead to comparable situations and results regardless of where trade mark protection is involved in the Union. |
| (58) | Protection of trade marks shall be without prejudice to the protection of the same subject matter under other laws, such as a design, as a work under copyright law, or pursuant to the law of unfair competition. |
| (7) | This Directive should not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection. |
| (59) | This Directive does not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection. |
| (13) | All Member States are bound by the Paris Convention for the Protection of Industrial Property. It is necessary that the provisions of this Directive should be entirely consistent with those of the said Convention. The obligations of the Member States resulting from that Convention should not be affected by this Directive. Where appropriate, the second paragraph of Article 307 of the Treaty should apply. |
| (60) | All Member States are bound by the Paris Convention for the Protection of Industrial Property (Paris Convention) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). It is necessary that the provisions of this Directive should be entirely consistent with those of the said Convention and Agreement. The obligations of the Member States resulting from that Convention and Agreement should not be |
affected by this Directive. Where appropriate, the second paragraph of Article 351 of the Treaty on the Functioning of the European Union should apply.

(14) This Directive should be without prejudice to the obligations of the Member States relating to the time limit for transposition into national law of Directive 89/104/EEC set out in Annex I, Part B,

Have adopted this Directive

Chapter 1 Scope

<table>
<thead>
<tr>
<th>Article 1</th>
<th>Scope</th>
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<tbody>
<tr>
<td>This Directive shall apply to every trade mark in respect of goods or services which is the subject of registration or of an application in a Member State for registration as an individual trade mark, a collective mark or a guarantee or certification mark, or which is the subject of a registration or an application for registration in the Benelux Office for Intellectual Property or of an international registration having effect in a Member State.</td>
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<thead>
<tr>
<th>Article 1</th>
<th>Protection of trade marks through registration</th>
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<td>No change</td>
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<table>
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<tr>
<th>Article 2</th>
<th>Protection of unregistered trade marks</th>
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<tbody>
<tr>
<td>1. This Directive shall also apply to every unregistered trade mark in respect of goods or services which is well-known in the Member State, and to every unregistered trade mark in respect of goods or services which has a reputation in the Member State. A trade mark shall be deemed to be well-known when it has a reputation, and a trade mark shall be deemed to have a reputation when it is well-known.</td>
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2. Provisions of this Directive concerning registered trade marks shall apply mutatis mutandis to unregistered trade marks within the meaning of paragraph 1.

3. Member States may provide for the protection of trade marks without registration in addition to unregistered trade marks falling within paragraph 1. |
Section 1
**Signs of which a trade mark may consist**

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<thead>
<tr>
<th>Article 2</th>
<th>Signs of which a trade mark may consist</th>
</tr>
</thead>
<tbody>
<tr>
<td>A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 3</th>
<th>Signs of which a trade mark may consist</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A trade mark may consist of any sign capable of distinguishing the goods or services of one undertaking from those of other undertakings, whether visible or not, such as words, including personal names, designs, letters, numerals, colours or colour combinations, the shape of goods or of their packaging, or sounds.</td>
<td></td>
</tr>
<tr>
<td>(2) If protection is acquired by registration, the sign must be represented in a manner which allows for the competent authorities and the public to determine the precise subject of protection.</td>
<td></td>
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</tbody>
</table>

Section 2
**Grounds for refusal or invalidation**

<table>
<thead>
<tr>
<th>Article 3</th>
<th>Grounds for refusal or invalidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The following shall not be registered or, if registered, shall be liable to be declared invalid:</td>
<td></td>
</tr>
<tr>
<td>(a) signs which cannot constitute a trade mark;</td>
<td></td>
</tr>
<tr>
<td>(b) trade marks which are devoid of any distinctive character;</td>
<td></td>
</tr>
<tr>
<td>(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or services;</td>
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</tr>
<tr>
<td>(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;</td>
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<tr>
<td>(e) signs which consist exclusively of:</td>
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<tr>
<td>(i) the shape which results from the nature of the goods themselves;</td>
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<tr>
<td>(ii) the shape of goods which is necessary to obtain a technical result;</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 4</th>
<th>Absolute grounds for refusal or invalidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The following shall not be registered or, if registered, shall be liable to be declared invalid:</td>
<td></td>
</tr>
<tr>
<td>(a) no change</td>
<td></td>
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<tr>
<td>(b) no change</td>
<td></td>
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<tr>
<td>(c) no change</td>
<td></td>
</tr>
<tr>
<td>(d) trade marks which consist exclusively of signs or indications which are the common name in the trade for the goods or services in respect of which they are applied for or registered;</td>
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<tr>
<td>(e) signs which</td>
<td></td>
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<tr>
<td>(i) exclusively result from the nature or the technical performance of the goods;</td>
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<tr>
<td>(ii) exclusively consist of the shape of goods which is necessary to obtain a technical result</td>
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</tbody>
</table>
(iii) the shape which gives substantial value to the goods;

(f) trade marks which are contrary to public policy or to accepted principles of morality;

(g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

(h) trade marks which have not been authorised by the competent authorities and are to be refused or invalidated pursuant to Article 6 ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the "Paris Convention".

current text: Art. 3 (2)(d);
for other provisions of current Art. 3 (2) see below

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character.

Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

4. Any Member State may provide that, by derogation from paragraphs 1, 2 and 3, the grounds of refusal of registration or invalidity in force in that State prior to the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC, shall apply to trade marks for which application has been made prior to that date.

<table>
<thead>
<tr>
<th>Article 3</th>
<th>Article 5</th>
</tr>
</thead>
</table>

(iii) (deleted)

(f) no change

(g) no change

(h) no change

(i) trade marks for which application for registration was made in bad faith;

(j) trade marks which are excluded from registration pursuant to Community legislation providing for protection of designations of origin and geographical indications.

2. Same text as current Art. 3 (3) 1st sentence

3. The registration of a trade mark shall not be refused if the trade mark has acquired a distinctive character following the use which has been made of it subsequent to the filing date and before registration, provided that the filing date of such a mark shall be the date when the mark has acquired a distinctive character.

4. A registered trade mark may not be declared to be invalid if, after the date of application or after the date of registration the mark has acquired a distinctive character following the use which has been made of it, subject to any intervening rights as provided for in Article 9 (1).

No provision
2. Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

(a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Community;

(b) the trade mark covers a sign of high symbolic value, in particular a religious symbol;

(c) the trade mark includes badges, emblems and escutcheons other than those covered by Article 6 ter of the Paris Convention and which are of public interest, unless the consent of the competent authority to their registration has been given in conformity with the legislation of the Member State;

(d) the application for registration of the trade mark was made in bad faith by the applicant.

**Additional absolute grounds for refusal or invalidation**

Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that:

(a) the use of that trade mark may be prohibited pursuant to provisions of law other than trade mark law of the Member State concerned or of the Union;

(b) the trade mark consists of or contains a sign of high symbolic value, in particular a religious symbol;

(c) the trade mark consists of or includes badges, emblems and escutcheons other than those covered by Article 6 ter of the Paris Convention and which are of public interest, unless the consent of the competent authority to their registration has been given in conformity with the legislation of the Member State;


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**Article 4**

Further grounds for refusal or invalidity concerning conflicts with earlier rights

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association with the earlier trade mark.

*Previously Article 4 (3) and (4)(a)*

**Article 6**

Grounds for refusal or invalidity concerning conflicts with earlier rights

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) **no change**

(b) **no change**

(c) if it is identical with, or similar to, the trade mark and is applied for or registered for goods or services which are identical with, similar to or not similar to those for which the trade mark is protected, where the latter is well-known or has a reputation in the Member State or, in case of a Community trade mark, has a reputation in the Community, and where the use of that sign

(i) would take advantage of, or be detrimental to, the distinctive character or the reputation of the
2. "Earlier trade marks" within the meaning of paragraph 1 means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks;

(i) Community trade marks;

(ii) trade marks registered in the Member State or, in the case of Belgium, Luxembourg or the Netherlands, at the Benelux Office for Intellectual Property;

(iii) trade marks registered under international arrangements which have effect in the Member State;

(b) Community trade marks which validly claim seniority, in accordance with Council Regulation (EC) No 40/94 [5] of 20 December 1993 on the Community trade mark, from a trade mark referred to in (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;

(c) applications for the trade marks referred to in points (a) and (b), subject to their registration;

(d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark, are well-known in a Member State, in the sense in which the words "well-known" are used in Article 6 bis of the Paris Convention.

3. A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the trade mark,

(ii) would be made without due cause, and

(iii) would be contrary to honest practices in industrial and commercial matters.

2. "Earlier trade marks" within the meaning of paragraph 1 means:

(a) no change

(b) Community trade marks which validly claim seniority, in accordance with the provisions of Community law, from a trade mark referred to in subparagraph (a)(ii) and (iii), even when the latter trade mark has been surrendered or allowed to lapse;

(c) no change

(d) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the trade mark,

(i) are well-known in the Member State, in the sense in which the words "well-known" are used in Article 6 bis of the Paris Convention, or

(ii) have a reputation in the Member State.

Now paragraph 1 (c)
distinctive character or the repute of the earlier Community trade mark.

**Article 8 (3) CTMR**

Upon opposition by the proprietor of the trade mark, a trade mark shall not be registered where an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor’s consent, unless the agent or representative justifies his action.

4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;

(c) the use of the trade mark may be prohibited by virtue of an earlier right other than the rights referred to in paragraph 2 and point (b) of this paragraph and in particular:

(i) a right to a name;

(ii) a right of personal portrayal;

(iii) a copyright;

(iv) an industrial property right;

(d) the trade mark is identical with, or similar to, an earlier collective trade mark conferring a right which expired within a period of a maximum of three years preceding application;

(e) the trade mark is identical with, or similar to, an earlier guarantee or certification mark conferring a right which expired within a period

| 3. | A trade mark shall not be registered or, if registered, shall be liable to be declared invalid where an agent or representative of the proprietor of the trade mark applies, or has applied, for registration thereof in his own name without the proprietor’s consent, unless the agent or representative justifies his action. |
| 4. | A trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that: |

(a) deleted, now in paragraph 1 |

(a) Same text as current Art. 4 (4) (b) |

(b) the use of the trade mark may be prohibited by virtue of an earlier right protected under national or Community law other than the rights referred to in paragraph 2 and subparagraph (a) of this paragraph and in particular: |

(i) a right to a name;

(ii) a right of personal portrayal;

(iii) a copyright;

(iv) an industrial property right. |

No provision |

No provision |
preceding application the length of which is fixed by the Member State;

(f) the trade mark is identical with, or similar to, an earlier trade mark which was registered for identical or similar goods or services and conferred on them a right which has expired for failure to renew within a period of a maximum of two years preceding application, unless the proprietor of the earlier trade mark gave his agreement for the registration of the later mark or did not use his trade mark;

(g) the trade mark is liable to be confused with a mark which was in use abroad on the filing date of the application and which is still in use there, provided that at the date of the application the applicant was acting in bad faith.

5. The Member States may permit that in appropriate circumstances registration need not be refused or the trade mark need not be declared invalid where the proprietor of the earlier trade mark or other earlier right consents to the registration of the later trade mark.

6. Any Member State may provide that, by derogation from paragraphs 1 to 5, the grounds for refusal of registration or invalidity in force in that State prior to the date of the entry into force of the provisions necessary to comply with Directive 89/104/EEC, shall apply to trade marks for which application has been made prior to that date.

<table>
<thead>
<tr>
<th>Article 14</th>
<th>Article 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment a posteriori of invalidity or revocation of a trade mark</td>
<td>Establishment a posteriori of invalidity or revocation of a trade mark</td>
</tr>
<tr>
<td>Where the seniority of an earlier trade mark which has been surrendered or allowed to lapse is claimed for a Community trade mark, the invalidity or revocation of the earlier trade mark may be established a posteriori.</td>
<td>Where the seniority of an earlier trade mark which has been surrendered or allowed to lapse is claimed for a Community trade mark, the invalidity or revocation of the earlier trade mark may be established a posteriori, provided that the invalidity or revocation could also have been declared at the time the mark was surrendered or allowed to lapse.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 13</th>
<th>Article 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grounds for refusal or revocation or invalidity relating to only some of the goods or services</td>
<td>Grounds for refusal or invalidity relating to only some of the goods or services</td>
</tr>
<tr>
<td>Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods</td>
<td>Where grounds for refusal of registration or for invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or invalidity shall cover those goods or services only.</td>
</tr>
<tr>
<td>Article 9</td>
<td>Grounds precluding a declaration of invalidity</td>
</tr>
<tr>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td>A registered trade mark may not be declared invalid on the basis of an earlier trade mark within the meaning of Article 6 (2) (a) if at the filing date or the priority date of the later trade mark the earlier trade mark</td>
<td></td>
</tr>
<tr>
<td>(a) had not yet become distinctive through use as provided for in Article 4 (3), (4), and (5),</td>
<td></td>
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<tr>
<td>(b) had not yet become sufficiently distinctive to support a finding of likelihood of confusion within the meaning of Article 6 (1) (b), or</td>
<td></td>
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<tr>
<td>(c) was not yet well-known or had not yet acquired reputation within the meaning of Article 6 (1) (c).</td>
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</table>

<table>
<thead>
<tr>
<th>Article 9</th>
<th>Limitation in consequence of acquiescence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 4(2) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.</td>
<td></td>
</tr>
<tr>
<td>2. Any Member State may provide that paragraph 1 shall apply mutatis mutandis to the proprietor of an earlier trade mark referred to in Article 4(4)(a) or an other earlier right referred to in Article 4(4)(b) or (c).</td>
<td></td>
</tr>
<tr>
<td>3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.</td>
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<table>
<thead>
<tr>
<th>Article 10</th>
<th>Limitation in consequence of acquiescence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Where, in a Member State, the proprietor of an earlier trade mark or other distinctive sign as referred to in Article 6 (2) and (4)(a) has acquiesced, for a period of five successive years, in the use of a later trade mark registered in that Member State while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark or other distinctive sign either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later trade mark was applied for in bad faith.</td>
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<tr>
<td>2. Any Member State may provide that paragraph 1 shall apply mutatis mutandis to the proprietor of any other earlier right referred to in Article 6 (4)(b).</td>
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<tr>
<td>3. no change</td>
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</table>

| Article 11 | Limitation of the right to obtain refusal or invalidation or prohibition of use on the basis of an earlier Community trade mark |
1. A trade mark may not be refused or declared invalid on the basis of an earlier Community trade mark if the trade mark was filed or registered in good faith and, at the time of filing or the date of priority of the trade mark, the Community trade mark was registered for more than 15 years and was used only in a part of the Community remote from the part to which the Member State in question belongs.

2. In the cases referred to in paragraph 1, the proprietor of the earlier Community trade mark shall not be entitled to oppose the use of the later registered trade mark, and the proprietor of the later registered trade mark shall not be entitled to oppose the use of the earlier Community trade mark. However, where use of the later registered trade mark leads to confusion in the Member State, the proprietor of that trade mark must take measures to prevent or reduce such confusion.

### Section 3
Rights conferred and limitations

<table>
<thead>
<tr>
<th>Article 5</th>
<th>Rights conferred by a trade mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:</td>
<td></td>
</tr>
<tr>
<td>(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;</td>
<td></td>
</tr>
<tr>
<td>(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 12</th>
<th>Rights conferred by a trade mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The registration of a trade mark shall confer on the proprietor exclusive rights.</td>
<td></td>
</tr>
<tr>
<td>2. Without prejudice to the rights of proprietors of earlier rights acquired before the filing date or the priority date of the registered trade mark, the proprietor of a registered trademark or of a mark well-known in the Member State or of a mark having reputation in the Member State shall be entitled to prevent all third parties not having his consent from using in the course of trade in the whole territory of the Member State any sign for the purposes of distinguishing goods or services where:</td>
<td></td>
</tr>
<tr>
<td>(a) the sign is identical with the trade mark and is used in relation to goods or services which are identical with those for which the trade mark is registered;</td>
<td></td>
</tr>
<tr>
<td>(b) the sign is identical with, or similar to, the trade mark and is used for goods or services which are identical with or similar of the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;</td>
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</tr>
</tbody>
</table>
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

3. The following, inter alia, may be prohibited under paragraphs 1 and 2:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, or putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(c) importing or exporting the goods under the sign;

(d) using the sign on business papers and in advertising.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(c) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, similar to or not similar to those for which the trade mark is protected, where the latter is well-known or has a reputation in the Member State and where the use of that sign

(i) takes advantage of, or is detrimental to, the distinctive character or the repute of the trade mark,

(ii) is made without due cause, and

(iii) is contrary to honest practices in industrial and commercial matters.

3. The use in the course of trade which the proprietor of a trade mark shall be entitled to prevent under paragraphs 1 and 2 shall include:

(a) no change

(b) no change

(c) no change

(d) transporting goods under that sign through the territory of the Member State, when the goods are counterfeit goods (goods, including packaging, bearing without authorization a sign which is identical to the trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trade mark) and their use in the country of destination would infringe also a parallel trade mark in that country;

(e) using the sign as a trade name or part of a trade name,

(f) same text as current Art. 5 (4) (d)

(g) using the sign in comparative advertising where the comparison is not lawful under the applicable rules of Community law.

4. The proprietor shall have the right to prohibit any use in the course of trade of a sign identical with or similar to the mark where the sign is used for purposes other than distinguishing goods or services and where the use of the sign

(a) gives the impression that there is a commercial connection between the third party and the trade mark proprietor; or
4. Where, under the law of the Member State, the use of a sign under the conditions referred to in paragraph 1(b) or paragraph 2 could not be prohibited before the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign.

5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(b) takes advantage of, or is detrimental to, the distinctive character or the repute of the trade mark, and

(i) is made without due cause, and

(ii) is contrary to honest practices in industrial or commercial matters.

5. The proprietor shall furthermore have the right to prohibit

(a) affixing in the course of trade a sign identical with or similar to the trade mark on get-up, packaging or other means on which the mark may be affixed, such as labels, stickers and the like,

(b) offering or placing on the market, or stocking for these purposes, or importing or exporting, or transporting through the territory of the Member State, get-up, packaging or other means on which the mark is affixed if there exists a risk that the get-up, packaging or other means to which the mark is affixed will be used in the Member State for goods or services and the use in relation to those goods or services would constitute an infringement of the rights of the proprietor under paragraphs 3 and 4.

6. Where the infringement is committed in an undertaking by a person in the employment of or acting on behalf of the undertaking, infringement claims may be directed against the undertaking.

7. Where, under the law of the Member State, the use of a sign under the conditions referred to in paragraph 2 could not be prohibited before the date of entry into force of the provisions necessary to comply with Directive 89/104/EEC, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign. The same applies if the use of a sign under the conditions referred to in paragraph 4 could not be prohibited before the date of entry into force of the provisions necessary to comply with this Directive.

*Now paragraph 3*

<table>
<thead>
<tr>
<th>Article 10 CTMR</th>
<th>Article 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reproduction of Community trade marks in</td>
<td>Reproduction of trade marks in dictionaries</td>
</tr>
</tbody>
</table>

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If the reproduction of a Community trade mark in a dictionary, encyclopaedia or similar reference work gives the impression that it constitutes the generic name of the goods or services for which the trade mark is registered, the publisher of the work shall, at the request of the proprietor of the Community trade mark, ensure that the reproduction of the trade mark at the latest in the next edition of the publication is accompanied by an indication that it is a registered trade mark.

<table>
<thead>
<tr>
<th>Article 11 CTMR</th>
<th>Prohibition on the use of a Community trade mark registered in the name of an agent or representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to oppose the use of his mark by his agent or representative if he has not authorised such use, unless the agent or representative justifies his action.</td>
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<table>
<thead>
<tr>
<th>Article 14</th>
<th>Prohibition of the use of a trade mark registered in the name of an agent or representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where a trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to oppose the use of his mark by his agent or representative if he has not authorised such use, unless the agent or representative justifies his action.</td>
<td></td>
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<table>
<thead>
<tr>
<th>Article 6</th>
<th>Limitation of the effects of a trade mark</th>
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<tbody>
<tr>
<td>1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:</td>
<td></td>
</tr>
<tr>
<td>(a) his own name or address;</td>
<td></td>
</tr>
<tr>
<td>(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;</td>
<td></td>
</tr>
<tr>
<td>(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts;</td>
<td></td>
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<td>provided he uses them in accordance with honest practices in industrial or commercial matters.</td>
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<thead>
<tr>
<th>Article 15</th>
<th>Limitation of the effects of a trade mark</th>
</tr>
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<tbody>
<tr>
<td>1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:</td>
<td></td>
</tr>
<tr>
<td>(a) his own personal name or address;</td>
<td></td>
</tr>
<tr>
<td>(b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;</td>
<td></td>
</tr>
<tr>
<td>(c) the trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of the trade mark, in particular where the use of the trade mark</td>
<td></td>
</tr>
<tr>
<td>(i) is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, or</td>
<td></td>
</tr>
<tr>
<td>(ii) is made for purposes of criticism or comment, including parodies,</td>
<td></td>
</tr>
<tr>
<td>provided he uses them in accordance with honest practices in industrial or commercial matters.</td>
<td></td>
</tr>
</tbody>
</table>
2. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.

Article 16
Exhaustion of the rights conferred by a trade mark

1. The trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the European Economic Area under that trade mark by the proprietor or with his consent.

2. No change

Article 10
Use of trade marks

1. If, within a period of five years following the date of registration, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use.

2. (a) Where a Member State provides for opposition proceedings following registration, the five years referred to in paragraph 1 shall be calculated with regard to any goods or services subject of an opposition from the date when any opposition proceedings are finally terminated.
The following shall also constitute use within the meaning of the first subparagraph:

(a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

(b) affixing of the trade mark to goods or to the packaging thereof in the Member State concerned solely for export purposes.

2. Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

3. In relation to trade marks registered before the date of entry into force in the Member State concerned of the provisions necessary to comply with Directive 89/104/EEC:

(a) where a provision in force prior to that date attached sanctions to non-use of a trade mark during an uninterrupted period, the relevant period of five years mentioned in the first subparagraph of paragraph 1 shall be deemed to have begun to run at the same time as any period of non-use which is already running at that date;

(b) where there was no use provision in force prior to that date, the periods of five years mentioned in the first subparagraph of paragraph 1 shall be deemed to run from that date at the earliest.

(b) With regard to trade marks registered under international arrangements which have effect in the Member State, the five years referred to in paragraph 1 shall be calculated from the date when and to the extent that the mark can no longer be rejected or opposed. Where a Member State provides for opposition proceedings against trade marks registered under international arrangements which have effect in the Member State, subparagraph (a) shall apply mutatis mutandis.

3. The following shall also constitute use within the meaning of paragraph 1:

(a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trade mark in the form as used is also registered;

(b) no change

4. *Same text as current Art. 17 (2).*

No provision

---

**Article 18**

**Defense of non-use**

The proprietor of a trade mark shall not be entitled to prohibit the use of a sign where, at the time the infringement action is brought, the rights of the proprietor could be revoked pursuant to Article 20.
## Article 19
Defenses of the proprietor of a later registered trade mark to an infringement action

1. The proprietor of a trade mark shall not be entitled to prohibit the use of a mark which is the subject of a later trade mark registration where the later trade mark is not subject to be declared invalid in accordance with Articles 9 and 36.

2. Paragraph 1 shall apply mutatis mutandis to later Community trade marks which are not subject to a declaration of invalidity pursuant to Article 54 or Article 57 of the Regulation.

3. In the cases referred to in paragraphs 1 and 2, the proprietor of the later registered trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later trade mark.

## Section 3
Grounds for revocation of trade mark rights

### Article 12
Grounds for revocation

1. A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

However, no person may claim that the proprietor’s rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed.

The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

### Article 20
Absence of genuine use as ground for revocation

1. (a) A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.

(b) However, no person may claim that the proprietor’s rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed.

(c) The commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use shall be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

### Article 12 (continued)

### Article 21
Development into a common name or misleading indication as grounds for revocation


2. Without prejudice to paragraph 1, a trade mark shall be liable to revocation if, after the date on which it was registered:

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;

(b) in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

<table>
<thead>
<tr>
<th>Article 13</th>
<th>Grounds for refusal or revocation or invalidity relating to only some of the goods or services</th>
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<tbody>
<tr>
<td></td>
<td>Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.</td>
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<tr>
<th>Article 22</th>
<th>Grounds for revocation relating to only some of the goods or services</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Where grounds for revocation of a trade mark exist in respect of only some of the goods or services for which that trade mark has been registered, revocation shall cover those goods or services only.</td>
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<tr>
<th>Section 4</th>
<th>Trade marks as objects of property</th>
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<tr>
<th>Article 17 CTMR</th>
<th>Transfer</th>
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<tbody>
<tr>
<td>1.</td>
<td>A Community trade mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered.</td>
</tr>
<tr>
<td>2.</td>
<td>A transfer of the whole of the undertaking shall include the transfer of the Community trade mark except where, in accordance with the law governing the transfer, there is agreement to the contrary or circumstances clearly dictate otherwise. This provision shall apply to the contractual obligation to transfer the undertaking.</td>
</tr>
<tr>
<td>3.</td>
<td>Without prejudice to paragraph 2, an assignment of the Community trade mark shall be made in writing and shall require the signature of the parties to the contract, except when it is a result of a judgment; otherwise it shall be void.</td>
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<tr>
<td>4.</td>
<td>Where it is clear from the transfer documents</td>
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<thead>
<tr>
<th>Article 23</th>
<th>Transfer of registered trade marks</th>
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</table>

No provision
that because of the transfer the Community trade mark is likely to mislead the public concerning the nature, quality or geographical origin of the goods or services in respect of which it is registered, the Office shall not register the transfer unless the successor agrees to limit registration of the Community trade mark to goods or services in respect of which it is not likely to mislead.

5. On request of one of the parties a transfer shall be entered in the Register and published.

6. As long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trade mark.

7. Where there are time limits to be observed vis-à-vis the Office, the successor in title may make the corresponding statements to the Office once the request for registration of the transfer has been received by the Office.

8. All documents which require notification to the proprietor of the Community trade mark in accordance with Article 79 shall be addressed to the person registered as proprietor.

4. On request of one of the parties a transfer shall be entered in the register and published.

5. As long as the transfer has not been entered in the register, the successor in title may not invoke the rights arising from the registration of the trade mark.

6. Where there are time limits to be observed vis-à-vis the Office, the successor in title may make the corresponding statements to the Office once the request for registration of the transfer has been received by the Office.

No provision

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<thead>
<tr>
<th>Article 18 CTMR</th>
<th>Article 24</th>
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<tbody>
<tr>
<td><strong>Transfer of a trade mark registered in the name of an agent</strong></td>
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</tr>
<tr>
<td>Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to demand the assignment in his favour of the said registration, unless such agent or representative justifies his action.</td>
<td>Where a trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to demand the assignment in his favour of the said registration, unless such agent or representative justifies his action.</td>
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<tr>
<th>Article 19 CTMR</th>
<th>Article 25</th>
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<tbody>
<tr>
<td><strong>Rights in rem</strong></td>
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</tr>
<tr>
<td>1. A Community trade mark may, independently of the undertaking, be given as security or be the subject of rights in rem.</td>
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</tr>
<tr>
<td>2. On request of one of the parties, rights mentioned in paragraph 1 shall be entered in the Register and published.</td>
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<tr>
<th>Article 20 CTMR</th>
<th>Article 26</th>
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<tr>
<td><strong>Levy of execution</strong></td>
<td><strong>Levy of execution</strong></td>
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<tr>
<td>1. A Community trade mark may be levied in execution.</td>
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</table>
2. As regards the procedure for levy of execution in respect of a Community trade mark, the courts and authorities of the Member States determined in accordance with Article 16 shall have exclusive jurisdiction.

3. On request of one the parties, levy of execution shall be entered in the Register and published.

### Article 21 CTMR

#### Insolvency proceedings

1. The only insolvency proceedings in which a Community trade mark may be involved are those opened in the Member State in the territory of which the debtor has his centre of main interests. However, where the debtor is an insurance undertaking or a credit institution as defined in Directive 2001/17/EC of the European Parliament and of the Council of 19 March 2001 on the reorganisation and winding up of insurance undertakings [7] and Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions [8], respectively, the only insolvency proceedings in which a Community trademark may be involved are those opened in the Member State where that undertaking or institution has been authorised.

2. In the case of joint proprietorship of a Community trade mark, paragraph 1 shall apply to the share of the joint proprietor.

3. Where a Community trade mark is involved in insolvency proceedings, on request of the competent national authority an entry to this effect shall be made in the Register and published in the Community Trade Marks Bulletin referred to in Article 89.

### Article 27

#### Insolvency proceedings

1. Trade marks shall be subject of insolvency proceedings.

2. Where a trade mark is involved in insolvency proceedings, on request of the competent authority an entry to this effect shall be made in the register and published.

### Article 8

#### Licensing

1. A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A licence may be exclusive or non-exclusive.

2. The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licensing contract with regard to:

### Article 28

#### Licensing

1. No change

2. No change
(a) its duration;
(b) the form covered by the registration in which the trade mark may be used;
(c) the scope of the goods or services for which the licence is granted;
(d) the territory in which the trade mark may be affixed; or
(e) the quality of the goods manufactured or of the services provided by the licensee.

**Art. 22 (3)-(5) CTMR**

3. Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community trade mark only if its proprietor consents thereto. However, the holder of an exclusive licence may bring such proceedings if the proprietor of the trade mark, after formal notice, does not himself bring infringement proceedings within an appropriate period.

4. A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in infringement proceedings brought by the proprietor of the Community trade mark.

5. On request of one of the parties the grant or transfer of a licence in respect of a Community trade mark shall be entered in the Register and published.

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**Article 24 CTMR**

*The application for a Community trade mark as an object of property*

*Articles 16 to 23 shall apply to applications for Community trade marks*

**Article 29**

*The application for a trade mark as an object of property*

*Articles 23 to 28 shall apply to applications for trade marks.*

**Chapter 3**

*Procedures*

**Section 1**

*Application and registration*

**Article 26 CTMR**

*Conditions with which applications must comply*

**Article 30**

*Conditions with which applications must comply*
1. An application for a Community trade mark shall contain:
   (a) a request for the registration of a Community trade mark;
   (b) information identifying the applicant;
   (c) a list of the goods or services in respect of which the registration is requested;
   (d) a representation of the trade mark.

2. The application for a Community trade mark shall be subject to the payment of the application fee and, when appropriate, of one or more class fees.

3. An application for a Community trade mark must comply with the conditions laid down in the Implementing Regulation referred to in Article 162(1), hereinafter referred to as the "Implementing Regulation".

---

1. An application for registration of a trade mark shall contain:
   (a) a request for the registration,
   (b) information identifying the applicant,
   (c) a list of the goods or services in respect of which the registration is requested,
   (d) a representation of the trade mark.

2. The application for a trade mark shall be subject to the payment of an application or registration fee and one or more class fees.

3. An application for registration of a trade mark must comply with the conditions laid down in implementing provisions established by the Member State.

---

**Article 27 CTMR**

**Date of filing**

The date of filing of a Community trade mark application shall be the date on which documents containing the information specified in Article 26(1) are filed with the Office by the applicant or, if the application has been filed with the central office of a Member State or with the Benelux Office for Intellectual Property, with that office, subject to payment of the application fee within a period of one month of filing the abovementioned documents.

---

**Article 31**

**Date of filing**

The date of filing of a trade mark application shall be the date on which documents containing the information specified in Article 30 are filed with the office by the applicant, subject to payment of the basic application or registration fee within a period of one month of filing the abovementioned documents.

---

**Article 40 CTMR**

**Observations by third parties**

1. Following the publication of the Community trade mark application, any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers may submit to the Office written observations, explaining on which grounds under Article 7, in particular, the trade mark shall not be registered ex officio. They shall not be parties to the proceedings before the Office.

2. The observations referred to in paragraph 1 shall be communicated to the applicant who may comment on them.

---

**Article 32**

**Observations by third parties**

1. Where a Member State provides for the publication of trade mark applications prior to registration, any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers may submit to the office after publication written observations, explaining on which grounds the trade mark shall not be registered ex officio.

2. The office shall be entitled to reopen examination. The observations referred to in paragraph 1 shall be communicated to the applicant who may comment on them. Persons submitting observations shall not be parties to the proceedings.
| Section 2  
Opposition and cancellation |
|---|
| Article 33  
Administrative opposition procedure |
| 1. Member States may provide for an administrative procedure for opposing the registration of a trade mark application. |
| 2. If an opposition procedure is provided, the party seeking refusal of registration must be able to invoke at least that it is the proprietor of an earlier right falling under Article 6 (2) and (3). |
| Article 42 CTMR  
Examination of opposition |
| 1.... |
| 2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services. |
| Article 34  
Defense of absence of genuine use in opposition proceedings |
| 1. Where a Member State provides for an opposition procedure, and where at the filing date or date of priority of the later trade mark, or at the date when the later trade mark was published for purposes of opposition, the period of five years within which the earlier trade mark must have been put to genuine use as provided for in Article 17 had expired, upon request of the applicant the proprietor of the earlier trade mark shall furnish proof that the trade mark had been put to genuine use as provided for in Article 17, or that proper reasons for non-use existed. |
| 2. In the absence of proof to this effect the opposition shall be rejected. |
| 3. If the earlier trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services. |
| 4. Paragraphs 1 to 3 shall apply to earlier Community trade marks, substituting use in accordance with Article 15 of the Regulation for use in accordance with Article 17. |
| Article 35  
Administrative procedure for cancellation |
| 1. Member States shall provide for an administrative procedure for seeking invalidation or revocation of a trade mark registration. |
| 2. Member States shall provide that at least the following grounds may be invoked in an |
administrative procedure seeking revocation or invalidation of a trade mark:

(a) that the trade mark should not have been registered because it does not comply with the requirements provided for in Articles 4 and 5,

(b) that the trade mark should not have been registered because of the existence of an earlier right within the meaning of Article 6 (2) and (3),

(c) that the trade mark should be revoked on the grounds provided for in Articles 20 and 21.

<table>
<thead>
<tr>
<th>Article 57 CTMR</th>
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<tr>
<td>Examination of the application</td>
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<td>1. …</td>
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<tr>
<td>2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 42(2) were satisfied at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services.</td>
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| Article 36  |
| Defense of absence of genuine use in proceedings seeking invalidation |
| 1. In an action for a declaration of invalidity based on a registered trade mark with an earlier filing date or priority date, if the proprietor of the later trade mark so requests, the proprietor of the earlier trade mark shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier trade mark has been put to genuine use as provided for in Article 18 in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided that the period of five years within which the earlier trade mark must have been put to genuine use has at that date expired. |
| 2. Where a Member State provides for an opposition procedure, and where at the filing date or date of priority of the later trade mark, or at the date when the later trade mark was published for purposes of opposition, the period of five years within which the earlier trade mark must have been put to genuine use as provided for in Article 17 had expired, the proprietor of the earlier trade mark shall, in addition, furnish proof that the trade mark had been put to genuine use during the preceding period of five years, or that proper reasons for non-use existed. |
| 3. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. |
| 4. If the earlier trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the |
3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

4. …

5. …

6. …

Article 11
Sanctions for non-use of a trade mark in legal or administrative proceedings

1. A trade mark may not be declared invalid on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2), or in Article 10(3), as the case may be.

2. Any Member State may provide that registration of a trade mark may not be refused on the ground that there is an earlier conflicting trade mark if the latter does not fulfil the requirements of use set out in Article 10(1) and (2) or in Article 10(3), as the case may be.

3. Without prejudice to the application of Article 12, where a counter-claim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).

4. If the earlier trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for purposes of applying paragraphs 1, 2 and 3, be deemed to be registered in respect only of that part of the goods or services.

5. Paragraphs 1 to 4 shall apply to earlier Community trade marks, substituting use in accordance with Article 15 of the Regulation for use in accordance with Article 17.

Section 3
Duration and renewal of registration

Article 46 CTMR
Duration of registration

Community trade marks shall be registered for a period of 10 years from the date of filing of the application. Registration may be renewed in accordance with Article 47 for further periods of 10 years.

Article 37
Duration of registration

Trade marks shall be registered for a period of 10 years from the date of filing of the application. Registration may be renewed in accordance with Article 38 for further periods of 10 years.

Article 47 CTMR
Article 38
### Renewal

1. Registration of the Community trade mark shall be renewed at the request of the proprietor of the trade mark or any person expressly authorised by him, provided that the fees have been paid.

2. The Office shall inform the proprietor of the Community trade mark, and any person having a registered right in respect of the Community trade mark, of the expiry of the registration in good time before the said expiry. Failure to give such information shall not involve the responsibility of the Office.

3. The request for renewal shall be submitted within a period of six months ending on the last day of the month in which protection ends. The fees shall also be paid within this period. Failing this, the request may be submitted and the fees paid within a further period of six months following the day referred to in the first sentence, provided that an additional fee is paid within this further period.

4. Where the request is submitted or the fees paid in respect of only some of the goods or services for which the Community trade mark is registered, registration shall be renewed for those goods or services only.

5. Renewal shall take effect from the day following the date on which the existing registration expires. The renewal shall be registered.

### Article 28 CTMR

**Classification**

Goods and services in respect of which Community trade marks are applied for shall be classified in conformity with the system of classification specified in the Implementing Regulation.

### Rule 2 CTMIR

**Classification of the list of goods and services**

(1) The common classification referred to in Article 1 of the Nice Agreement Concerning the...
International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended, shall be applied to the classification of the goods and services.

(2) (a) The list of goods and services shall be worded in such a way as to indicate clearly the nature of the goods and services and to allow each item to be classified in only one class of the Nice Classification.

(b) The class headings of the Nice Classification or other generic indications may be used, unless the Office considers these indications as too indefinite.

(c) The Office shall publish in the Official Journal of the Office the class headings and all other generic indications that are considered as too indefinite.

(3) Where the applicant requests registration for more than one class, the goods and services shall be grouped according to the classes of the Nice classification, each group being preceded by the number of the class of that Classification to which that group of goods or services belongs and presented in the order of the classes under that Classification.

(4) The classification of goods and services shall serve exclusively administrative purposes. Therefore, goods and services may not be regarded as being similar to each other on the ground that they appear in the same class under the Nice Classification, and goods and services may not be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification.

(5) The use of generic indications, including class headings, shall be interpreted as including all goods or services that can be understood as covered by the generic indication, whereas the use of such generic indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood. [May be subject to change; exact formulation reserved]

(6)(a) Where a Community trade mark registration contains a classification of goods or services which is erroneous, or which is no longer accurate, as a result of changes in the International Classification or for any other reason, the Office shall reclassify the goods or services upon request of the proprietor.

2. (a) The list of goods and services shall be worded in such a way as to indicate clearly the nature of the goods and services and to allow each item to be classified in only one class of the Nice Classification.

(b) The class headings of the Nice Classification or other generic indications may be used, unless the office considers these indications as too indefinite.

(c) The office shall publish the class headings and all other generic indications that are considered as too indefinite.

3. Where the applicant requests registration for more than one class, the goods and services shall be grouped according to the classes of the Nice classification, each group being preceded by the number of the class to which that group of goods or services belongs and presented in the order of the classes.

4. The classification of goods and services shall serve exclusively administrative purposes. Therefore, goods and services may not be regarded as being similar to each other on the ground that they appear in the same class under the Nice Classification, and goods and services may not be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification.

5. The use of generic indications, including class headings, shall be interpreted as including all goods or services that can be understood as covered by the generic indication, whereas the use of such generic indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood.

6. (a) Where a trade mark registration contains a classification of goods or services which is erroneous, or which is no longer accurate, as a result of changes in the Nice Classification or for any other reason, the office shall reclassify the goods or services.

(b) Member States shall determine whether reclassification shall be carried out only upon the request of the proprietor or upon the office's own initiative upon request of the proprietor.
(b) Where the reclassification leads to goods or services being moved from one class to another class, or to the mark being registered for goods or services in additional classes, these changes shall not affect the protection granted. Where classes are added, corresponding higher class fees shall be paid only at the first subsequent renewal of the registration.

(c) Where the reclassification leads to goods or services being moved from one class to another class, or to the mark being registered for goods or services in additional classes, these changes shall not affect the protection granted. Where classes are added, corresponding higher class fees shall be paid only at the first subsequent renewal of the registration.

Article 40
Division of applications and registrations

Member States shall provide for the possibility of dividing trade mark applications and registrations into one or more separate applications or registrations.

Article 41
Fees

Member States shall provide that the registration and renewal of a trade mark shall be subject to an additional fee for each class of goods and services beyond the first class.

Chapter 4
Special provisions relating to collective marks, guarantee marks, and certification marks

Article 15
Special provisions in respect of collective marks, guarantee marks and certification marks

1. Without prejudice to Article 4, Member States whose laws authorise the registration of collective marks or of guarantee or certification marks may provide that such marks shall not be registered, or shall be revoked or declared invalid, on grounds additional to those specified in Articles 3 and 12 where the function of those marks so requires.

2. By way of derogation from Article 3(1)(c), Member States may provide that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute collective, guarantee or certification marks. Such a mark does not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with

Article 42
Special provisions in respect of collective marks, guarantee marks and certification marks

1. Member States shall provide for the registration of collective marks and may provide for the registration of guarantee or certification marks.

2. As regards guarantee and certification marks, Member States may provide that such marks shall not be registered, or shall be revoked or declared invalid, on grounds other than those specified in Articles 4 and 5 where the function of those marks so requires.

3. Member States may provide that signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute guarantee or certification marks. Such a mark does not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with
accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

**Article 66 CTMR**  
**Community collective marks**

1. A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks.

2. In derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

3. The provisions of this Regulation shall apply to Community collective marks, unless Articles 67 to 74 provide otherwise.

**Article 43**  
**Collective marks**

1. A collective mark shall be a trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for collective marks.

2. In derogation from Article 4(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

3. The provisions of this Directive shall apply to collective marks, unless Articles 43 to 51 provide otherwise.

**Article 67 CTMR**  
**Regulations governing use of the mark**

1. An applicant for a Community collective mark must submit regulations governing its use within the period prescribed.

2. The regulations governing use shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions. The regulations governing use of a mark referred to in Article 66(2) must authorise any person whose goods or services originate in the geographical area concerned to become a member of the association which is the proprietor of the mark.

**Article 44**  
**Regulations governing use of the mark**

1. An applicant for a collective mark must submit regulations governing its use within the period prescribed.

2. The regulations governing use shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions. The regulations governing use of a mark referred to in Article 43(2) must authorise any person whose goods or services originate in the geographical area concerned to become a member of the association which is the proprietor of the mark.
<table>
<thead>
<tr>
<th>Article 68 CTMR</th>
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<tbody>
<tr>
<td><strong>Refusal of the application</strong></td>
</tr>
<tr>
<td>1. In addition to the grounds for refusal of a Community trade mark application provided for in Articles 36 and 37, an application for a Community collective mark shall be refused where the provisions of Articles 66 or 67 are not satisfied, or where the regulations governing use are contrary to public policy or to accepted principles of morality.</td>
</tr>
<tr>
<td>2. An application for a Community collective mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark.</td>
</tr>
<tr>
<td>3. An application shall not be refused if the applicant, as a result of amendment of the regulations governing use, meets the requirements of paragraphs 1 and 2.</td>
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<tr>
<th>Article 45</th>
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<tbody>
<tr>
<td><strong>Refusal of the application</strong></td>
</tr>
<tr>
<td>1. In addition to the grounds for refusal of a trade mark application provided for in Articles 4 to 6, an application for a collective mark shall be refused where the provisions of Articles 43 or 44 are not satisfied, or where the regulations governing use are contrary to public policy or to accepted principles of morality.</td>
</tr>
<tr>
<td>2. An application for a collective mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark.</td>
</tr>
<tr>
<td>3. An application shall not be refused if the applicant, as a result of amendment of the regulations governing use, meets the requirements of paragraphs 1 and 2.</td>
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<tr>
<th>Article 69 CTMR</th>
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<tbody>
<tr>
<td><strong>Observations by third parties</strong></td>
</tr>
<tr>
<td>Apart from the cases mentioned in Article 40, any person, group or body referred to in that Article may submit to the Office written observations based on the particular grounds on which the application for a Community collective mark should be refused under the terms of Article 68.</td>
</tr>
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<tr>
<th>Article 46</th>
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<tbody>
<tr>
<td><strong>Observations by third parties</strong></td>
</tr>
<tr>
<td>Any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers may submit to the office written observations based on the particular grounds on which the application for a collective mark should be refused under the terms of Article 45.</td>
</tr>
</tbody>
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<tr>
<th>Article 70 CTMR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of marks</strong></td>
</tr>
<tr>
<td>Use of a Community collective mark by any person who has authority to use it shall satisfy the requirements of this Regulation, provided that the other conditions which this Regulation imposes with regard to the use of Community trade marks are fulfilled.</td>
</tr>
</tbody>
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<tr>
<th>Article 47</th>
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<tbody>
<tr>
<td><strong>Use of marks</strong></td>
</tr>
<tr>
<td>Use of a collective mark by any person who has authority to use it shall satisfy the requirements of this Directive, provided that the other conditions which this Directive imposes with regard to the use of trade marks are fulfilled.</td>
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<thead>
<tr>
<th>Article 71 CTMR</th>
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<tbody>
<tr>
<td><strong>Amendment of the regulations governing use of the mark</strong></td>
</tr>
<tr>
<td>1. The proprietor of a Community collective mark must submit to the Office any amended regulations governing use.</td>
</tr>
<tr>
<td>2. The amendment shall not be mentioned in the Register if the amended regulations do not satisfy the requirements of Article 67 or involve</td>
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<tr>
<th>Article 48</th>
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<tbody>
<tr>
<td><strong>Amendment of the regulations governing use of the mark</strong></td>
</tr>
<tr>
<td>1. The proprietor of a collective mark must submit to the office any amended regulations governing use.</td>
</tr>
<tr>
<td>2. The amendment shall not be mentioned in the register if the amended regulations do not satisfy the requirements of Article 44 or involve</td>
</tr>
</tbody>
</table>
| Article 72 CTMR  
Persons who are entitled to bring an action for infringement  
| Article 49  
Persons who are entitled to bring an action for infringement  
| Article 73 CTMR  
Grounds for revocation  
Apart from the grounds for revocation provided for in Article 51, the rights of the proprietor of a Community collective mark shall be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings, if:  
(a) the proprietor does not take reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use, where these exist, laid down in the regulations governing use, amendments to which have, where appropriate, been mentioned in the Register;  
(b) the manner in which the mark has been used by the proprietor has caused it to become liable to mislead the public in the manner referred to in Article 68(2);  
(c) an amendment to the regulations governing use of the mark has been mentioned in the Register in breach of the provisions of Article 71(2), unless the proprietor of the mark, by further amending the regulations governing use, complies with the requirements of those provisions.  
| Article 50  
Grounds for revocation  
Apart from the grounds for revocation provided for in Articles 20 and 21, the rights of the proprietor of a collective mark shall be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings, if:  
(a) the proprietor does not take reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use, where these exist, laid down in the regulations governing use, amendments to which have, where appropriate, been mentioned in the Register;  
(b) the manner in which the mark has been used by the proprietor has caused it to become liable to mislead the public in the manner referred to in Article 45(2).  
(c) an amendment to the regulations governing use of the mark has been mentioned in the register in breach of the provisions of Article 48(2), unless the proprietor of the mark, by further amending the regulations governing use, complies with the requirements of those provisions.  
| Article 74 CTMR  
Grounds for invalidity  
| Article 51  
Grounds for invalidity  
|
Apart from the grounds for invalidity provided for in Articles 52 and 53, a Community collective mark which is registered in breach of the provisions of Article 68 shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.

Apart from the grounds for invalidity provided for in Articles 4 to 6, a collective mark which is registered in breach of the provisions of Article 46 shall be declared invalid, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.

<table>
<thead>
<tr>
<th>Chapter 5</th>
<th>Administrative cooperation</th>
</tr>
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<tbody>
<tr>
<td>Article 52</td>
<td>Cooperation in the area of trade mark registration and administration</td>
</tr>
<tr>
<td>Member States shall establish a mechanism for the cooperation of their authorities responsible for the registration and administration of trade marks with each other and with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) in all areas related to the examination of trade marks in order to obtain harmonised results in the examination and registration of trade marks.</td>
<td></td>
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</table>

| Article 53 | Cooperation in other areas |
| Member States shall establish a mechanism for the cooperation of their authorities responsible for the registration and administration of trademarks with each other and with the Office for Harmonisation in the Internal Market (Trade Marks and Designs) in all other areas of their activities which are of relevance for the protection of trade marks in the Union. |

<table>
<thead>
<tr>
<th>Chapter 6</th>
<th>Final provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>No text</td>
<td></td>
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</table>

| Article 54 | Compatibility with other Community legal provisions |
| This Directive shall be without prejudice to the application of Community legislation governing the protection of designations of origin and geographical indications. |

| Article 16 | Communication |
| Article 55 | Communication |
Member States shall communicate to the Commission the text of the main provisions of national law adopted in the field governed by this Directive.

<table>
<thead>
<tr>
<th>Article 17</th>
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<tr>
<td>Repeal</td>
</tr>
<tr>
<td>Directive 89/104/EEC, as amended by the Decision listed in Annex I, Part A, is repealed, without prejudice to the obligations of the Member States relating to the time limit for transposition into national law of that Directive, set out in Annex I, Part B. References to the repealed Directive shall be construed as references to this Directive and shall be read in accordance with the correlation table in Annex II.</td>
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<thead>
<tr>
<th>Article 18</th>
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<tr>
<td>Entry into force</td>
</tr>
<tr>
<td>This Directive shall enter into force on the 20th day following its publication in the Official Journal of the European Union.</td>
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<tr>
<th>Article 19</th>
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<tr>
<td>Addressees</td>
</tr>
<tr>
<td>This Directive is addressed to the Member States.</td>
</tr>
</tbody>
</table>
Explanations and links (TMD)

Preamble

TITEL (CHAPEAU)
Makes reference to Art. 114 TFEU

Recitals

(1) Self-explanatory

(2) Refers to the coexistence principle; TMS III 1.1

(3) Self-explanatory

(4) Undistorted competition is one of the justifications for trade mark protection; TMS III 1.23 (cf. Recital (2) CTMR)

(5) The various trade mark functions are mentioned; TMS III 2.179 (cf. Recital (3) CTMR)

(6), (7) The concept of coherence underlies the proposals for enhanced harmonization; TMS III 1.18; V 2.3

(8) Trade marks should have the same protection in all Member States, and protection should be aligned with protection of Community trade marks; justification for making current Art. 5 (2) mandatory; TMS III 2.198; V 1.31

(9) Proposal to include protection of unregistered, well-known marks into the scope of the TMD; Art. 2

(10) Extended protection for unregistered marks with a reputation on the same basis as well-known marks; Art. 6 (1) (c)

(11) Optional protection of unregistered marks that are not well-known or do not have reputation; no further harmonization proposed; TMS V 2.37

(12) Self-explanatory

(13) Signs of which a trade mark may consist; graphical representation no longer explicit requirement; Art. 3 (Recital (14) CTMR)

(14) Absolute and relative grounds for refusal; application in bad faith, Art. 4 (1) (i); conflicts with designations of origin and geographical indications; Art. 4 (1) (j).

(15), (16) Assessment of descriptive character; taking account of the need for third parties to make use of the sign; same criteria as for distinctiveness; TMS III 1.47, 1.48 (cf. Recitals (16) and (17) CTMR)

(17) Signs lacking inherent distinctiveness; specific situation of shape of product marks and colours per se; TMS III 2.29; 2.35

(18) Self-explanatory

(19) Absolute bar against protection of functional shapes; Art. 4 (1) (e) (i) (cf. Recital (20) CTMR)

(20) Self-explanatory
(21) Self-explanatory

(22) Self-explanatory

(23) Double identity; definition of identical marks; **TMS III 2.153**; wording from Case C-291/00 – LTJ Diffusion (cf. Recital (28) CTMR)

(24) Self-explanatory

(25) Relationship between the degree of distinctiveness and scope of protection; **TMS III 2.194** (cf. Recital (30) CTMR)

(26) No finding of likelihood of confusion based on non-registrable elements; **TMS III 2.47** (Recital (31) CTMR)

(27) Self-explanatory

(28) Coexistence rule; **Art. 11**

(29) Application of the double identity rule in relation to the alleged infringer’s own goods as well as to referential use; **TMS III 2.181** (cf. Recital (33) CTMR)

(30) Enforcement subject to prior rights of third parties; **Art. 12 (2)**

(31) Trade mark use must distinguish goods or services as to their commercial origin; TMS III 2.208; for use in the course of trade see **TMS III 2.202** (cf. Recital (34) CTMR)

(32) Trade mark use referring to goods or services as those of the proprietor; **TMS III 2.181; 2.261** (cf. Recital (35) CTMR)

(33) Trade mark use in comparative advertisement; **Art. 12 (3) (g)** (cf. Recital (36) CTMR)

(34) Infringing use in custom-free zones; **TMS III 2.212** (cf. Recital (38) CTMR)

(35) Use of trade names as designation for goods and services; **Art. 12 (3) (e)**

(36) Infringement in case of transit; **Art. 12 (3) (d)** (cf. Recital (40) CTMR)

(37) Trade mark use for other purposes than to distinguish goods and services; implementation of Art. 5 (5) TMD; **Art. 12 (4)** (cf. Recital (41) CTMR)

(38) Limitations of rights conferred in case of fair use of one’s personal name; **Art. 15 (1) (a)** use of signs which are not distinctive or of descriptive signs or indications; **Art. 15 (1) (b)**; honest referential use; **Art. 15 (1) (c)** (cf. Recital (42) CTMR)

(39) Exhaustion: including the EEA; **Art. 16 (1)**; “putting on the market” defined in accordance with Case C-1/03 – Peak Holding; **TMS III 2.243**; holder’s consent in case of different person or entities, Case C-9/93 – IHT Heiztechnik/Ideal Standard; **TMS III 2.271**; relevance of case law concerning primary Union law, Case C-379/97 – Paranova/Upjohn; **TMS III 2.270**. (cf. Recital (43) CTMR)

(41) Intervening rights; **Art. 19**

(42) States in a positive manner that trade marks must be used in order to fulfill their essential purpose; otherwise no changes from current Recital (9)

(43) Lacking intent to use as ground for refusal or invalidity (application in bad faith); **TMS III 2.88; 2.110** (Cf. Recital (47) CTMR).

(44) Self-explanatory
Definition of genuine use in accordance with ECJ jurisprudence, TMS III 2.82, 2.120; “sale” not being the only form of distribution by which trade marks can be used so as to fulfill their purpose; clarification vis-à-vis Case C-495/07 – Silberquelle; TMS III 2.83; 2.107; 2.120 (cf. Recital (49) CTMR)

Defense of non-use of earlier right; TMS III 2.274

Claiming seniority in case of surrender or revocation; TMS III 4.85

Self-explanatory

Trade marks as property; alignment with CTMR; TMS V 2.17

No harmonization concerning third-party effect of recordal; TMS V 2.20

Self-explanatory

Minimum requirements regarding administrative procedures; TMS V 2.51. The synopsis goes beyond the TMS by proposing a full set of administrative provisions from filing to cancellation; beyond the TMS the proposal is made to oblige Member States to have an administrative cancellation procedure, in addition to an optional opposition procedure.

One class per initial registration and renewal fee; TMS V 2.53

Harmonisation of classification with the rules in the CTMR; TMS V 2.52

Mandatory protection for collective marks; Art. 43

Optional protection for certification or guarantee marks; TMS V 1.45

Cooperation between national offices among themselves and with OHIM; TMS VI 2.3

Self-explanatory

Wording as in current Recital (7), with “should not” being replaced by “does not”

Wording similar to current Recital (13), with references added to the TRIPS Agreement; TMS III 1.56; 1.60

**Individual Articles** – Explanations are only added where changes are proposed

**Article 2**
Extends the scope of the TMD to unregistered marks that are well-known in the meaning of Art. 6bis Paris Convention; aligns well-known marks and marks having a reputation in regard of the substantive requirements; TMS III 2.137; 2.140

**Article 3 (1)**
Adds “whether visible or not”, Case C-273/00 – Sieckmann, para 45; TMS III 2.4; adds as further examples of forms of signs of which a trade mark may consist: colours per se, Case C-104/01 – Libertel; sounds, Case C-283/01 – Shield Mark/Kist (cf. Art. 4 (1) CTMR)

**Article 3 (2)**
Circumscribes the essential requirements for representation as indicated in Case C-273/00 – Sieckmann, para 55, without requiring graphical representation; TMS III 2.15. (cf. Art. 4 (2) CTMR)

**Article 4 (1) (d)**
Expresses the same concept as in current Art. 3 (1) (d) and Art. 6 quinquies B Nr. 2 Paris Convention in more modern language conforming to Art. 51 (1) (b) CTMR; TMS III 4.215; refers to the goods and services for which the mark is applied for or registered, in accordance with Case C-517/99 – Merz & Krell (“Bravo”). (cf. Art. 7 (1) (d) CTMR)

**Article 4 (1) (e) (i)**
Replaces current Art. 3 (e) (i) by a provision referring to all forms of signs resulting from the technical or functional nature of goods; TMS III 2.31; (cf. Art. 7 (1) (e) (i) CTMR)

**Article 4 (1) (e) (ii)**
No changes as to content; only adaptations of the wording resulting from the new structure of the provision

**Article 4 (1) (e) (iii)**
Reasons for deletion explained in TMS III 2.32 (cf. Art. 7 (1) (e) (iii) CTMR)

**Recital (19)**

**Recital (14)**

**Article 4 (1) (i)**
Bad faith becomes a mandatory ground for refusal or invalidity; TMS V 1.10

**Article 4 (1) (j)**
Conflicts with designations of origin and geographical indications as absolute ground for refusal; TMS V 1.12

**Article 4 (3)**
Acquired distinctiveness at the time of registration is decisive; filing date for purposes of determining priority in case of conflicts is postponed accordingly; TMS III 2.60, 2.61 (cf. Art. 7 (3) CTMR)

**Article 4 (4)**
No cancellation in case of post-registration acquisition of distinctiveness; no prejudice to intervening rights; TMS III 2.281, 2.282

**Article 5 (a)**
Same text as current Art. 3 (2) (a), with “Community” being replaced by “Union”

**Article 5 (b)**
More precise language: “consists of or contains” instead of “covers”.

**Article 5 (c)**
More precise language: “consists of or includes” instead of “includes”.

**Article 6 (1) (a)**
Well-known marks or marks having a reputation in the member state as mandatory relative grounds for refusal; TMS III 2.136, V 1.25

**Article 6 (1) (b)**
No change in substance

**Article 6 (1) (c)**
Changes consequential to the proposals in TMS III 2.136, V 1.25
Article 6 (3)
Mandatory implementation of Art. 6 seplies Paris Convention, text in accordance with Art. 8 (3) CTMR; TMS V 1.29

Article 6 (4) (a)
Non-registered trade marks or signs used in the course of trade as mandatory relative ground for refusal; TMS V 1.26

Article 6 (4) (b) (i)-(iv)
No change in substance vis-à-vis current Art. 4 (4) (c)
No proposal - Deletion of current Art. 4 (4) (d)-(g); reasons explained in TMS V 1.27; 1.28

Article 6 (5)
Current Art. 4 (5) becomes mandatory; TMS V 1.30

Article 7
Seniority – establishing revocation or invalidity a posteriori; TMS III 4.85

Article 9
Defense based on intervening rights against claims for cancellation; TMS III 2.280; 2.282; 2.283 (cf. Art. 15a CTMR)

Article 10 (1)
Aquiescence mandatory in case of unchallenged use of signs in the meaning of Art. 6 (4) (a) – non-registered trade marks and other signs used in the course of trade; TMS V 1.35

Article 10 (2)
Consequential change, no change in substance

Article 11
Coexistence rule when earlier Community trade mark not used for an extended period of time except in remote parts of the Union; TMS III 3.19 et seq.

Article 12 (1)
No change in substance vis-à-vis current Art. 5 (1) 1st sentence

Article 12 (2), chapeau
Enforcement subject to prior rights of third parties; TMS III 2.201; 2.277; no change in substance vis-à-vis current Art. 5 (1) 2nd sentence. (cf. Art. 9 (2) CTMR)

Article 12 (2) (a)
No change in substance; for clarifications see TMS III 2.181, 2.208, 2.261; (cf. Art. 9 (2) (a) CTMR)

Article 12 (2) (b)
No change in substance; for clarifications see TMS III 2.190 et seq; (cf. Art. 9 (2) (b) CTMR)

Article 12 (2) (c)
Mandatory implementation of current Art. 5 (2); TMS III 2.198, V 1.31; [ab hier: CTMR] change of wording making clear that the provision applies also in case of use for the same
or similar goods, Cases C-929/00 – Davidoff/Durfee and C-408/01 – Adidas/Fitnessworld; TMS III 2.156, 2.197; structural changes in order to make clear that (i) taking advantage of or detriment to distinctiveness or reputation, (ii) lack of due cause and (iii) failure to comply with honest practices are cumulative criteria that must be assessed separately; TMS III 2.200. (cf. Art. 9 (2) (c) CTMR)

**Article 12 (3) (d)**
Infringement in case of transit; TMS III 2.215 (cf. Art. 9 (3) (d) CTMR)

**Article 12 (3) (e)**
Use of a trade name as designation for goods and services; TMS III 2.211 (cf. Art. 9 (3) (e) CTMR)

**Article 12 (3) (g)**
Use in comparative advertisement; TMS III 2.233, 2.262 (cf. Art. 9 (3) (g) CTMR)

**Article 12 (4)**
Mandatory implementation of current Art. 5 (5); TMS III 2.221, V 1.32 (cf. Art. 9 (4) CTMR)

**Article 12 (5)**
Preparatory acts leading to infringement; TMS III 2.218 (cf. Art. 9 (5) CTMR)

**Article 12 (6)**
Persons acting in the course of employment or otherwise on behalf of an undertaking; TMS III 2.235 (cf. Art. 9 (6) CTMR)

**Article 12 (7)**
Changes consequential to renumbering of paragraphs and the obligation to implement current Art. 5 (5) TMD in the form of proposed Art. 12 (4)

**Article 13**
Provision modeled on current Art. 10 CTMR. The proposal goes beyond the issues specifically addressed in the TMS

**Article 14**
Implementation of Art. 6<sup>septies</sup> Paris Convention, modeled on Art. 11 CTMR

**Article 15 (1) (a)**
Restriction of current Art. 6 (1) (a) to personal names; TMS III 2.254, 2.255 (cf. Art. 12 (1) (a) CTMR)

**Article 15 (1) (b)**
Extension of current Art. 6 (1) (b) to non-distinctive signs; TMS 2.256 (cf. Art. 12 (1) (b) CTMR)

**Article 15 (1) (c)**
Honest referential use, including current Art. 6 (1) (c); TMS III 2.258, 2.262 (cf. Art. 12 (1) (c) CTMR)

**Article 15 (2)**
Specification of conduct not complying with honest practices in industrial or commercial matters; **TMS III 2.265** (cf. Art. 12 (2) CTMR)

**Article 16**
Referring to the European Economic Area instead of the Community; **TMS III 2.267, 2.269** (cf. Art. 13 (1) CTMR)

**Article 17 (1), (2)**
Clarification of the dates from which the grace period must be calculated; **TMS III 2.104, 2.117, 2.119**

**Article 17 (3) (a)**
Assessment of genuine use in a different form should be independent of whether the used form is also registered or not; distinction vis-à-vis Case C-234/06 P – Il Ponte Finanziaria (Bainbridge); **TMS III 2.70, 2.115** (cf. Art. 15 (2) (a) TMD)

**Article 18**
Defense against infringement claims in case of non-use; **TMS III 2.280** (cf. Art. 99 (3) CTMR; intervening rights)

**Article 19**
Defense against infringement claims in case intervening rights; **TMS III 2.282** (cf. Art. 15a CTMR: Intervening rights)

**Article 21**
No change in substance vis-à-vis current Art. 12 (2)

**Article 22**
This provision applies in case of partial revocation; Art. 8 (new) applies in cases of partial refusal or invalidation

**Articles 23, 24, 25, 26, 27, 28 (3) – (5), 29**
Alignment of provisions on trade marks as objects of property with the provisions in the CTMR, with the exception of third-party effects of recordal and the obligation of the office to refuse recording a transfer in case of a risk for the public being misled; **TMS V 2.17 et seq.**

**Chapter 3**
Alignment with procedural rules of the CTMR; **TMS V 2.50** et seq. The proposals go beyond the TMS in that they provide a complete set of the pertinent provisions to be inserted in the Directive.

**Chapter 4**
**Article 43**
Alignment with CTMR provisions on collective marks; **TMS V 1.44**

**Chapter 5**
Cooperation between offices and with OHIM; **TMS VI 2.3**

**Chapter 6**
**Article 54**
The Directive is without prejudice to European Union legislation protecting designations of origin and geographical indications; \textit{TMS III 1.22}
<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
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<tr>
<td><strong>Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark</strong> (codified version) Text with EEA relevance</td>
<td><strong>Regulation ... (EC) No 000/200&lt;&gt; of ... 201&lt;&gt; on the Community trade mark</strong> (Text with EEA relevance)</td>
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<tr>
<td>Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,</td>
<td>Having regard to the Treaty on the Functioning of the European Union, and in particular Article 118 thereof,</td>
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<tr>
<td>Having regard to the proposal from the Commission,</td>
<td>Having regard to the proposal from the Commission,</td>
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<tr>
<td>Having regard to the opinion of the European Parliament [1],</td>
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<tr>
<td><strong>Whereas:</strong></td>
<td><strong>Whereas:</strong></td>
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<td>(2) Trade mark rights constitute an essential element in the system of undistorted competition. In such a system undertakings must be able to attract and retain consumers by the quality of their goods or services, which is made possible only by distinctive signs allowing them to be identified. Trade mark protection</td>
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A primary purpose of trade mark protection is to provide proprietors of marks the means to distinguish their goods or services from those of others, allowing their customers to identify the goods or services and purchase them or make use of them without any risk of being confused about the commercial origin of the goods or services, thus contributing to a system of undistorted competition. Trade marks represent the actual or potential goodwill linking the goods or services with their producers and providers. They are advertising tools and thereby serve to confirm the links that consumers perceive between the goods and services and the proprietors of their trade marks.

The Community trade mark system was created in order to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to create a market of this kind and make it increasingly a single market, not only must barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services. For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.

European trade mark law rests on the principles of autonomy, unitary character, and coexistence. Autonomy is an expression of the principle that European law applies unless rules of national law are expressly referred to. Unitary character means that Community trade marks enjoy protection in the whole territory of the European Union and are equally valid everywhere, unless specific exceptions to this principle apply. The frontiers between Member States are of no relevance in this context, unless the issue is of protecting earlier rights vis-à-vis later Community trade marks.
Coexistence means that the Community trade mark system coexists with national trade mark systems, that trade marks may be protected at the European level and at the national level, or both, and that national marks may constitute an obstacle to future Community trade marks and Community trade marks may constitute an obstacle to later national marks.

(3) For the purpose of pursuing the Community's said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this Regulation.

(4) The barrier of territoriality of the rights conferred on proprietors of trade marks by the laws of the Member States cannot be removed by approximation of laws. In order to open up unrestricted economic activity in the whole of the internal market for the benefit of undertakings, trade marks should be created which are governed by a uniform Community law directly applicable in all Member States.

(5) Since the Treaty has not provided the specific powers to establish such a legal instrument, Article 308 of the Treaty should be applied.

(6) The experience gained since the establishment of the Community trade mark system has demonstrated that undertakings from within the Union and from third countries have accepted the system, which has become a successful and viable alternative to the protection of trade marks at the level of the Member States.

(6) The Community law relating to trade marks nevertheless does not replace the laws of the Member States on trade marks. It would not in fact appear to be justified to require undertakings to apply for registration of their trade marks as Community trade marks. National trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community level.

(7) Nevertheless, Community law relating to trade marks has not replaced the laws of the Member States on trade marks. National trade marks continue to be necessary for those undertakings which do not want protection of their trade marks at Community 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 Community trade mark, or both.

(8) The Community trade mark system should be developed further in view of the experiences gained in the past, notably in view of the practical experiences of the Office for Harmonisation in the Internal Market, which was set up in order to administer the Community trade mark – and later the Community design systems.

(9) In parallel to the improvements and amendments of the Community trade mark system national trade mark laws and practices should be further approximated and brought in line with the Community trade mark system to the extent practicable in order to create as far as possible equal conditions for the registration and protection of trade marks throughout the Union.

(10) Adaptations are necessary also by taking into account the substantial body of case-law of the Court of Justice in interpreting European trade mark law pursuant to Article 267 TFEU and the respective provisions in the previous Treaties Establishing the European Community and in deciding on appeals from decisions of the General Court reviewing decisions of the Boards of Appeal of the Office for Harmonisation.

(11) The European Union is, in addition to all of its Member States, a Member of the World Trade Organisation and thus bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which constitutes an integral part of the Agreement Establishing the World Trade Organisation signed on 15 April 1994 in Marrakech. In accordance with the TRIPS Agreement, the European Union is bound to observe the substantive provisions found in Articles 1 to 19 of the Paris Convention for the Protection of Industrial Property. Thus, the provisions of the European Union’s trade mark must be entirely in line with the obligations established in the TRIPS Agreement and in the Paris Convention, as far as they relate to trade marks.

(7) The rights in a Community trade mark should not be obtained otherwise than by registration, and registration should be refused

(12) The rights in a Community trade mark are obtained by registration. Protection on the basis of use remains available at the national level,
in particular if the trade mark is not distinctive, if it is unlawful or if it conflicts with earlier rights.

| (13) | Trade mark protection through registration should be available in principle to all signs by which the goods or services of one undertaking may be distinguished from those of other undertakings. |
| (14) | Mere concepts or other non-specific subject-matter which is not capable as such to distinguish goods or services of one undertaking from those of another should not obtain protection as Community trade marks. Registration should be refused if the sign is represented in a manner which does not allow for a precise determination of the protected subject matter so as to fulfill the objectives of the registration system. |
| (15) | Registration of a trade mark should be refused in particular if it is not distinctive, if it is descriptive or the common name of products for which protection is sought. |
| (16) | For the assessment of the descriptive nature of a sign, the views of the public to which it is addressed, including those which are in the chain of distribution, should be taken into account, in order to determine whether there is a need for third parties to make use of the sign sought to be protected as a mark. |
| (17) | Also as regards the assessment of the distinctive character of a sign, the same criteria as for descriptive signs should apply, and signs should not be appropriated as marks which may be needed by competitors in relation to their own goods or services. |
| (18) | Distinctiveness is lacking in all signs which are not immediately perceived by the public as indicating commercial origin, such as abstract colours or the shape of products not differing significantly from the shape of the same or comparable products, taking into account the interests of other market actors that competition on the relevant market should not be unduly restricted. |
| (19) | Trade marks which are devoid of distinctive character, or which are descriptive, or have become customary in trade, should only obtain |
protection upon establishing that the initial obstacles have been overcome through use on the market in the Member State.

(20) Where a sign exclusively consists of features which, if the sign would be registered, would confer on the proprietor exclusive rights for technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors, registration on the basis of acquired distinctiveness should be excluded even if the sign has acquired distinctiveness through use.

(21) It constitutes an expression of the unitary principle that trade marks in order to be registered need to have distinctive character and must not be descriptive anywhere in the European Union. These obstacles may be overcome only when the mark has become distinctive as a result of the use that has been made of it in that part of the European Union where the deficit existed. In judging acquired distinctiveness, account must be taken of all relevant circumstances, and notably the duration and extent of use of the mark. While acquired distinctiveness must be shown to exist, account should be taken of the difficulties in showing distinctiveness in a large territory, and evidence of intense and prolonged use in major parts of the applicable territory, which, in view of the overall economic conditions and the elements determining the perception of the mark by the public, are representative for the relevant market in its entirety, may suffice to show acquired distinctiveness for the whole territory.

Optional recital

<Trade marks applied for in bad faith should be subject to refusal prior to registration; bad faith should also constitute a ground upon which an opposition to registration may be based.>

(22) Trade mark registration should also in particular be refused for marks which are against public order or morality, which are deceptive, or which conflict with designations of origin or geographical indications protected by Community legislation protected geographical indications.

(23) Community trade marks should be subject to opposition or invalidation on the basis of conflicting earlier rights, either as European-wide rights or, in accordance with the principle of the unitary character of Community trade marks, national rights.
Where unregistered trade mark rights or similar rights protected by the laws of the Member States are involved, an opposition or invalidation action should succeed only when the right grants to its proprietor the right to prohibit a later mark for the whole territory of a Member State; rights of lesser scope should retain the right to prohibit the use of Community trade mark within their respective territories if national law grants such a right.

Rights in distinctive signs protected at Community level, such as designations of origin and geographical indications, should also entitle to bring an opposition against the registration of a later Community trade mark, regardless of whether or not these rights are also grounds for refusal to be taken into account ex officio.

The registration of a Community trade mark should confer on its proprietor an exclusive right for the goods and services for which the mark is registered; in accordance with Article 16 of the TRIPS Agreement these rights should be subject to pre-existing earlier conflicting rights of third parties.

The exclusive rights should entitle the proprietor to prohibit the use of an identical or similar mark or sign for the purposes of distinguishing goods or services.

The protection should be absolute when the marks and the goods or services are identical; marks are identical where the contested mark or sign reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.

The protection afforded by a Community trade mark, the function of which is in particular to guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services. The protection should apply also in cases of similarity between the mark and the sign and the goods or services. An interpretation should be given of the concept of similarity in relation to the likelihood of confusion. The likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market and the degree of its distinctiveness, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute
elements and, in particular, on the recognition of the trade mark on the market, the association which can be made with the used or registered sign, the degree of similarity between the trade mark and the sign and between the goods or services identified, should constitute the specific condition for such protection.

| 30 | Trade marks with high degree of distinctiveness should receive more extensive protection than those with a low degree of distinctiveness; the degree of distinctiveness is dependent on the inherent nature of the mark; however, a high degree of distinctiveness requires, also for inherently distinctive marks, that the mark has become established on the market as a result of extensive use. |
| 31 | Where a trade mark is composed of or consists of an element which is not itself registrable, a finding of likelihood of confusion cannot be based on the fact that both marks consist of or contain that element. |
| 32 | Community trade marks which have a reputation in the Community shall be entitled to protection without the need to prove likelihood of confusion where the use of the later mark or sign would dilute or take advantage of the distinctive character or would be detrimental to or take advantage of the reputation of the Community trade mark in a manner contrary to honest practices in industrial or commercial matters. |
| 33 | The protection afforded by the registered trade mark applies to use made by third parties for their own goods or services as well as to use designating goods or services as being those of the proprietor. |
| 34 | Infringement of a trade mark requires a finding that the infringing mark or sign is used in the course of trade for purposes of distinguishing goods or services as to their commercial origin; use for other purposes is subject to a separate rule. |
| 35 | In case of a mark being used to designate the goods or services of the proprietor as an indication of commercial origin in commercial communication referring to those goods or services or in the context of commercialising such goods or services, protection is granted where the use does not comply with honest commercial practices, as specified in the |
limitations, or where it relates to goods or services that are not legitimately commercialised on the market in the EU and the EEA.

(36) Where the use of the proprietor’s trade mark is made in comparative advertising, such use is subject to Community legislation covering misleading and comparative advertising; where comparative advertising complies with this legislation, it may not be found to infringe trade mark rights; however, where such comparative advertising infringes the Community rules, trade mark infringement should apply, without any recourse to the limitations otherwise applicable in cases of referential use, which in these cases are inherent in the rules governing comparative advertising.

(37) The right to prohibit the use of a sign requires a finding of identity of the marks and the goods or services, or a finding of likelihood of confusion, or a finding of reputation and corresponding detriment. Where the use complained of is made or is threatened in parts of the European Union where no likelihood of confusion can be found, for example because the signs, for linguistic reasons, are not similar in sound or meaning, no relief should be available; the same principle should apply for parts of the Union where unfair advantage taken of, or detriment inflicted on, the reputation or distinctive character of a Community trade mark cannot be established.

(38) Infringement requires use of the mark in the territory of the European Union, which includes customs-free zones.

(39) Infringement should also comprise the use of the sign as a trade name or similar designation as long as the use is made for the purposes of distinguishing goods or services as to their commercial origin.

(40) In order to interrupt trade in counterfeit goods, infringement should also cover the transit of such goods through the territory of the European Union, without, however, interfering with the flow of legitimate trade.

(41) Community trade marks should also be protected against any use made of the mark or a similar sign in the course of trade for purposes other than to distinguish goods or services.
provided such use would mislead the public about the existence of a commercial link between the proprietor of the trade mark and a third party, or would be detrimental to or take advantage of the distinctiveness or reputation of the Community trade mark in a manner contrary to honest practices in industrial and commercial matters.

(42) The exclusive rights conferred on the proprietor of a Community trade mark should not entitle to prohibit the use of signs or indications which, while identical with or similar to the protected trade mark, are used fairly and in accordance with honest practices in industrial and commercial matters. Examples of such use are the use of personal names, the use of signs or indications which are not distinctive or which are descriptive. Furthermore, the fair and honest use of the proprietor’s mark for referential purposes identifying the goods or services as those of the proprietor, should also be expressly permitted.

(9) It follows from the principle of free movement of goods that the proprietor of a Community trade mark must not be entitled to prohibit its use by a third party in relation to goods which have been put into circulation in the Community, under the trade mark, by him or with his consent, save where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods.

(43) It follows from the principle of free movement of goods that the proprietor of a Community trade mark must not be entitled to prohibit its use by a third party in relation to goods which have been put into circulation in the Community, under the trade mark, by him or with his consent, save where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods. This principle must be extended to cover the territory of the European Economic Area. Goods should be considered as having been put into circulation when the proprietor transfers the right to dispose of the goods to a third party and thereby realises the economic value of the mark. Consent by the proprietor should also be found where the goods were put on the market by a separate person or entity, where the proprietor of the mark is entitled to exercise control over the marketing of the goods concerned; the case law of the European Court of Justice regarding the limits on prohibiting parallel imports within the European Economic Area following from the principle of free movement of goods remains applicable.

(44) It is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application
for the subsequent trade mark was made in bad faith.

(45) Proprietors of earlier trade marks should not be entitled to obtain refusal or invalidation or to oppose the use of a later trade mark when the later trade mark was acquired at a time when the earlier trade mark was subject to invalidation or revocation, for example because it had not yet acquired distinctiveness through use, or when the earlier trade mark could not be enforced against the later trade mark because the necessary conditions where not applicable, for example when the earlier mark had not yet obtained reputation.

There is no justification for protecting Community trade marks or, as against them, any trade mark which has been registered before them, except where the trade marks are actually used.

(46) A primary purpose of trade mark protection is to provide proprietors of marks the means to distinguish their goods or services from those of others, allowing their customers to identify the goods or services and purchase them or make use of them without any risk of being confused about the commercial origin of the goods or services, thus contributing to a system of undistorted competition. This purpose can only be fulfilled when marks are actually used on the market. The requirement of use is also necessary in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them. It is therefore essential to require that Community marks as well as national marks must actually be used for the goods or services for which they are registered, or, if not used, be subject to revocation.

(47) Trade marks should only be registered when their proprietors have the intention of actually using the marks for the goods or services for which they seek registration. The absence of such an intent to use the mark for all or some of the goods or services for which they are applied for or registered should be considered as bad faith and thus lead to a refusal or invalidation of marks for all or some of the goods or services.

(48) However, trade mark proprietors should be given a reasonable period of time after registration within which to begin to use their marks.

(49) The use must be genuine, which requires that goods or services of the proprietor are actually on the market in the Union, as a result
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<td>of having been placed on the market by the proprietor or with his consent inside or outside the Community, by sale or any other distribution. The burden of proving use if challenged should be on the proprietor of the mark, who should be required to adduce evidence regarding in particular the nature, time, place, and extent of use which allow the conclusion that the use was not merely to preserve the registration but actually with the purpose of creating or maintaining a market presence for the goods or services.</td>
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<td>(50)</td>
<td>Use must be genuine within the European Union. The European Union is a single market for goods and services. Therefore, the political frontiers between Member States are not a relevant criterion in determining whether the use is genuine or not. When judging genuineness, the dimensions of the market in the European Union may however be one of the factors which the administrative authorities and courts take into account.</td>
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<td>(51)</td>
<td>It is necessary to provide that a trade mark cannot be opposed or declared invalid on the basis of an earlier registered trade mark that has not been put to genuine use.</td>
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<td>(52)</td>
<td>A trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked on grounds of absence of genuine use.</td>
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<td>(53)</td>
<td>Where the alleged infringement relates to a sign or mark protected by a later right, the infringement action should be dismissed if it is established as a result of a plea that the earlier mark could have been invalidated or revoked at the time the later right was acquired.</td>
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<td>(11)</td>
<td>A Community trade mark is to be regarded as an object of property which exists separately from the undertakings whose goods or services are designated by it. Accordingly, it should be capable of being transferred, subject to the overriding need to prevent the public being misled as a result of the transfer. It should also be capable of being charged as security in favour of a third party and of being the subject matter of licences.</td>
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<td>(54)</td>
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<td>(55)</td>
<td>Filing of Community trade mark applications should be available not only at the</td>
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Office, but also at all national industrial property offices including the Benelux Intellectual Property Office; where an application is filed at any of these offices, they should be communicated to the Office expeditiously.

(56) Trade marks should be classified in accordance with an internationally accepted classification system; the list of goods and services must be specific enough to permit third parties to be aware of the scope of the claim and the Office to be able to classify the goods and services.

(57) The applicant for a Community trade mark should be entitled to claim the priority of a first filing in any Paris Convention or World Trade Organisation member country for the same mark and the same goods or services.

(58) Applicants or proprietors of Community trade marks are often also proprietors of earlier identical national trade marks. In order to benefit from the date of the earlier national mark they should be entitled to claim the “seniority” of these marks, either at the time of application or after registration of the corresponding Community trade mark. The claim of seniority should have the effect that with regard to the respective Member State the Community trade mark shall have effect as of the date of the seniority. This effect should continue even if the national mark is not renewed or is surrendered. The effect would be lost when the earlier national mark is invalidated.

(59) Proprietors of earlier trade marks and other earlier rights should be entitled to object to the registration of a later Community trade mark application.

(60) A distinction must be made between grounds which may be raised prior to registration in opposition proceedings and grounds that may be raised after registration in proceedings seeking a declaration of revocation or invalidity.

(61) In ex parte proceedings, the Office should examine all the facts on its own motion; however, in inter partes proceedings, in particular opposition, revocation, and invalidation proceedings, the Office should be limited to the facts and evidence presented by the parties.
(62) The Office is not obliged to take into account facts and evidence presented late; facts and evidence presented after expiry of peremptory deadlines must be disregarded.

(63) Where a decision or an entry in the Register is tainted by an obvious procedural error, the Office should be entitled to revoke the entry or decision, provided this is done within a reasonable period of time; the competence to revoke an entry or a decision should lie with the department having made the original entry or taken the original decision; that competence should continue even if an appeal has been brought.

(64) The Regulation should contain all provisions necessary for the implementation of the Union’s membership in the system of international trade mark registration established by the Madrid Union for the International Registration of Marks, administered by the World Intellectual Property Organization.

(65) Administrative measures are necessary for the implementation of this Regulation. Therefore, Regulation 40/94 established the Office for Harmonisation in the Internal Market (Trade Marks and Designs), which is an independent body with legal, administrative and financial autonomy. The Office has legal personality and exercises the implementing powers which are conferred on it by this Regulation, within the framework of Community law without detracting from the competencies exercised by the Community institutions.

(66) The Office must be competent to undertake all acts necessary for the implementation of the Union’s trade mark and design system; this includes in particular the provisions for the examination of trade marks and designs and their administration, but the competences should extend also to all activities of cooperation with central industrial property authorities of the Member States or of third countries which contribute to a harmonious development of trade mark law and practice in the Union.
The Office may also assume additional tasks conferred on it by appropriate legislative acts or administrative agreements.

In order to guarantee the full autonomy and independence of the Office, it is considered necessary to grant it an autonomous budget whose revenue comes principally from fees paid by the users of the system. However, the Community budgetary procedure remains applicable as far as any subsidies chargeable to the general budget of the European Communities are concerned. Moreover, the auditing of accounts should be undertaken by the Court of Auditors.

In order to strengthen and continuously improve the functioning of the Union’s trade mark system and enable the authorities in the Member States to contribute effectively to achieve these objectives it is necessary that a part of the fee income received by the Office is made available to national authorities; the amounts and the manner of distribution should be established in the implementing legislation in accordance with the implementing powers conferred on the Commission.

It is necessary to ensure that parties who are affected by decisions made by the Office are protected by the law in a manner which is suited to the special character of trade mark law. To that end provision is made for an appeal to lie from decisions of the examiners and of the various divisions of the Office. If the department whose decision is contested does not rectify its decision it is to remit the appeal to a Board of Appeal of the Office, which is to decide on it. Decisions of the Boards of Appeal are, in turn, amenable to actions before the Court of Justice of the European Communities, which has jurisdiction to annul or to alter the contested decision.

Under the first subparagraph of Article 225(1) of the EC Treaty the Court of First Instance of the European Communities has jurisdiction to hear and determine at first instance the actions referred to in particular in Article 230 of the EC Treaty with the exception of those assigned to a judicial panel and those reserved in the Statute to the Court of Justice. The jurisdiction which this Regulation confers on the Court of Justice to cancel and alter
<table>
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<tr>
<th>Decisions of the Boards of Appeal should accordingly be exercised at first instance by the Court.</th>
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<tbody>
<tr>
<td>(15) In order to strengthen the protection of Community trade marks the Member States should designate, having regard to their own national system, as limited a number as possible of national courts of first and second instance having jurisdiction in matters of infringement and validity of Community trade marks.</td>
<td>(71) Same text as current Recital 15</td>
</tr>
<tr>
<td>(16) Decisions regarding the validity and infringement of Community trade marks must have effect and cover the entire area of the Community, as this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade marks is not undermined. The provisions of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [4] should apply to all actions at law relating to Community trade marks, save where this Regulation derogates from those rules.</td>
<td>(72) Same text as current Recital (16).</td>
</tr>
<tr>
<td>(17) Contradictory judgments should be avoided in actions which involve the same acts and the same parties and which are brought on the basis of a Community trade mark and parallel national trade marks. For this purpose, when the actions are brought in the same Member State, the way in which this is to be achieved is a matter for national procedural rules, which are not prejudiced by this Regulation, whilst when the actions are brought in different Member States, provisions modelled on the rules on lis pendens and related actions of Regulation (EC) No 44/2001 appear appropriate.</td>
<td>(73) Same text as current Recital (17).</td>
</tr>
<tr>
<td>(19) Measures necessary for the implementation of this Regulation should be adopted, particularly as regards fees regulations and an Implementing Regulation, in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission [5].</td>
<td>(74) Same text as current Recital (19).</td>
</tr>
</tbody>
</table>

**Title I**

**General Provisions**
<table>
<thead>
<tr>
<th>Article 1</th>
<th>Community trade mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A trade mark for goods or services which is registered in accordance with the conditions contained in this Regulation and in the manner herein provided is hereinafter referred to as a “Community trade mark”.</td>
<td>No change</td>
</tr>
<tr>
<td>2. A Community trade mark shall have a unitary character. It shall have equal effect throughout the Community: it shall not be registered, transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the whole Community. This principle shall apply unless otherwise provided in this Regulation.</td>
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</tr>
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<table>
<thead>
<tr>
<th>Article 2</th>
<th>Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Office for Harmonisation in the Internal Market (trade marks and designs), hereinafter referred to as “the Office”, is hereby established.</td>
<td>No change</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 3</th>
<th>Capacity to act</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the purpose of implementing this Regulation, companies or firms and other legal bodies shall be regarded as legal persons if, under the terms of the law governing them, they have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued.</td>
<td>No change</td>
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<table>
<thead>
<tr>
<th>TITLE II</th>
<th>THE LAW RELATING TO TRADE MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 1</td>
<td>Definition of a Community trade mark and obtaining a Community trade mark</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 4</th>
<th>Signs of which a Community trade mark may consist</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings, whether visible or not, such as words, including personal names, designs, letters, numerals, the shape of goods or of their</td>
<td></td>
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services of one undertaking from those of other undertakings

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<thead>
<tr>
<th>Article 5</th>
<th>Persons who can be proprietors of Community trade marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark.</td>
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</table>

<table>
<thead>
<tr>
<th>Article 6</th>
<th>Means whereby a Community trade mark is obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Community trade mark shall be obtained by registration.</td>
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<table>
<thead>
<tr>
<th>Article 7</th>
<th>Absolute grounds for refusal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The following shall not be registered:</td>
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<tr>
<td>(a) signs which do not conform to the requirements of Article 4;</td>
<td></td>
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<tr>
<td>(b) trade marks which are devoid of any distinctive character;</td>
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</tr>
<tr>
<td>(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;</td>
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</tr>
<tr>
<td>(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;</td>
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<tr>
<td>(e) signs which consist exclusively of:</td>
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<tr>
<td>(i) the shape which results from the nature of the goods themselves;</td>
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<tr>
<td>(ii) the shape of goods which is necessary to</td>
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<tr>
<td>(b) no change</td>
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<tr>
<td>(c) no change</td>
<td></td>
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<tr>
<td>(d) trade marks which consist exclusively of signs or indications which are the common name in the trade for the goods or services in respect of which they are applied for or registered;</td>
<td></td>
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<tr>
<td>(e) signs which</td>
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<tr>
<td>(i) exclusively result from the nature or the technical performance of the goods;</td>
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</table>
obtain a technical result;

(iii) the shape which gives substantial value to the goods;

(f) trade marks which are contrary to public policy or to accepted principles of morality;

(g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

(h) trade marks which have not been authorised by the competent authorities and are to be refused pursuant to Article 6ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the "Paris Convention";

(i) trade marks which include badges, emblems or escutcheons other than those covered by Article 6ter of the Paris Convention and which are of particular public interest, unless the consent of the competent authority to their registration has been given;

(j) trade marks for wines which contain or consist of a geographical indication identifying wines or for spirits which contain or consist of a geographical indication identifying spirits with respect to such wines or spirits not having that origin;

(k) trade marks which contain or consist of a designation of origin or a geographical indication registered in accordance with Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs [6] when they correspond to one of the situations covered by Article 13 of the said Regulation and regarding the same type of product, on condition that the application for registration of the trade mark has been submitted after the date of filing with the Commission of the application for registration of the designation of origin or geographical indication.

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.

(ii) exclusively consist of the shape of goods which is necessary to obtain a technical result;

(iii) no provision

(f) no change

(g) no change

(h) trade marks which have been applied for in bad faith; (optional provision)

(i) same text as current Art. 7 (1) (h);

(j) same text as current Art. 7 (1) (i);

no provision

(k) trade marks which are excluded from registration pursuant to Community legislation providing for protection of designations of origin and geographical indications.

2. No change

3. Paragraph 1 (b), (c) and (d) shall not apply if before the filing date the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it. Where distinctive character has been
<table>
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<th>Article 8</th>
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<tbody>
<tr>
<td><strong>Relative grounds for refusal</strong></td>
<td><strong>Relative grounds for refusal</strong></td>
</tr>
<tr>
<td>1. Upon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered:</td>
<td>1. No change</td>
</tr>
<tr>
<td>(a) if it is identical with the earlier trade mark and the goods or services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected;</td>
<td>(a) no change</td>
</tr>
<tr>
<td>(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.</td>
<td>(b) no change</td>
</tr>
<tr>
<td>2. For the purposes of paragraph 1, &quot;earlier trade marks&quot; means:</td>
<td>(c) if it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are identical, similar or not similar to those for which the earlier trade mark is protected, where, in the case of an earlier Community trade mark, the trade mark has a reputation in the Community and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned, and where use of that mark</td>
</tr>
<tr>
<td>(a) trade marks of the following kinds with a date of application for registration which is earlier than the date of application for registration of the Community trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks:</td>
<td>(i) would take advantage of, or be detrimental to, the distinctive character or the repute of the trade mark,</td>
</tr>
<tr>
<td>(i) Community trade marks;</td>
<td>(ii) would be made without due cause, and</td>
</tr>
<tr>
<td>(ii) trade marks registered in a Member State,</td>
<td>(iii) would be contrary to honest practices in industrial or commercial matters.</td>
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<td>2. No change</td>
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<td>(i) no change</td>
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<td>(ii) no change</td>
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or, in the case of Belgium, the Netherlands or Luxembourg, at the Benelux Office for Intellectual Property;

(iii) trade marks registered under international arrangements which have effect in a Member State;

(iv) trade marks registered under international arrangements which have effect in the Community;

(b) applications for the trade marks referred to in subparagraph (a), subject to their registration;

(c) trade marks which, on the date of application for registration of the Community trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the Community trade mark, are well known in a Member State, in the sense in which the words "well known" are used in Article 6bis of the Paris Convention.

3. Upon opposition by the proprietor of the trade mark, a trade mark shall not be registered where an agent or representative of the proprietor of the trade mark applies for registration thereof in his own name without the proprietor's consent, unless the agent or representative justifies his action.

4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign:

(a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;

(b) that sign confers on its proprietor the right to

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<tr>
<td>(iii) no change</td>
<td>(iii) no change</td>
</tr>
<tr>
<td>(iv) no change</td>
<td>(iv) no change</td>
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<tr>
<td>(b) A trade mark as referred to in subparagraph (a) (ii) and (iii) shall not be considered as earlier if and to the extent that the Community trade mark claims the seniority in accordance with Articles 34 and 35 of a mark registered in or with effect in the same Member State with an earlier filing date or priority date.</td>
<td>(c) trade marks which are not registered which, on the date of application for registration of the Community trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the Community trade mark, are well known in a Member State, in the sense in which the words &quot;well known&quot; are used in Article 6bis of the Paris Convention, or have reputation in a Member State.</td>
</tr>
<tr>
<td>3. No change</td>
<td>3. No change</td>
</tr>
<tr>
<td>(a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;</td>
<td>(a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;</td>
</tr>
</tbody>
</table>
prohibit the use of a subsequent trade mark.

5. Furthermore, upon opposition by the proprietor of an earlier trade mark within the meaning of paragraph 2, the trade mark applied for shall not be registered where it is identical with, or similar to, the earlier trade mark and is to be registered for goods or services which are not similar to those for which the earlier trade mark is registered, where, in the case of an earlier Community trade mark, the trade mark has a reputation in the Community and, in the case of an earlier national trade mark, the trade mark has a reputation in the Member State concerned and where the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

(b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark, provided that when the sign is a sign protected under the laws of a Member State, the right to prohibit the use of a subsequent trade mark extends to the whole territory of that Member State.

Rights to a sign protected pursuant to the laws of a Member State shall not be considered as prior if and to the extent that the Community trade mark claims the seniority in accordance with Articles 34 and 35 of a mark registered in or with effect in the same Member State with an earlier filing date or priority date.

Now paragraph 1 (c)
(b) any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;

(c) any sign which is identical with, or similar to, the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark.

2. The following, inter alia, may be prohibited under paragraph 1:

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<tr>
<td>(a)</td>
<td>affixing the sign to the goods or to the packaging thereof;</td>
</tr>
<tr>
<td>(b)</td>
<td>offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;</td>
</tr>
<tr>
<td>(c)</td>
<td>importing or exporting the goods under that sign;</td>
</tr>
<tr>
<td>(d)</td>
<td>transporting goods under that sign through the territory of the European Union, when the goods are counterfeit goods (goods, including packaging, bearing without authorization a sign which is identical to the trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trade mark) and their use in the country of destination would infringe also a parallel trade mark in that country;</td>
</tr>
<tr>
<td>(e)</td>
<td>using the sign as a trade name or part of a trade name,</td>
</tr>
<tr>
<td>(f)</td>
<td>Same text as current Art. 9 (2) (d);</td>
</tr>
<tr>
<td>(g)</td>
<td>using the sign in comparative advertising</td>
</tr>
</tbody>
</table>

3. The use in the course of trade which the proprietor of a Community trade mark shall be entitled to prevent shall include

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<tbody>
<tr>
<td>(a)</td>
<td>no change</td>
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<td>(d)</td>
<td>transporting goods under that sign through the territory of the European Union, when the goods are counterfeit goods (goods, including packaging, bearing without authorization a sign which is identical to the trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trade mark) and their use in the country of destination would infringe also a parallel trade mark in that country;</td>
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<td>(f)</td>
<td>Same text as current Art. 9 (2) (d);</td>
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<tr>
<td>(g)</td>
<td>using the sign in comparative advertising</td>
</tr>
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5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purposes of distinguishing goods or services, where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

3. The rights conferred by a Community trade mark shall prevail against third parties from the date of publication of registration of the trade mark. Reasonable compensation may, however, be claimed in respect of acts occurring after the date of publication of a Community trade mark application, which acts would, after publication of the registration of the trade mark, be prohibited by virtue of that publication. The court seized of the case may not decide upon the merits of the case until the registration has been published.

where the comparison is not lawful under the applicable rules of Community law.

4. The proprietor of a registered Community trade mark shall have the right to prohibit any use in the course of trade of a sign identical with or similar to the mark where the sign is used for purposes other than distinguishing goods or services and where the use of the sign
(a) gives the impression that there is a commercial connection between the third party and the trade mark proprietor; or
(b) takes advantage of, or is detrimental to, the distinctive character or the repute of the trade mark, and
(i) is made without due cause, and
(ii) is contrary to honest practices in industrial or commercial matters.

5. The proprietor of a registered Community trade mark shall furthermore have the right to prohibit
(a) affixing in the course of trade a sign identical with or similar to the Community trade mark on get-up, packaging or other means on which the mark may be affixed, such as labels, stickers and the like,
(b) offering or placing on the market, or stocking for these purposes, or importing or exporting, or transporting through the territory of the European Union, get-up, packaging or other means on which the mark is affixed
if it is likely that the get-up, packaging or other means will be used in the European Union for goods or services and the use in relation to those goods or services would constitute an infringement of the rights of the proprietor under paragraphs 2 and 3.

6. Where the infringement is committed in an undertaking by a person in the employment of or acting on behalf of the undertaking infringement claims may be directed against the undertaking.

7. Same text as current Art. 9 (3).
<table>
<thead>
<tr>
<th>Article 10</th>
<th>Reproduction of Community trade marks in dictionaries</th>
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</thead>
<tbody>
<tr>
<td>If the reproduction of a Community trade mark in a dictionary, encyclopaedia or similar reference work gives the impression that it constitutes the generic name of the goods or services for which the trade mark is registered, the publisher of the work shall, at the request of the proprietor of the Community trade mark, ensure that the reproduction of the trade mark at the latest in the next edition of the publication is accompanied by an indication that it is a registered trade mark.</td>
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<tr>
<th>Article 11</th>
<th>Prohibition on the use of a Community trade mark registered in the name of an agent or representative</th>
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<tbody>
<tr>
<td>Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to oppose the use of his mark by his agent or representative if he has not authorised such use, unless the agent or representative justifies his action.</td>
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<th>Article 12</th>
<th>Limitation of the effects of a Community trade mark</th>
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<tr>
<td>A Community trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:</td>
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<td>(a) his own name or address;</td>
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</tr>
<tr>
<td>(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;</td>
<td></td>
</tr>
<tr>
<td>(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts,</td>
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<tr>
<td>(a) his own personal name or address;</td>
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</tr>
<tr>
<td>(b) signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;</td>
<td></td>
</tr>
<tr>
<td>(c) the trade mark for the purpose of identifying or referring to goods or services as those of the proprietor of the trade mark, in particular where the use of the trade mark</td>
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</tr>
<tr>
<td>(i) is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, or</td>
<td></td>
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<tr>
<td>(ii) is made for purposes of criticism or</td>
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comment, including parodies

provided he uses them in accordance with honest practices in industrial or commercial matters.

2. Use under paragraph 1 will in particular not be in accordance with honest practices

(a) if it gives the impression that there is a commercial connection between the third party and the trade mark proprietor;

(b) if it affects the reputation or distinctive character of the trade mark without due cause;

or

(c) if it entails the discrediting or denigration of that trade mark.

<table>
<thead>
<tr>
<th>Article 13</th>
<th>Exhaustion of the rights conferred by a Community trade mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A Community trade mark shall not entitle the proprietor to prohibit its use in relation to goods which have been put on the market in the Community under that trade mark by the proprietor or with his consent.</td>
<td></td>
</tr>
<tr>
<td>2. Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialisation of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 14</th>
<th>Complementary application of national law relating to infringement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The effects of Community trade marks shall be governed solely by the provisions of this Regulation. In other respects, infringement of a Community trade mark shall be governed by the national law relating to infringement of a national trade mark in accordance with the provisions of Title X.</td>
<td></td>
</tr>
<tr>
<td>2. This Regulation shall not prevent actions concerning a Community trade mark being brought under the law of Member States relating in particular to civil liability and unfair competition.</td>
<td></td>
</tr>
<tr>
<td>3. The rules of procedure to be applied shall be determined in accordance with the provisions of Title X.</td>
<td></td>
</tr>
</tbody>
</table>
### SECTION 3
Use of Community trade marks

<table>
<thead>
<tr>
<th>Article 15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of Community trade marks</strong></td>
</tr>
<tr>
<td>1. If, within a period of five years following registration, the proprietor has not put the Community trade mark to genuine use in the Community in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the Community trade mark shall be subject to the sanctions provided for in this Regulation, unless there are proper reasons for non-use.</td>
</tr>
<tr>
<td>The following shall also constitute use within the meaning of the first subparagraph:</td>
</tr>
<tr>
<td>(a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;</td>
</tr>
<tr>
<td>(b) affixing of the Community trade mark to goods or to the packaging thereof in the Community solely for export purposes.</td>
</tr>
<tr>
<td>2. Use of the Community trade mark with the consent of the proprietor shall be deemed to constitute use by the proprietor.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 15a</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defenses of the proprietor of a later registered trade mark to an infringement action</strong></td>
</tr>
<tr>
<td>1. The proprietor of a Community trade mark shall not be entitled to prohibit the use of a mark which is the subject of a later Community trade mark registration where the later trade mark is not subject to be declared invalid as provided for in Article 53a and 54.</td>
</tr>
<tr>
<td>2. Paragraph 1 shall apply <em>mutatis mutandis</em> to later registered national trade marks which are not subject to a declaration of invalidity.</td>
</tr>
<tr>
<td>3. In the cases referred to in paragraphs 1 and 2, the proprietor of the later registered trade mark shall not be entitled to oppose the use of the earlier trade mark, even though that trade mark may no longer be invoked against the later trade mark.</td>
</tr>
<tr>
<td>SECTION 4</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Article 16</td>
</tr>
<tr>
<td>1. Unless Articles 17 to 24 provide otherwise, a Community trade mark as an object of property shall be dealt with in its entirety, and for the whole area of the Community, as a national trade mark registered in the Member State in which, according to the Register of Community trade marks:</td>
</tr>
<tr>
<td>(a) the proprietor has his seat or his domicile on the relevant date;</td>
</tr>
<tr>
<td>(b) where point (a) does not apply, the proprietor has an establishment on the relevant date.</td>
</tr>
<tr>
<td>2. In cases which are not provided for by paragraph 1, the Member State referred to in that paragraph shall be the Member State in which the seat of the Office is situated.</td>
</tr>
<tr>
<td>3. If two or more persons are mentioned in the Register of Community trade marks as joint proprietors, paragraph 1 shall apply to the joint proprietor first mentioned; failing this, it shall apply to the subsequent joint proprietors in the order in which they are mentioned. Where paragraph 1 does not apply to any of the joint proprietors, paragraph 2 shall apply.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SECTION 3</th>
<th>Community trade marks as objects of property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 16</td>
<td>Dealing with Community trade marks as national trade marks</td>
</tr>
<tr>
<td>No change</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 17</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A Community trade mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered.</td>
<td></td>
</tr>
<tr>
<td>2. A transfer of the whole of the undertaking shall include the transfer of the Community trade mark except where, in accordance with the law governing the transfer, there is agreement to the contrary or circumstances clearly dictate otherwise. This provision shall apply to the contractual obligation to transfer the undertaking.</td>
<td></td>
</tr>
<tr>
<td>3. Without prejudice to paragraph 2, an assignment of the Community trade mark shall be made in writing and shall require the signature of the parties to the contract, except</td>
<td></td>
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<table>
<thead>
<tr>
<th>Article 17</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No change</td>
<td></td>
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<tr>
<td>2. No change</td>
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<tr>
<td>3. No change</td>
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</table>
when it is a result of a judgment; otherwise it shall be void.

4. Where it is clear from the transfer documents that because of the transfer the Community trade mark is likely to mislead the public concerning the nature, quality or geographical origin of the goods or services in respect of which it is registered, the Office shall not register the transfer unless the successor agrees to limit registration of the Community trade mark to goods or services in respect of which it is not likely to mislead.

5. On request of one of the parties a transfer shall be entered in the Register and published.

6. As long as the transfer has not been entered in the Register, the successor in title may not invoke the rights arising from the registration of the Community trade mark.

7. Where there are time limits to be observed vis-à-vis the Office, the successor in title may make the corresponding statements to the Office once the request for registration of the transfer has been received by the Office.

8. All documents which require notification to the proprietor of the Community trade mark in accordance with Article 79 shall be addressed to the person registered as proprietor.

### Article 18

**Transfer of a trade mark registered in the name of an agent**

Where a Community trade mark is registered in the name of the agent or representative of a person who is the proprietor of that trade mark, without the proprietor's authorisation, the latter shall be entitled to demand the assignment in his favour of the said registration, unless such agent or representative justifies his action.

### Article 19

**Rights in rem**

1. A Community trade mark may, independently of the undertaking, be given as security or be the subject of rights in rem.

2. On request of one of the parties, rights mentioned in paragraph 1 shall be entered in the Register and published.

### Article 20

**Levy of execution**
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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>1.</strong> A Community trade mark may be levied in execution.</td>
<td>No change</td>
</tr>
<tr>
<td><strong>2.</strong> As regards the procedure for levy of execution in respect of a Community trade mark, the courts and authorities of the Member States determined in accordance with Article 16 shall have exclusive jurisdiction.</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> On request of one of the parties, levy of execution shall be entered in the Register and published.</td>
<td></td>
</tr>
<tr>
<td><strong>Article 21</strong></td>
<td><strong>Article 21</strong></td>
</tr>
<tr>
<td><strong>Insolvency proceedings</strong></td>
<td><strong>Insolvency proceedings</strong></td>
</tr>
<tr>
<td><strong>1.</strong> The only insolvency proceedings in which a Community trade mark may be involved are those opened in the Member State in the territory of which the debtor has his centre of main interests. However, where the debtor is an insurance undertaking or a credit institution as defined in Directive 2001/17/EC of the European Parliament and of the Council of 19 March 2001 on the reorganisation and winding-up of insurance undertakings [7] and Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions [8], respectively, the only insolvency proceedings in which a Community trademark may be involved are those opened in the Member State where that undertaking or institution has been authorised.</td>
<td><strong>No change</strong></td>
</tr>
<tr>
<td><strong>2.</strong> In the case of joint proprietorship of a Community trade mark, paragraph 1 shall apply to the share of the joint proprietor.</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Where a Community trade mark is involved in insolvency proceedings, on request of the competent national authority an entry to this effect shall be made in the Register and published in the Community Trade Marks Bulletin referred to in Article 89.</td>
<td></td>
</tr>
<tr>
<td><strong>Article 22</strong></td>
<td><strong>Article 22</strong></td>
</tr>
<tr>
<td><strong>Licensing</strong></td>
<td><strong>Licensing</strong></td>
</tr>
<tr>
<td><strong>1.</strong> A Community trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Community. A licence may be exclusive or non-exclusive.</td>
<td><strong>No change</strong></td>
</tr>
<tr>
<td><strong>2.</strong> The proprietor of a Community trade mark may invoke the rights conferred by that trade</td>
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</tbody>
</table>
mark against a licensee who contravenes any provision in his licensing contract with regard to:

(a) its duration;

(b) the form covered by the registration in which the trade mark may be used;

(c) the scope of the goods or services for which the licence is granted;

(d) the territory in which the trade mark may be affixed; or

(e) the quality of the goods manufactured or of the services provided by the licensee.

3. Without prejudice to the provisions of the licensing contract, the licensee may bring proceedings for infringement of a Community trade mark only if its proprietor consents thereto. However, the holder of an exclusive licence may bring such proceedings if the proprietor of the trade mark, after formal notice, does not himself bring infringement proceedings within an appropriate period.

4. A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in infringement proceedings brought by the proprietor of the Community trade mark.

5. On request of one of the parties the grant or transfer of a licence in respect of a Community trade mark shall be entered in the Register and published.

<table>
<thead>
<tr>
<th>Article 23</th>
<th>Article 23</th>
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</thead>
<tbody>
<tr>
<td><strong>Effects vis-à-vis third parties</strong></td>
<td><strong>No change</strong></td>
</tr>
<tr>
<td>1. Legal acts referred to in Articles 17, 19 and 22 concerning a Community trade mark shall have effects vis-à-vis third parties in all the Member States only after entry in the Register. Nevertheless, such an act, before it is so entered, shall have effect vis-à-vis third parties who have acquired rights in the trade mark after the date of that act but who knew of the act at the date on which the rights were acquired.</td>
<td></td>
</tr>
<tr>
<td>2. Paragraph 1 shall not apply in the case of a person who acquires the Community trade mark or a right concerning the Community trade mark by way of transfer of the whole of the undertaking or by any other universal succession.</td>
<td></td>
</tr>
<tr>
<td>3. The effects vis-à-vis third parties of the legal acts referred to in Article 20 shall be governed</td>
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</tbody>
</table>
by the law of the Member State determined in accordance with Article 16.

4. Until such time as common rules for the Member States in the field of bankruptcy enter into force, the effects vis-à-vis third parties of bankruptcy or like proceedings shall be governed by the law of the Member State in which such proceedings are first brought within the meaning of national law or of conventions applicable in this field.

<table>
<thead>
<tr>
<th>Article 24</th>
<th>The application for a Community trade mark as an object of property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles 16 to 23 shall apply to applications for Community trade marks.</td>
<td>No change</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TITLE III</th>
<th>APPLICATION FOR COMMUNITY TRADE MARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 1</td>
<td>Filing of applications and the conditions which govern them</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 25</th>
<th>Filing of applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An application for a Community trade mark shall be filed, at the choice of the applicant:</td>
<td>1. No change</td>
</tr>
<tr>
<td>(a) at the Office;</td>
<td>(a) no change</td>
</tr>
<tr>
<td>(b) at the central industrial property office of a Member State or at the Benelux Office for Intellectual Property. An application filed in this way shall have the same effect as if it had been filed on the same date at the Office.</td>
<td>(b) no change</td>
</tr>
<tr>
<td>2. Where the application is filed at the central industrial property office of a Member State or at the Benelux Office for Intellectual Property, that office shall take all steps to forward the application to the Office within two weeks after filing. It may charge the applicant a fee which shall not exceed the administrative costs of receiving and forwarding the application.</td>
<td>2. No change</td>
</tr>
<tr>
<td>3. Applications referred to in paragraph 2 which reach the Office more than two weeks after filing shall be deemed to have been filed on the date on which the application reached the Office.</td>
<td>3. Applications referred to in paragraph 2 which reach the Office more than two weeks after filing shall be deemed to have been filed on the date on which the application reached the Office.</td>
</tr>
<tr>
<td>4. Ten years after the entry into force of Regulation (EC) No 40/94, the Commission</td>
<td>No provision</td>
</tr>
</tbody>
</table>
shall draw up a report on the operation of the system of filing applications for Community trade marks, together with any proposals for modifying this system.

<table>
<thead>
<tr>
<th>Article 26 Conditions with which applications must comply</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An application for a Community trade mark shall contain:</td>
</tr>
<tr>
<td>(a) a request for the registration of a Community trade mark;</td>
</tr>
<tr>
<td>(b) information identifying the applicant;</td>
</tr>
<tr>
<td>(c) a list of the goods or services in respect of which the registration is requested;</td>
</tr>
<tr>
<td>(d) a representation of the trade mark.</td>
</tr>
<tr>
<td>2. The application for a Community trade mark shall be subject to the payment of the application fee and, when appropriate, of one or more class fees.</td>
</tr>
<tr>
<td>3. An application for a Community trade mark must comply with the conditions laid down in the Implementing Regulation referred to in Article 162(1), hereinafter referred to as the &quot;Implementing Regulation&quot;.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 27 Date of filing</th>
</tr>
</thead>
<tbody>
<tr>
<td>The date of filing of a Community trade mark application shall be the date on which documents containing the information specified in Article 26(1) are filed with the Office by the applicant or, if the application has been filed with the central office of a Member State or with the Benelux Office for Intellectual Property, with that office, subject to payment of the application fee within a period of one month of filing the abovementioned documents.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 28 Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services in respect of which Community trade marks are applied for shall be classified in conformity with the system of classification specified in the Implementing Regulation.</td>
</tr>
</tbody>
</table>

**SECTION 2**
**Article 29**  
**Right of priority**

1. A person who has duly filed an application for a trade mark in or in respect of any State party to the Paris Convention or to the Agreement establishing the World Trade Organisation, or his successors in title, shall enjoy, for the purpose of filing a Community trade mark application for the same trade mark in respect of goods or services which are identical with or contained within those for which the application has been filed, a right of priority during a period of six months from the date of filing of the first application.

2. Every filing that is equivalent to a regular national filing under the national law of the State where it was made or under bilateral or multilateral agreements shall be recognised as giving rise to a right of priority.

3. By a regular national filing is meant any filing that is sufficient to establish the date on which the application was filed, whatever may be the outcome of the application.

4. A subsequent application for a trade mark which was the subject of a previous first application in respect of the same goods or services and which is filed in or in respect of the same State shall be considered as the first application for the purposes of determining priority, provided that, at the date of filing of the subsequent application, the previous application has been withdrawn, abandoned or refused, without being open to public inspection and without leaving any rights outstanding, and has not served as a basis for claiming a right of priority. The previous application may not thereafter serve as a basis for claiming a right of priority.

5. If the first filing has been made in a State which is not a party to the Paris Convention or to the Agreement establishing the World Trade Organisation, paragraphs 1 to 4 shall apply only in so far as that State, according to published findings, grants, on the basis of the first filing made at the Office and subject to conditions equivalent to those laid down in this Regulation, a right of priority having equivalent effect.

**Article 30**  
**Claiming priority**

An applicant desiring to take advantage of the...
<table>
<thead>
<tr>
<th>Article 31</th>
<th>Effect of priority right</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
<td></td>
</tr>
<tr>
<td>Article 32</td>
<td>Equivalence of Community filing with national filing</td>
</tr>
<tr>
<td>No change</td>
<td></td>
</tr>
<tr>
<td>Article 33</td>
<td>Exhibition priority</td>
</tr>
<tr>
<td>No change</td>
<td></td>
</tr>
</tbody>
</table>

**Article 31**  
**Effect of priority right**

The right of priority shall have the effect that the date of priority shall count as the date of filing of the Community trade mark application for the purposes of establishing which rights take precedence.

**Article 32**  
**Equivalence of Community filing with national filing**

A Community trade mark application which has been accorded a date of filing shall, in the Member States, be equivalent to a regular national filing, where appropriate with the priority claimed for the Community trade mark application.

**Article 33**  
**Exhibition priority**

1. If an applicant for a Community trade mark has displayed goods or services under the mark applied for, at an official or officially recognised international exhibition falling within the terms of the Convention on International Exhibitions signed at Paris on 22 November 1928 and last revised on 30 November 1972, he may, if he files the application within a period of six months from the date of the first display of the goods or services under the mark applied for, claim a right of priority from that date within the meaning of Article 31.

2. An applicant who wishes to claim priority pursuant to paragraph 1 must file evidence of the display of goods or services under the mark applied for under the conditions laid down in the Implementing Regulation.

3. An exhibition priority granted in a Member State or in a third country does not extend the period of priority laid down in Article 29.
<table>
<thead>
<tr>
<th>SECTION 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claiming the seniority of a national trade mark</td>
</tr>
</tbody>
</table>

### Article 34

**Claiming the seniority of a national trade mark**

1. The proprietor of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, who applies for an identical trade mark for registration as a Community trade mark for goods or services which are identical with or contained within those for which the earlier trade mark has been registered, may claim for the Community trade mark the seniority of the earlier trade mark in respect of the Member State in or for which it is registered.

2. Seniority shall have the sole effect under this Regulation that, where the proprietor of the Community trade mark surrenders the earlier trade mark or allows it to lapse, he shall be deemed to continue to have the same rights as he would have had if the earlier trade mark had continued to be registered.

3. The seniority claimed for the Community trade mark shall lapse if the earlier trade mark the seniority of which is claimed is declared to have been revoked or to be invalid or if it is surrendered prior to the registration of the Community trade mark.

### Article 35

**Claiming seniority after registration of the Community trade mark**

1. The proprietor of a Community trade mark who is the proprietor of an earlier identical trade mark registered in a Member State, including a trade mark registered in the Benelux countries or of an earlier identical trade mark, with an international registration effective in a Member State, who applies for an identical trade mark for registration as a Community trade mark for goods or services which are identical with or contained within those for which the earlier trade mark has been registered, may claim for the Community trade mark the seniority of the earlier trade mark in respect of the Member State in or for which it is registered.

2. The seniority claim shall be subject to a fee.

3. Seniority shall have the effect that, in the Member State or in the Benelux countries where or in respect of which the earlier mark is registered, the Community trade mark shall be deemed to have the same effect as if had been filed at the filing date or priority date of the earlier identical national mark. This effect shall apply whether or not the earlier mark continues to be registered.

4. The seniority claimed for the Community trade mark shall lapse if the earlier trade mark the seniority of which is claimed is declared to have been revoked or to be invalid, provided that when the earlier mark is declared to have been revoked the revocation is effective from a date prior to the filing date or priority date of the Community trade mark.

### Article 34

**Claiming the seniority of a national trade mark**

1. No change

### Article 35

**Claiming seniority after registration of the Community trade mark**

1. No change
State, for goods or services which are identical to those for which the earlier trade mark has been registered, or contained within them, may claim the seniority of the earlier trade mark in respect of the Member State in or for which it was registered.

2. Article 34(2) and (3) shall apply.

2. The seniority claim shall be subject to a fee. The claim shall be deemed not to have been made until the fee has been paid.

3. Article 34 (3) and (4) shall apply.

<table>
<thead>
<tr>
<th>TITLE IV</th>
<th>REGISTRATION PROCEDURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 1</td>
<td>Examination of applications</td>
</tr>
</tbody>
</table>

**Article 36**

**Examination of the conditions of filing**

1. The Office shall examine whether:

   (a) the Community trade mark application satisfies the requirements for the accordance of a date of filing in accordance with Article 27;

   (b) the Community trade mark application complies with the conditions laid down in this Regulation and with the conditions laid down in the Implementing Regulation;

   (c) where appropriate, the class fees have been paid within the prescribed period.

2. Where the Community trade mark application does not satisfy the requirements referred to in paragraph 1, the Office shall request the applicant to remedy the deficiencies or the default on payment within the prescribed period.

3. If the deficiencies or the default on payment established pursuant to paragraph 1(a) are not remedied within this period, the application shall not be dealt with as a Community trade mark application. If the applicant complies with the Office’s request, the Office shall accord as the date of filing of the application the date on which the deficiencies or the default on payment established are remedied.

4. If the deficiencies established pursuant to paragraph 1(b) are not remedied within the prescribed period, the Office shall refuse the application.

5. If the default on payment established pursuant to paragraph 1(c) is not remedied...
within the prescribed period, the application shall be deemed to be withdrawn unless it is clear which categories of goods or services the amount paid is intended to cover.

6. Failure to satisfy the requirements concerning the claim to priority shall result in loss of the right of priority for the application.

7. Failure to satisfy the requirements concerning the claiming of seniority of a national trade mark shall result in loss of that right for the application.

<table>
<thead>
<tr>
<th>Article 37</th>
<th>Examination as to absolute grounds for refusal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Where, under Article 7, a trade mark is ineligible for registration in respect of some or all of the goods or services covered by the Community trade mark application, the application shall be refused as regards those goods or services.</td>
<td></td>
</tr>
<tr>
<td>2. Where the trade mark contains an element which is not distinctive, and where the inclusion of that element in the trade mark could give rise to doubts as to the scope of protection of the trade mark, the Office may request, as a condition for registration of said trade mark, that the applicant state that he disclaims any exclusive right to such element. Any disclaimer shall be published together with the application or the registration of the Community trade mark, as the case may be.</td>
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<tr>
<td>3. The application shall not be refused before the applicant has been allowed the opportunity of withdrawing or amending the application or of submitting his observations.</td>
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</table>

2. No provision

<table>
<thead>
<tr>
<th>Article 38</th>
<th>Search</th>
</tr>
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<tbody>
<tr>
<td>1. Once the Office has accorded a date of filing, it shall draw up a Community search report citing those earlier Community trade marks or Community trade mark applications discovered which may be invoked under Article 8 against the registration of the Community trade mark applied for.</td>
<td></td>
</tr>
<tr>
<td>2. Where, at the time of filing a Community trade mark application, the applicant requests</td>
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</table>
that a search report also be prepared by the central industrial property offices of the Member States and where the appropriate search fee has been paid within the time limit for the payment of the filing fee, the Office shall, as soon as a Community trade mark application has been accorded a date of filing, transmit a copy thereof to the central industrial property office of each Member State which has informed the Office of its decision to operate a search in its own register of trade marks in respect of Community trade mark applications.

3. Each of the central industrial property offices referred to in paragraph 2 shall communicate to the Office within two months as from the date on which it received the Community trade mark application a search report which shall either cite those earlier national trade marks or trade mark applications discovered which may be invoked under Article 8 against the registration of the Community trade mark applied for, or state that the search has revealed no such rights.

4. The search reports referred to in paragraph 3 shall be prepared on a standard form drawn up by the Office, after consulting the Administrative Board provided for in Article 126(1), hereinafter referred to as “the Administrative Board”. The essential contents of this form shall be set out in the Implementing Regulation.

5. An amount shall be paid by the Office to each central industrial property office for each search report provided by that office in accordance with paragraph 3. The amount, which shall be the same for each office, shall be fixed by the Budget Committee by means of a decision adopted by a majority of three-quarters of the representatives of the Member States.

6. The Office shall transmit without delay to the applicant for the Community trade mark the Community search report and any requested national search reports received within the time limit laid down in paragraph 3.

7. Upon publication of the Community trade mark application, which may not take place before the expiry of a period of one month as from the date on which the Office transmits the search reports to the applicant, the Office shall inform the proprietors of any earlier Community trade marks or Community trade mark applications cited in the Community search report of the publication of the Community trade mark application.
**Publication of the application**

**Article 39**
Publication of the application

1. If the conditions which the application for a Community trade mark must satisfy have been fulfilled and if the period referred to in Article 38(7) has expired, the application shall be published to the extent that it has not been refused pursuant to Article 37.

2. Where, after publication, the application is refused under Article 37, the decision that it has been refused shall be published upon becoming final.

**SECTION 4**
Observations by third parties and opposition

**Article 40**
Observations by third parties

1. Following the publication of the Community trade mark application, any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers may submit to the Office written observations, explaining on which grounds under Article 7, in particular, the trade mark shall not be registered ex officio. They shall not be parties to the proceedings before the Office.

2. The observations referred to in paragraph 1 shall be communicated to the applicant who may comment on them.

**Article 41**
Opposition

1. Within a period of three months following the publication of a Community trade mark application, notice of opposition to registration of the trade mark may be given on the grounds that it may not be registered under Article 8:

   (a) by the proprietors of earlier trade marks referred to in Article 8(2) as well as licensees authorised by the proprietors of those trade marks, in respect of Article 8(1) and (5);

   (b) by the proprietors of trade marks referred to in Article 8(3);

   (c) by the proprietors of earlier marks or signs referred to in Article 8(4) and by persons

   (a) by the proprietors of earlier trade marks referred to in Article 8(2) as well as licensees authorised by the proprietors of those trade marks, in respect of Article 8 (1);

   (b) no change

   (c) by the proprietors of earlier marks or signs referred to in Article 8 (4) and by persons

   No change
authorised under the relevant national law to exercise these rights.

2. Notice of opposition to registration of the trade mark may also be given, subject to the conditions laid down in paragraph 1, in the event of the publication of an amended application in accordance with the second sentence of Article 42 (2).

From Article 53 (3):
A Community trade mark may not be declared invalid where the proprietor of a right referred to in paragraphs 1 or 2 consents expressly to the registration of the Community trade mark before submission of the application for a declaration of invalidity or the counterclaim.

From Article 56: (a) where Articles 51 and 52 apply, by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which under the terms of the law governing it has the capacity in its own name to sue and be sued;

3. Opposition must be expressed in writing and must specify the grounds on which it is made. It shall not be treated as duly entered until the opposition fee has been paid. Within a period fixed by the Office, the opponent may submit in support of his case facts, evidence and arguments.

Article 42
Examination of opposition

1. In the examination of the opposition the Office shall invite the parties, as often as necessary, to file observations, within a period set them by the Office, on communications from the other parties or issued by itself.

2. If the applicant so requests, the proprietor of an earlier Community trade mark who has given notice of opposition shall furnish proof that, during the period of five years preceding the date of publication of the Community trade mark application, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his opposition, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. In the absence of proof to this effect, the

4. Notice of opposition may also be given on the ground that the application for registration was filed in bad faith. The notice of opposition may be filed by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which under the terms of the law governing it has the capacity in its own name to sue and be sued. (optional provision)

5. Same text as current Art. 41 (3).
opposition shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

4. The Office may, if it thinks fit, invite the parties to make a friendly settlement.

5. If examination of the opposition reveals that the trade mark may not be registered in respect of some or all of the goods or services for which the Community trade mark application has been made, the application shall be refused in respect of those goods or services. Otherwise the opposition shall be rejected.

6. The decision refusing the application shall be published upon becoming final.

| SECTION 5  |
| Withdrawal, restriction, amendment and division of the application |

| Article 43  |
| Withdrawal, restriction and amendment of the application |

1. The applicant may at any time withdraw his Community trade mark application or restrict the list of goods or services contained therein. Where the application has already been published, the withdrawal or restriction shall also be published.

2. In other respects, a Community trade mark application may be amended, upon request of the applicant, only by correcting the name and address of the applicant, errors of wording or of copying, or obvious mistakes, provided that such correction does not substantially change the trade mark or extend the list of goods or services. Where the amendments affect the representation of the trade mark or the list of goods or services and are made after publication of the application, the trade mark application shall be published as amended.
Article 44
Division of the application

1. The applicant may divide the application by declaring that some of the goods or services included in the original application will be the subject of one or more divisional applications. The goods or services in the divisional application shall not overlap with the goods or services which remain in the original application or those which are included in other divisional applications.

2. The declaration of division shall not be admissible:

(a) if, where an opposition has been entered against the original application, such a divisional application has the effect of introducing a division amongst the goods or services against which the opposition has been directed, until the decision of the Opposition Division has become final or the opposition proceedings are finally terminated otherwise;

(b) during the periods laid down in the Implementing Regulation.

3. The declaration of division must comply with the provisions set out in the Implementing Regulation.

4. The declaration of division shall be subject to a fee. The declaration shall be deemed not to have been made until the fee has been paid.

5. The division shall take effect on the date on which it is recorded in the files kept by the Office concerning the original application.

6. All requests and applications submitted and all fees paid with regard to the original application prior to the date on which the Office receives the declaration of division are deemed also to have been submitted or paid with regard to the divisional application or applications. The fees for the original application which have been duly paid prior to the date on which the declaration of division is received shall not be refunded.

7. The divisional application shall preserve the filing date and any priority date and seniority date of the original application.
### Registration

Where an application meets the requirements of this Regulation and where no notice of opposition has been given within the period referred to in Article 41(1) or where opposition has been rejected by a definitive decision, the trade mark shall be registered as a Community trade mark, provided that the registration fee has been paid within the period prescribed. If the fee is not paid within this period the application shall be deemed to be withdrawn.

### Title V

#### Duration, Renewal, Alteration and Division of Community Trade Marks

#### Article 46

**Duration of registration**

Community trade marks shall be registered for a period of 10 years from the date of filing of the application. Registration may be renewed in accordance with Article 47 for further periods of 10 years.

#### Article 47

**Renewal**

1. Registration of the Community trade mark shall be renewed at the request of the proprietor of the trade mark or any person expressly authorised by him, provided that the fees have been paid.

2. The Office shall inform the proprietor of the Community trade mark, and any person having a registered right in respect of the Community trade mark, of the expiry of the registration in good time before the said expiry. Failure to give such information shall not involve the responsibility of the Office.

3. The request for renewal shall be submitted within a period of six months ending on the last day of the month in which protection ends. The fees shall also be paid within this period. Failing this, the request may be submitted and the fees paid within a further period of six months following the day referred to in the first sentence, provided that an additional fee is paid within this further period.

4. Where the request is submitted or the fees paid in respect of only some of the goods or services for which the Community trade mark is registered, registration shall be renewed for those goods or services only.
5. Renewal shall take effect from the day following the date on which the existing registration expires. The renewal shall be registered.

<table>
<thead>
<tr>
<th>Article 48</th>
<th>Alteration</th>
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<tbody>
<tr>
<td>1. The Community trade mark shall not be altered in the Register during the period of registration or on renewal thereof.</td>
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<tr>
<td>2. Nevertheless, where the Community trade mark includes the name and address of the proprietor, any alteration thereof not substantially affecting the identity of the trade mark as originally registered may be registered at the request of the proprietor.</td>
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<tr>
<td>3. The publication of the registration of the alteration shall contain a representation of the Community trade mark as altered. Third parties whose rights may be affected by the alteration may challenge the registration thereof within a period of three months following publication.</td>
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</table>

<table>
<thead>
<tr>
<th>Article 49</th>
<th>Division of the registration</th>
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<tbody>
<tr>
<td>1. The proprietor of the Community trade mark may divide the registration by declaring that some of the goods or services included in the original registration will be the subject of one or more divisional registrations. The goods or services in the divisional registration shall not overlap with the goods or services which remain in the original registration or those which are included in other divisional registrations.</td>
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<tr>
<td>2. The declaration of division shall not be admissible:</td>
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<tr>
<td>(a) if, where an application for revocation of rights or for a declaration of invalidity has been entered at the Office against the original registration, such a divisional declaration has the effect of introducing a division amongst the goods or services against which the application for revocation of rights or for a declaration of invalidity is directed, until the decision of the Cancellation Division has become final or the proceedings are finally terminated otherwise;</td>
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<tr>
<td>(b) if, where a counterclaim for revocation or for a declaration of invalidity has been entered in a case before a Community trade mark court, such a divisional declaration has the effect of introducing a division amongst the goods or</td>
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</table>
services against which the counterclaim is directed, until the mention of the Community trade mark court’s judgment is recorded in the Register pursuant to Article 100(6).

3. The declaration of division must comply with the provisions set out in the Implementing Regulation.

4. The declaration of division shall be subject to a fee. The declaration shall be deemed not to have been made until the fee has been paid.

5. The division shall take effect on the date on which it is entered in the Register.

6. All requests and applications submitted and all fees paid with regard to the original registration prior to the date on which the Office receives the declaration of division shall be deemed also to have been submitted or paid with regard to the divisional registration or registrations. The fees for the original registration which have been duly paid prior to the date on which the declaration of division is received shall not be refunded.

7. The divisional registration shall preserve the filing date and any priority date and seniority date of the original registration.

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<table>
<thead>
<tr>
<th>TITLE VI</th>
<th>SURRENDER, REVOCATION AND INVALIDITY</th>
</tr>
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<tbody>
<tr>
<td>SECTION 1</td>
<td>Surrender</td>
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</tbody>
</table>

**Article 50**

**Surrender**

1. A Community trade mark may be surrendered in respect of some or all of the goods or services for which it is registered.

2. The surrender shall be declared to the Office in writing by the proprietor of the trade mark. It shall not have effect until it has been entered in the Register.

3. Surrender shall be entered only with the agreement of the proprietor of a right entered in the Register. If a licence has been registered, surrender shall be entered in the Register only if the proprietor of the trade mark proves that he has informed the licensee of his intention to surrender; this entry shall be made on expiry of the period prescribed by the Implementing Regulation.

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<table>
<thead>
<tr>
<th>SECTION 2 Grounds for revocation</th>
<th>SECTION 2 Grounds for revocation</th>
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<tbody>
<tr>
<td>Article 51 Grounds for revocation</td>
<td>Article 51 Grounds for revocation</td>
</tr>
<tr>
<td>1. The rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings:</td>
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</tr>
<tr>
<td>(a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in a Community trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application or counterclaim may be filed;</td>
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<tr>
<td>(b) if, in consequence of acts or inactivity of the proprietor, the trade mark has become the common name in the trade for a product or service in respect of which it is registered;</td>
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<tr>
<td>(c) if, in consequence of the use made of it by the proprietor of the trade mark or with his consent in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.</td>
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</tr>
<tr>
<td>2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only.</td>
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<thead>
<tr>
<th>SECTION 3 Grounds for invalidity</th>
<th>SECTION 3 Grounds for invalidity</th>
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<tbody>
<tr>
<td>Article 52</td>
<td>Article 52</td>
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</table>
Absolute grounds for invalidity

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) where the Community trade mark has been registered contrary to the provisions of Article 7;

(b) where the applicant was acting in bad faith when he filed the application for the trade mark.

2. Where the Community trade mark has been registered in breach of the provisions of Article 7(1)(b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

3. Where the ground for invalidity exists in respect of only some of the goods or services for which the Community trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

Relative grounds for invalidity

1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:

(a) where there is an earlier trade mark as referred to in Article 8(2) and the conditions set out in paragraph 1 or paragraph 5 of that Article are fulfilled;

(b) where there is a trade mark as referred to in Article 8(3) and the conditions set out in that paragraph are fulfilled;

(c) where there is an earlier right as referred to in Article 8(4) and the conditions set out in that paragraph are fulfilled.

2. A Community trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right under the Community legislation or national law governing its protection, and in particular:

(a) a right to a name;

(b) a right of personal portrayal;
3. A Community trade mark may not be declared invalid where the proprietor of a right referred to in paragraphs 1 or 2 consents expressly to the registration of the Community trade mark before submission of the application for a declaration of invalidity or the counterclaim.

4. Where the proprietor of one of the rights referred to in paragraphs 1 or 2 has previously applied for a declaration that a Community trade mark is invalid or made a counterclaim in infringement proceedings, he may not submit a new application for a declaration of invalidity or lodge a counterclaim on the basis of another of the said rights which he could have invoked in support of his first application or counterclaim.

5. Article 52(3) shall apply.

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**Article 53a**

**Defenses to a request for a declaration of invalidity**

1. A Community trade mark may not be declared invalid on the basis of an earlier Community trade mark if at the filing date or the priority date of the Community trade mark the earlier trade mark had not yet become distinctive through use as provided for in Article 52 (2). The first sentence shall apply mutatis mutandis when the earlier trade mark is a national trade mark.

2. A Community trade mark may not be declared invalid on the basis of an earlier trade mark within the meaning of Article 8 (2) if at the filing date or the priority date of the Community trade mark the earlier trade mark had not yet become sufficiently distinctive to support a finding of likelihood of confusion within the meaning of Article 8 (1) (b), or had not yet acquired reputation within the meaning of Article 8 (1) (c).
### Article 54
**Limitation in consequence of acquiescence**

1. Where the proprietor of a Community trade mark has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Community while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark to apply for a declaration that the later trade mark is invalid in respect of the goods or services for which the later trade mark has been used, unless registration of the later Community trade mark was applied for in bad faith.

2. Where the proprietor of an earlier national trade mark as referred to in Article 8(2) or of another earlier sign referred to in Article 8(4) has acquiesced, for a period of five successive years, in the use of a later Community trade mark in the Member State in which the earlier trade mark or the other earlier sign is protected while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark or of the other earlier sign either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless registration of the later Community trade mark was applied for in bad faith.

3. In the cases referred to in paragraphs 1 and 2, the proprietor of a later Community trade mark shall not be entitled to oppose the use of the earlier right, even though that right may no longer be invoked against the later Community trade mark.

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### Article 55
**Consequences of revocation and invalidity**

1. The Community trade mark shall be deemed not to have had, as from the date of the application for revocation or of the counterclaim, the effects specified in this Regulation, to the extent that the rights of the proprietor have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be fixed in the decision at the request of one of the parties.

2. The Community trade mark shall be deemed not to have had, as from the outset, the effects
specified in this Regulation, to the extent that the trade mark has been declared invalid.

3. Subject to the national provisions relating either to claims for compensation for damage caused by negligence or lack of good faith on the part of the proprietor of the trade mark, or to unjust enrichment, the retroactive effect of revocation or invalidity of the trade mark shall not affect:

(a) any decision on infringement which has acquired the authority of a final decision and been enforced prior to the revocation or invalidity decision;

(b) any contract concluded prior to the revocation or invalidity decision, in so far as it has been performed before that decision; however, repayment, to an extent justified by the circumstances, of sums paid under the relevant contract, may be claimed on grounds of equity.

### SECTION 5
Proceedings in the Office in relation to revocation or invalidity

#### Article 56
Application for revocation or for a declaration of invalidity

1. An application for revocation of the rights of the proprietor of a Community trade mark or for a declaration that the trade mark is invalid may be submitted to the Office:

(a) where Articles 51 and 52 apply, by any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, which under the terms of the law governing it has the capacity in its own name to sue and be sued;

(b) where Article 53(1) applies, by the persons referred to in Article 41(1);

(c) where Article 53(2) applies, by the owners of the earlier rights referred to in that provision or by the persons who are entitled under the law of the Member State concerned to exercise the rights in question.

2. The application shall be filed in a written reasoned statement. It shall not be deemed to have been filed until the fee has been paid.

3. An application for revocation or for a
declaration of invalidity shall be inadmissible if an application relating to the same subject matter and cause of action, and involving the same parties, has been adjudicated on by a court in a Member State and has acquired the authority of a final decision.

<table>
<thead>
<tr>
<th>Article 57</th>
<th>Examination of the application</th>
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<tbody>
<tr>
<td><strong>1.</strong> In the examination of the application for revocation of rights or for a declaration of invalidity, the Office shall invite the parties, as often as necessary, to file observations, within a period to be fixed by the Office, on communications from the other parties or issued by itself.</td>
<td><strong>1. No change</strong></td>
</tr>
</tbody>
</table>

2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the Community trade mark application was filed or at the priority date or at the date on which the Community trade mark was published, or at both of these dates the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 42(2) were satisfied at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services.

3. Paragraph 2 shall apply to earlier national trade marks referred to in Article 8(2)(a), by substituting use in the Member State in which the earlier national trade mark is protected for use in the Community.

4. The Office may, if it thinks fit, invite the parties to make a friendly settlement.

2. If the proprietor of the Community trade mark so requests, the proprietor of an earlier Community trade mark, being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of the application for a declaration of invalidity, the earlier Community trade mark has been put to genuine use in the Community in connection with the goods or services in respect of which it is registered and which he cites as justification for his application, or that there are proper reasons for non-use, provided the earlier Community trade mark has at that date been registered for not less than five years. If, at the date on which the Community trade mark application was published, the earlier Community trade mark had been registered for not less than five years, the proprietor of the earlier Community trade mark shall furnish proof that, in addition, the conditions contained in Article 42(2) were satisfied at that date. In the absence of proof to this effect the application for a declaration of invalidity shall be rejected. If the earlier Community trade mark has been used in relation to part only of the goods or services for which it is registered, it shall, for the purpose of the examination of the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services.

3. No change

4. No change
5. If the examination of the application for revocation of rights or for a declaration of invalidity reveals that the trade mark should not have been registered in respect of some or all of the goods or services for which it is registered, the rights of the proprietor of the Community trade mark shall be revoked or it shall be declared invalid in respect of those goods or services. Otherwise the application for revocation of rights or for a declaration of invalidity shall be rejected.

6. A record of the Office's decision on the application for revocation of rights or for a declaration of invalidity shall be entered in the Register once it has become final.

<table>
<thead>
<tr>
<th>Article 58 Decisions subject to appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An appeal shall lie from decisions of the examiners, Opposition Divisions, Administration of Trade Marks and Legal Divisions and Cancellation Divisions. It shall have suspensive effect.</td>
</tr>
<tr>
<td>2. A decision which does not terminate proceedings as regards one of the parties can only be appealed together with the final decision, unless the decision allows separate appeal.</td>
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<thead>
<tr>
<th>Article 59 Persons entitled to appeal and to be parties to appeal proceedings</th>
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</thead>
<tbody>
<tr>
<td>Any party to proceedings adversely affected by a decision may appeal. Any other parties to the proceedings shall be parties to the appeal proceedings as of right.</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Article 60 Time limit and form of appeal</th>
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</thead>
<tbody>
<tr>
<td>Notice of appeal must be filed in writing at the Office within two months after the date of notification of the decision appealed from. The notice shall be deemed to have been filed only when the fee for appeal has been paid. Within four months after the date of notification of the decision, a written statement setting out the grounds of appeal must be filed.</td>
</tr>
<tr>
<td>Article 61</td>
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<tr>
<td>------------------------------------------------</td>
</tr>
<tr>
<td><strong>Revision of decisions in ex parte cases</strong></td>
</tr>
<tr>
<td>1. If the party which has lodged the appeal is the sole party to the procedure, and if the department whose decision is contested considers the appeal to be admissible and well founded, the department shall rectify its decision.</td>
</tr>
<tr>
<td>2. If the decision is not rectified within one month after receipt of the statement of grounds, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit.</td>
</tr>
<tr>
<td>Article 61</td>
</tr>
<tr>
<td><strong>Revision of decisions in ex parte cases</strong></td>
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<td><em>No change</em></td>
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<tr>
<th>Article 62</th>
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<tbody>
<tr>
<td><strong>Revision of decisions in inter partes cases</strong></td>
</tr>
<tr>
<td>1. Where the party which has lodged the appeal is opposed by another party and if the department whose decision is contested considers the appeal to be admissible and well founded, it shall rectify its decision.</td>
</tr>
<tr>
<td>2. The decision may be rectified only if the department whose decision is contested notifies the other party of its intention to rectify it, and that party accepts it within two months of the date on which it received the notification.</td>
</tr>
<tr>
<td>3. If, within two months of receiving the notification referred to in paragraph 2, the other party does not accept that the contested decision is to be rectified and makes a declaration to that effect or does not make any declaration within the period laid down, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit.</td>
</tr>
<tr>
<td>4. However, if the department whose decision is contested does not consider the appeal to be admissible and well founded within one month after receipt of the statement of grounds, it shall, instead of taking the measures provided for in paragraphs 2 and 3, remit the appeal to the Board of Appeal without delay, and without comment as to its merit.</td>
</tr>
<tr>
<td>Article 62</td>
</tr>
<tr>
<td><strong>Revision of decisions in inter partes cases</strong></td>
</tr>
<tr>
<td><em>No provision</em></td>
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<table>
<thead>
<tr>
<th>Article 63</th>
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<tbody>
<tr>
<td><strong>Examination of appeals</strong></td>
</tr>
<tr>
<td>1. If the appeal is admissible, the Board of Appeal shall examine whether the appeal is allowable.</td>
</tr>
<tr>
<td>2. In the examination of the appeal, the Board of</td>
</tr>
<tr>
<td>Article 63</td>
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<tr>
<td><strong>Examination of appeals</strong></td>
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<td><em>No change</em></td>
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</table>
**Article 64**  
**Decisions in respect of appeals**

1. Following the examination as to the allowability of the appeal, the Board of Appeal shall decide on the appeal. The Board of Appeal may either exercise any power within the competence of the department which was responsible for the decision appealed or remit the case to that department for further prosecution.

2. If the Board of Appeal remits the case for further prosecution to the department whose decision was appealed, that department shall be bound by the ratio decidendi of the Board of Appeal, in so far as the facts are the same.

3. The decisions of the Boards of Appeal shall take effect only as from the date of expiration of the period referred to in Article 65(5) or, if an action has been brought before the Court of Justice within that period, as from the date of dismissal of such action.

**Article 65**  
**Actions before the Court of Justice**

1. Actions may be brought before the Court of Justice against decisions of the Boards of Appeal on appeals.

2. The action may be brought on grounds of lack of competence, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application or misuse of power.

3. The Court of Justice has jurisdiction to annul or to alter the contested decision.

4. The action shall be open to any party to proceedings before the Board of Appeal adversely affected by its decision.

5. The action shall be brought before the Court of Justice within two months of the date of notification of the decision of the Board of Appeal.

6. The Office shall be required to take the necessary measures to comply with the judgment of the Court of Justice.

**Article 65**  
**Actions before the General Court**

1. Actions may be brought before the General Court against decisions of the Boards of Appeal on appeals.

2. No change

3. The General Court has jurisdiction to annul or to alter the contested decision.

4. No change

5. The action shall be brought before the General Court within two months of the date of notification of the decision of the Board of Appeal.

6. The Office shall be required to take the necessary measures to comply with the
### Article 66
**Community collective marks**

1. A Community collective mark shall be a Community trade mark which is described as such when the mark is applied for and is capable of distinguishing the goods or services of the members of the association which is the proprietor of the mark from those of other undertakings. Associations of manufacturers, producers, suppliers of services, or traders which, under the terms of the law governing them, have the capacity in their own name to have rights and obligations of all kinds, to make contracts or accomplish other legal acts and to sue and be sued, as well as legal persons governed by public law, may apply for Community collective marks.

2. In derogation from Article 7(1)(c), signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks within the meaning of paragraph 1. A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices in industrial or commercial matters; in particular, such a mark may not be invoked against a third party who is entitled to use a geographical name.

3. The provisions of this Regulation shall apply to Community collective marks, unless Articles 67 to 74 provide otherwise.

### Article 67
**Regulations governing use of the mark**

1. An applicant for a Community collective mark must submit regulations governing its use within the period prescribed.

2. The regulations governing use shall specify the persons authorised to use the mark, the conditions of membership of the association and, where they exist, the conditions of use of the mark, including sanctions. The regulations governing use of a mark referred to in Article 66(2) must authorise any person whose goods or services originate in the geographical area concerned to become a member of the
<table>
<thead>
<tr>
<th><strong>Article 68</strong>&lt;br&gt;Refusal of the application</th>
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<tbody>
<tr>
<td>1. In addition to the grounds for refusal of a Community trade mark application provided for in Articles 36 and 37, an application for a Community collective mark shall be refused where the provisions of Articles 66 or 67 are not satisfied, or where the regulations governing use are contrary to public policy or to accepted principles of morality.</td>
</tr>
<tr>
<td>2. An application for a Community collective mark shall also be refused if the public is liable to be misled as regards the character or the significance of the mark, in particular if it is likely to be taken to be something other than a collective mark.</td>
</tr>
<tr>
<td>3. An application shall not be refused if the applicant, as a result of amendment of the regulations governing use, meets the requirements of paragraphs 1 and 2.</td>
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<thead>
<tr>
<th><strong>Article 69</strong>&lt;br&gt;Observations by third parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apart from the cases mentioned in Article 40, any person, group or body referred to in that Article may submit to the Office written observations based on the particular grounds on which the application for a Community collective mark should be refused under the terms of Article 68.</td>
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<thead>
<tr>
<th><strong>Article 70</strong>&lt;br&gt;Use of marks</th>
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<tbody>
<tr>
<td>Use of a Community collective mark by any person who has authority to use it shall satisfy the requirements of this Regulation, provided that the other conditions which this Regulation imposes with regard to the use of Community trade marks are fulfilled.</td>
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<tr>
<th><strong>Article 71</strong>&lt;br&gt;Amendment of the regulations governing use of the mark</th>
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</thead>
<tbody>
<tr>
<td>1. The proprietor of a Community collective mark must submit to the Office any amended regulations governing use.</td>
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</table>
| 2. The amendment shall not be mentioned in the Register if the amended regulations do not
satisfy the requirements of Article 67 or involve one of the grounds for refusal referred to in Article 68.

3. Article 69 shall apply to amended regulations governing use.

4. For the purposes of applying this Regulation, amendments to the regulations governing use shall take effect only from the date of entry of the mention of the amendment in the Register.

### Article 72
**Persons who are entitled to bring an action for infringement**

1. The provisions of Article 22(3) and (4) concerning the rights of licensees shall apply to every person who has authority to use a Community collective mark.

2. The proprietor of a Community collective mark shall be entitled to claim compensation on behalf of persons who have authority to use the mark where they have sustained damage in consequence of unauthorised use of the mark.

### Article 73
**Grounds for revocation**

Apart from the grounds for revocation provided for in Article 51, the rights of the proprietor of a Community collective mark shall be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings, if:

(a) the proprietor does not take reasonable steps to prevent the mark being used in a manner incompatible with the conditions of use, where these exist, laid down in the regulations governing use, amendments to which have, where appropriate, been mentioned in the Register;

(b) the manner in which the mark has been used by the proprietor has caused it to become liable to mislead the public in the manner referred to in Article 68(2);

(c) an amendment to the regulations governing use of the mark has been mentioned in the Register in breach of the provisions of Article 71(2), unless the proprietor of the mark, by further amending the regulations governing use, complies with the requirements of those provisions.

### Article 74

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<tr>
<th>Grounds for invalidity</th>
<th>Grounds for invalidity</th>
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<tr>
<td>Apart from the grounds for invalidity provided for in Articles 52 and 53, a Community collective mark which is registered in breach of the provisions of Article 68 shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, unless the proprietor of the mark, by amending the regulations governing use, complies with the requirements of those provisions.</td>
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<th>TITLE IX</th>
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<td>PROCEDURE</td>
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<td>SECTION 1</td>
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<td>General provisions</td>
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<tr>
<th>Article 75</th>
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<tr>
<td>Statement of reasons on which decisions are based</td>
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<tr>
<td>Decisions of the Office shall state the reasons on which they are based. They shall be based only on reasons or evidence on which the parties concerned have had an opportunity to present their comments.</td>
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<tr>
<th>Article 76</th>
<th>Article 76</th>
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<tr>
<td>Examination of the facts by the Office of its own motion</td>
<td>Examination of the facts by the Office of its own motion</td>
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</table>
| 1. In proceedings before it the Office shall examine the facts of its own motion; however, in proceedings relating to relative grounds for refusal of registration, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.  
2. The Office may disregard facts or evidence which are not submitted in due time by the parties concerned. | 1. In proceedings before it the Office shall examine the facts of its own motion. However, in opposition, revocation and invalidation proceedings, the Office shall be restricted in this examination to the facts, evidence and arguments provided by the parties and the relief sought.  
2. No change |

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<tr>
<th>Article 77</th>
<th>Article 77</th>
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<tr>
<td>Oral proceedings</td>
<td>Oral proceedings</td>
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</table>
| 1. If the Office considers that oral proceedings would be expedient they shall be held either at the instance of the Office or at the request of any party to the proceedings.  
2. Oral proceedings before the examiners, the Opposition Division and the Administration of Trade Marks and Legal Division shall not be public. | No change |
3. Oral proceedings, including delivery of the decision, shall be public before the Cancellation Division and the Boards of Appeal, in so far as the department before which the proceedings are taking place does not decide otherwise in cases where admission of the public could have serious and unjustified disadvantages, in particular for a party to the proceedings.

<table>
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<tr>
<th>Article 78 Taking of evidence</th>
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<tr>
<td>1. In any proceedings before the Office, the means of giving or obtaining evidence shall include the following:</td>
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<td>(a) hearing the parties;</td>
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<td>(b) requests for information;</td>
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<td>(c) the production of documents and items of evidence;</td>
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<tr>
<td>(d) hearing witnesses;</td>
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<tr>
<td>(e) opinions by experts;</td>
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<tr>
<td>(f) statements in writing sworn or affirmed or having a similar effect under the law of the State in which the statement is drawn up.</td>
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<tr>
<td>2. The relevant department may commission one of its members to examine the evidence adduced.</td>
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<tr>
<td>3. If the Office considers it necessary for a party, witness or expert to give evidence orally, it shall issue a summons to the person concerned to appear before it.</td>
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<tr>
<td>4. The parties shall be informed of the hearing of a witness or expert before the Office. They shall have the right to be present and to put questions to the witness or expert.</td>
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<tr>
<th>Article 79 Notification</th>
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<tr>
<td>The Office shall, as a matter of course, notify those concerned of decisions and summonses and of any notice or other communication from which a time limit is reckoned, or of which those concerned must be notified under other provisions of this Regulation or of the Implementing Regulation, or of which notification has been ordered by the President of the Office.</td>
</tr>
</tbody>
</table>
| Article 80  
| Revocation of decisions  
| 1. Where the Office has made an entry in the Register or taken a decision which contains an obvious procedural error attributable to the Office, it shall ensure that the entry is cancelled or the decision is revoked. Where there is only one party to the proceedings and the entry or act affects its rights, cancellation or revocation shall be determined even if the error was not evident to the party.  
| 2. Cancellation or revocation as referred to in paragraph 1 shall be determined, ex officio or at the request of one of the parties to the proceedings, by the department which made the entry or took the decision. Cancellation or revocation shall be determined within six months from the date on which the entry was made in the Register or the decision was taken, after consultation with the parties to the proceedings and any proprietor of rights to the Community trade mark in question that are entered in the Register.  
| 3. This Article shall be without prejudice to the right of the parties to submit an appeal under Articles 58 and 65, or to the possibility, under the procedures and conditions laid down by the Implementing Regulation, of correcting any linguistic errors or errors of transcription and obvious errors in the Office’s decisions or errors attributable to the Office in registering the trade mark or in publishing its registration.  
| Article 80  
| Revocation of decisions  
| 1. No change  
| 2. Cancellation or revocation as referred to in paragraph 1 shall be determined, ex officio or at the request of one of the parties to the proceedings, by the department which made the entry or took the decision. Cancellation or revocation shall be determined within six months from the date on which the entry made in the Register or the decision taken has come to the attention of the Office, after consultation with the parties to the proceedings and any proprietor of rights to the Community trade mark in question that are entered in the Register.  
| 3. No change  
| Article 81  
| Restitutio in integrum  
| 1. The applicant for or proprietor of a Community trade mark or any other party to proceedings before the Office who, in spite of all due care required by the circumstances having been taken, was unable to comply with a time limit vis-à-vis the Office shall, upon application, have his rights re-established if the obstacle to compliance has the direct consequence, by virtue of the provisions of this Regulation, of causing the loss of any right or means of redress.  
| 2. The application must be filed in writing within two months from the removal of the obstacle to compliance with the time limit. The omitted act must be completed within this period. The application shall only be admissible within the year immediately following the expiry of the unobserved time limit. In the case of non-submission of the request for renewal of registration or of non-payment of a renewal fee,  
| Article 81  
| Restitutio in integrum  
| No change |
the further period of six months provided in Article 47(3), third sentence, shall be deducted from the period of one year.

3. The application must state the grounds on which it is based and must set out the facts on which it relies. It shall not be deemed to be filed until the fee for re-establishment of rights has been paid.

4. The department competent to decide on the omitted act shall decide upon the application.

5. This Article shall not be applicable to the time limits referred to in paragraph 2 of this Article, Article 41(1) and (3) and Article 82.

6. Where the applicant for or proprietor of a Community trade mark has his rights re-established, he may not invoke his rights vis-à-vis a third party who, in good faith, has put goods on the market or supplied services under a sign which is identical with, or similar to, the Community trade mark in the course of the period between the loss of rights in the application or in the Community trade mark and publication of the mention of re-establishment of those rights.

7. A third party who may avail himself of the provisions of paragraph 6 may bring third party proceedings against the decision re-establishing the rights of the applicant for or proprietor of a Community trade mark within a period of two months as from the date of publication of the mention of re-establishment of those rights.

8. Nothing in this Article shall limit the right of a Member State to grant restitutio in integrum in respect of time limits provided for in this Regulation and to be observed vis-à-vis the authorities of such State.

<table>
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<tr>
<th>Article 82</th>
<th>Continuation of proceedings</th>
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<tbody>
<tr>
<td>1. An applicant for or proprietor of a Community trade mark or any other party to proceedings before the Office who has omitted to observe a time limit vis-à-vis the Office may, upon request, obtain the continuation of proceedings, provided that at the time the request is made the omitted act has been carried out. The request for continuation of proceedings shall be admissible only if it is presented within two months following the expiry of the unobserved time limit. The request shall not be deemed to have been filed until the fee for continuation of the proceedings has been paid.</td>
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<tr>
<td>2. This Article shall not be applicable to the time</td>
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<tr>
<th>Article 82</th>
<th>Continuation of proceedings</th>
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<td>1. No change</td>
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<td>2. No change</td>
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limits laid down in Article 25(3), Article 27, Article 29(1), Article 33(1), Article 36(2), Article 41, Article 42, Article 47(3), Article 60, Article 62, Article 65(5), Article 81, Article 112, or to the time limits laid down in this Article or the time limits laid down by the Implementing Regulation for claiming, after the application has been filed, priority within the meaning of Article 30, exhibition priority within the meaning of Article 33 or seniority within the meaning of Article 34.

3. The department competent to decide on the omitted act shall decide upon the application.

4. If the Office accepts the application, the consequences of having failed to observe the time limit shall be deemed not to have occurred.

5. If the Office rejects the application, the fee shall be refunded.

### Article 83
Reference to general principles

In the absence of procedural provisions in this Regulation, the Implementing Regulation, the fees regulations or the rules of procedure of the Boards of Appeal, the Office shall take into account the principles of procedural law generally recognised in the Member States.

### Article 84
Termination of financial obligations

1. Rights of the Office to the payment of a fee shall be extinguished after four years from the end of the calendar year in which the fee fell due.

2. Rights against the Office for the refunding of fees or sums of money paid in excess of a fee shall be extinguished after four years from the end of the calendar year in which the right arose.

3. The period laid down in paragraphs 1 and 2 shall be interrupted, in the case covered by paragraph 1, by a request for payment of the fee, and in the case covered by paragraph 2, by a reasoned claim in writing. On interruption it shall begin again immediately and shall end at the latest six years after the end of the year in which it originally began, unless, in the meantime, judicial proceedings to enforce the right have begun; in this case the period shall end at the earliest one year after the judgment has acquired the authority of a final decision.

### Article 83
Reference to general principles

No change

### Article 84
Termination of financial obligations

No change
**Article 85 Costs**

1. The losing party in opposition proceedings, proceedings for revocation, proceedings for a declaration of invalidity or appeal proceedings shall bear the fees incurred by the other party as well as all costs, without prejudice to Article 119(6), incurred by him essential to the proceedings, including travel and subsistence and the remuneration of an agent, adviser or advocate, within the limits of the scales set for each category of costs under the conditions laid down in the Implementing Regulation.

2. However, where each party succeeds on some and fails on other heads, or if reasons of equity so dictate, the Opposition Division, Cancellation Division or Board of Appeal shall decide a different apportionment of costs.

3. The party who terminates the proceedings by withdrawing the Community trade mark application, the opposition, the application for revocation of rights, the application for a declaration of invalidity or the appeal, or by not renewing registration of the Community trade mark or by surrendering the Community trade mark, shall bear the fees and the costs incurred by the other party as stipulated in paragraphs 1 and 2.

4. Where a case does not proceed to judgment the costs shall be at the discretion of the Opposition Division, Cancellation Division or Board of Appeal.

5. Where the parties conclude before the Opposition Division, Cancellation Division or Board of Appeal a settlement of costs differing from that provided for in the preceding paragraphs, the department concerned shall take note of that agreement.

6. The Opposition Division or Cancellation Division or Board of Appeal shall fix the amount of the costs to be paid pursuant to the preceding paragraphs when the costs to be paid are limited to the fees paid to the Office and the representation costs. In all other cases, the registry of the Board of Appeal or a member of the staff of the Opposition Division or Cancellation Division shall fix the amount of the costs to be reimbursed on request. The request is admissible only within two months of the date on which the decision for which an application was made for the costs to be fixed became final.
The amount so determined may be reviewed by a decision of the Opposition Division or Cancellation Division or Board of Appeal on a request filed within the prescribed period.

<table>
<thead>
<tr>
<th>Article 86</th>
<th>Enforcement of decisions fixing the amount of costs</th>
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<tbody>
<tr>
<td>1. Any final decision of the Office fixing the amount of costs shall be enforceable.</td>
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<tr>
<td>2. Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision, without other formality than verification of the authenticity of the decision, by the national authority which the Government of each Member State shall designate for this purpose and shall make known to the Office and to the Court of Justice.</td>
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<tr>
<td>3. When these formalities have been completed on application by the party concerned, the latter may proceed to enforcement in accordance with the national law, by bringing the matter directly before the competent authority.</td>
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<tr>
<td>4. Enforcement may be suspended only by a decision of the Court of Justice. However, the courts of the country concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.</td>
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<thead>
<tr>
<th>Article 87</th>
<th>Register of Community trade marks</th>
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<tbody>
<tr>
<td>The Office shall keep a register to be known as the Register of Community trade marks, which shall contain those particulars the registration or inclusion of which is provided for by this Regulation or by the Implementing Regulation. The Register shall be open to public inspection.</td>
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<thead>
<tr>
<th>Article 88</th>
<th>Inspection of files</th>
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</thead>
<tbody>
<tr>
<td>1. The files relating to Community trade mark</td>
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<tr>
<th>Article 86</th>
<th>Enforcement of decisions fixing the amount of costs</th>
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<td>1. No change</td>
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<tr>
<td>2. Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision, without other formality than verification of the authenticity of the decision, by the national authority which the Government of each Member State shall designate for this purpose and shall make known to the Office and to the Court of Justice.</td>
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<tr>
<td>3. No change</td>
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<td>4. No change</td>
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<tr>
<th>Article 87</th>
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applications which have not yet been published shall not be made available for inspection without the consent of the applicant.

2. Any person who can prove that the applicant for a Community trade mark has stated that after the trade mark has been registered he will invoke the rights under it against him may obtain inspection of the files prior to the publication of that application and without the consent of the applicant.

3. Subsequent to the publication of the Community trade mark application, the files relating to such application and the resulting trade mark may be inspected on request.

4. However, where the files are inspected pursuant to paragraphs 2 or 3, certain documents in the file may be withheld from inspection in accordance with the provisions of the Implementing Regulation.

<table>
<thead>
<tr>
<th>Article 89</th>
<th>Periodical publications</th>
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<tr>
<td>The Office shall periodically publish:</td>
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<tr>
<td>(a) a Community Trade Marks Bulletin containing entries made in the Register of Community trade marks as well as other particulars the publication of which is prescribed by this Regulation or by the Implementing Regulation;</td>
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<tr>
<td>(b) an Official Journal containing notices and information of a general character issued by the President of the Office, as well as any other information relevant to this Regulation or its implementation.</td>
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<tr>
<th>Article 90</th>
<th>Administrative cooperation</th>
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<tr>
<td>Unless otherwise provided in this Regulation or in national laws, the Office and the courts or authorities of the Member States shall on request give assistance to each other by communicating information or opening files for inspection. Where the Office lays files open to inspection by courts, Public Prosecutors’ Offices or central industrial property offices, the inspection shall not be subject to the restrictions laid down in Article 88.</td>
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<tr>
<th>Article 91</th>
<th>Exchange of publications</th>
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<td>No change</td>
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No change
1. The Office and the central industrial property offices of the Member States shall despatch to each other on request and for their own use one or more copies of their respective publications free of charge.

2. The Office may conclude agreements relating to the exchange or supply of publications.

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<tr>
<th>SECTION 4 Representation</th>
<th>SECTION 4 Representation</th>
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**Article 92**

**General principles of representation**

1. Subject to the provisions of paragraph 2, no person shall be compelled to be represented before the Office.

2. Without prejudice to paragraph 3, second sentence, natural or legal persons not having either their domicile or their principal place of business or a real and effective industrial or commercial establishment in the Community must be represented before the Office in accordance with Article 93(1) in all proceedings established by this Regulation, other than in filing an application for a Community trade mark; the Implementing Regulation may permit other exceptions.

3. Natural or legal persons having their domicile or principal place of business or a real and effective industrial or commercial establishment in the Community may be represented before the Office by an employee. An employee of a legal person to which this paragraph applies may also represent other legal persons which have economic connections with the first legal person, even if those other legal persons have neither their domicile nor their principal place of business nor a real and effective industrial or commercial establishment within the Community.

4. The Implementing Regulation shall specify whether and under what conditions an employee must file with the Office a signed authorisation for insertion on the file.

**Article 93**

**Professional representatives**

1. Representation of natural or legal persons before the Office may only be undertaken by:

   (a) any legal practitioner qualified in one of the

2. Without prejudice to paragraph 3, second sentence, natural or legal persons not having either their domicile or their principal place of business or a real and effective industrial or commercial establishment in the European Economic Area must be represented before the Office in accordance with Article 93(1) in all proceedings established by this Regulation, other than in filing an application for a Community trade mark; the Implementing Regulation may permit other exceptions.

3. Natural or legal persons having their domicile or principal place of business or a real and effective industrial or commercial establishment in the European Economic Area may be represented before the Office by an employee. An employee of a legal person to which this paragraph applies may also represent other legal persons which have economic connections with the first legal person, even if those other legal persons have neither their domicile nor their principal place of business nor a real and effective industrial or commercial establishment within the European Economic Area.

4. No change

<table>
<thead>
<tr>
<th>Article 93 Professional representatives</th>
<th>Article 93 Professional representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Representation of natural or legal persons before the Office may only be undertaken by: (a) any legal practitioner qualified in one of the</td>
<td>1. Representation of natural or legal persons before the Office may only be undertaken by: (a) any legal practitioner qualified in one of the</td>
</tr>
</tbody>
</table>
Member States and having his place of business within the Community, to the extent that he is entitled, within the said State, to act as a representative in trade mark matters;

(b) professional representatives whose names appear on the list maintained for this purpose by the Office. The Implementing Regulation shall specify whether and under what conditions the representatives before the Office must file with the Office a signed authorisation for insertion on the file.

Representatives acting before the Office must file with it a signed authorisation for insertion on the files, the details of which are set out in the Implementing Regulation.

2. Any natural person who fulfils the following conditions may be entered on the list of professional representatives:

(a) he must be a national of one of the Member States;

(b) he must have his place of business or employment in the Community;

(c) he must be entitled to represent natural or legal persons in trade mark matters before the central industrial property office of a Member State. Where, in that State, the entitlement is not conditional upon the requirement of special professional qualifications, persons applying to be entered on the list who act in trade mark matters before the central industrial property office of the said State must have habitually so acted for at least five years. However, persons whose professional qualification to represent natural or legal persons in trade mark matters before the central industrial property office of one of the Member States is officially recognised in accordance with the regulations laid down by such State shall not be subject to the condition of having exercised the profession.

3. Entry shall be effected upon request, accompanied by a certificate furnished by the central industrial property office of the Member State concerned, which must indicate that the conditions laid down in paragraph 2 are fulfilled.

4. The President of the Office may grant exemption from:

(a) the requirement of paragraph 2(c), second sentence, if the applicant furnishes proof that he has acquired the requisite qualification in another way;

Member States of the European Economic Area and having his place of business within the European Economic Area, to the extent that he is entitled, within the said State, to act as a representative in trade mark matters;

(b) professional representatives whose names appear on the list maintained for this purpose by the Office. The Implementing Regulation shall specify whether and under what conditions the representatives before the Office must file with the Office a signed authorisation for insertion on the file.

2. No change

(a) he must be a national of one of the Member States of the European Economic Area;

(b) he must have his place of business or employment in the European Economic Area;

(c) he must be entitled to represent natural or legal persons in trade mark matters before the central industrial property office of a Member State of the European Economic Area. Where, in that State, the entitlement is not conditional upon the requirement of special professional qualifications, persons applying to be entered on the list who act in trade mark matters before the central industrial property office of the said State must have habitually so acted for at least five years. However, persons whose professional qualification to represent natural or legal persons in trade mark matters before the central industrial property office of one of the Member States or the European Economic Area is officially recognised in accordance with the regulations laid down by such State shall not be subject to the condition of having exercised the profession.

3. No change

4. No change
<table>
<thead>
<tr>
<th>Article 94</th>
<th>Application of Regulation (EC) No 44/2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unless otherwise specified in this Regulation, Regulation (EC) No 44/2001 shall apply to proceedings relating to Community trade marks and applications for Community trade marks, as well as to proceedings relating to simultaneous and successive actions on the basis of Community trade marks and national trade marks.</td>
<td></td>
</tr>
<tr>
<td>2. In the case of proceedings in respect of the actions and claims referred to in Article 96:</td>
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<tr>
<td>(a) Articles 2 and 4, points 1, 3, 4 and 5 of Article 5 and Article 31 of Regulation (EC) No 44/2001 shall not apply;</td>
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</tr>
<tr>
<td>(b) Articles 23 and 24 of Regulation (EC) No 44/2001 shall apply subject to the limitations in Article 97(4) of this Regulation;</td>
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</tr>
<tr>
<td>(c) the provisions of Chapter II of Regulation (EC) No 44/2001 which are applicable to persons domiciled in a Member State shall also be applicable to persons who do not have a domicile in any Member State but have an establishment therein.</td>
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</table>

<table>
<thead>
<tr>
<th>Article 95</th>
<th>Community trade mark courts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Member States shall designate in their territories as limited a number as possible of national courts and tribunals of first and second</td>
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</table>

| 5. No change | |
instance, hereinafter referred to as "Community trade mark courts", which shall perform the functions assigned to them by this Regulation.

2. Each Member State shall communicate to the Commission within three years of the entry into force of Regulation (EC) No 40/94 a list of Community trade mark courts indicating their names and their territorial jurisdiction.

3. Any change made after communication of the list referred to in paragraph 2 in the number, names or territorial jurisdiction of the courts shall be notified without delay by the Member State concerned to the Commission.

4. The information referred to in paragraphs 2 and 3 shall be notified by the Commission to the Member States and published in the Official Journal of the European Union.

5. As long as a Member State has not communicated the list as stipulated in paragraph 2, jurisdiction for any proceedings resulting from an action or application covered by Article 96, and for which the courts of that State have jurisdiction under Article 97, shall lie with that court of the State in question which would have jurisdiction ratione loci and ratione materiae in the case of proceedings relating to a national trade mark registered in that State.

<table>
<thead>
<tr>
<th>Article 96</th>
<th>Article 96</th>
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<tbody>
<tr>
<td><strong>Jurisdiction over infringement and validity</strong></td>
<td><strong>Jurisdiction over infringement and validity</strong></td>
</tr>
<tr>
<td>The Community trade mark courts shall have exclusive jurisdiction:</td>
<td>The Community trade mark courts shall have exclusive jurisdiction:</td>
</tr>
<tr>
<td>(a) for all infringement actions and — if they are permitted under national law — actions in respect of threatened infringement relating to Community trade marks;</td>
<td>(a) for all infringement actions and actions in respect of threatened infringement relating to Community trade marks;</td>
</tr>
<tr>
<td>(b) for actions for declaration of non-infringement, if they are permitted under national law;</td>
<td>(b) for actions for declaration of non-infringement;</td>
</tr>
<tr>
<td>(c) for all actions brought as a result of acts referred to in Article 9(3), second sentence;</td>
<td>(c) <em>no change</em></td>
</tr>
<tr>
<td>(d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 100.</td>
<td>(d) for counterclaims for revocation or for a declaration of invalidity of the Community trade mark pursuant to Article 100.</td>
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<table>
<thead>
<tr>
<th>Article 97</th>
<th>Article 97</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International jurisdiction</strong></td>
<td><strong>International jurisdiction</strong></td>
</tr>
<tr>
<td>1. Subject to the provisions of this Regulation as well as to any provisions of Regulation (EC) No</td>
<td><em>No change</em></td>
</tr>
</tbody>
</table>
44/2001 applicable by virtue of Article 94, proceedings in respect of the actions and claims referred to in Article 96 shall be brought in the courts of the Member State in which the defendant is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

2. If the defendant is neither domiciled nor has an establishment in any of the Member States, such proceedings shall be brought in the courts of the Member State in which the plaintiff is domiciled or, if he is not domiciled in any of the Member States, in which he has an establishment.

3. If neither the defendant nor the plaintiff is so domiciled or has such an establishment, such proceedings shall be brought in the courts of the Member State where the Office has its seat.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3:
   (a) Article 23 of Regulation (EC) No 44/2001 shall apply if the parties agree that a different Community trade mark court shall have jurisdiction;
   (b) Article 24 of Regulation (EC) No 44/2001 shall apply if the defendant enters an appearance before a different Community trade mark court.

5. Proceedings in respect of the actions and claims referred to in Article 96, with the exception of actions for a declaration of non-infringement of a Community trade mark, may also be brought in the courts of the Member State in which the act of infringement has been committed or threatened, or in which an act within the meaning of Article 9(3), second sentence, has been committed.

### Article 98
**Extent of jurisdiction**

1. A Community trade mark court whose jurisdiction is based on Article 97(1) to (4) shall have jurisdiction in respect of:
   (a) acts of infringement committed or threatened within the territory of any of the Member States;
   (b) acts within the meaning of Article 9(3), second sentence, committed within the territory of any of the Member States.

2. A Community trade mark court whose jurisdiction is based on Article 98(1) to (4) shall have jurisdiction in respect of:
   (a) acts of infringement committed or threatened anywhere within the territory of the European Union;
   (b) acts within the meaning of Article 9(3), second sentence, committed anywhere within the territory of the European Union.
<table>
<thead>
<tr>
<th>Article 99</th>
<th>Article 99</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Presumption of validity — Defence as to the merits</strong></td>
<td><strong>Presumption of validity — Defence as to the merits</strong></td>
</tr>
<tr>
<td>1. The Community trade mark courts shall treat the Community trade mark as valid unless its validity is put in issue by the defendant with a counterclaim for revocation or for a declaration of invalidity.</td>
<td>1. No change</td>
</tr>
<tr>
<td>2. The validity of a Community trade mark may not be put in issue in an action for a declaration of non-infringement.</td>
<td>2. No change</td>
</tr>
<tr>
<td>3. In the actions referred to in Article 96(a) and (c) a plea relating to revocation or invalidity of the Community trade mark submitted otherwise than by way of a counterclaim shall be admissible in so far as the defendant claims that the rights of the proprietor of the Community trade mark could be revoked for lack of use or that the Community trade mark could be declared invalid on account of an earlier right of the defendant.</td>
<td>3. In the actions referred to in Article 96(a) and (c) a plea relating to revocation or invalidity of the Community trade mark submitted otherwise than by way of a counterclaim shall be admissible in so far as the defendant claims that the rights of the proprietor of the Community trade mark could be revoked for lack of use at the time the infringement action was brought.</td>
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<table>
<thead>
<tr>
<th>Article 100</th>
<th>Article 100</th>
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</thead>
<tbody>
<tr>
<td><strong>Counterclaims</strong></td>
<td><strong>Counterclaims</strong></td>
</tr>
<tr>
<td>1. A counterclaim for revocation or for a declaration of invalidity may only be based on the grounds for revocation or invalidity mentioned in this Regulation.</td>
<td>No change</td>
</tr>
<tr>
<td>2. A Community trade mark court shall reject a counterclaim for revocation or for a declaration of invalidity if a decision taken by the Office relating to the same subject matter and cause of action and involving the same parties has already become final.</td>
<td></td>
</tr>
<tr>
<td>3. If the counterclaim is brought in a legal action to which the proprietor of the trade mark is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law.</td>
<td></td>
</tr>
<tr>
<td>4. The Community trade mark court with which a counterclaim for revocation or for a declaration of invalidity of the Community trade mark has been filed shall inform the Office of the date on which the counterclaim was filed. The latter shall record this fact in the Register of</td>
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<tr>
<td>Article 101</td>
<td>Article 101</td>
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<tr>
<td><strong>Applicable law</strong></td>
<td><strong>Applicable law</strong></td>
</tr>
<tr>
<td>1. The Community trade mark courts shall apply the provisions of this Regulation.</td>
<td>1. No change</td>
</tr>
<tr>
<td>2. On all matters not covered by this Regulation a Community trade mark court shall apply its national law, including its private international law.</td>
<td>2. On all matters not covered by this Regulation a Community trade mark court shall apply its national law, including its private international law, unless provisions of European Union law apply.</td>
</tr>
<tr>
<td>3. Unless otherwise provided in this Regulation, a Community trade mark court shall apply the rules of procedure governing the same type of action relating to a national trade mark in the Member State in which the court is located.</td>
<td>3. No change</td>
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<thead>
<tr>
<th>Article 102</th>
<th>Article 102</th>
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<tbody>
<tr>
<td><strong>Sanctions</strong></td>
<td><strong>Sanctions</strong></td>
</tr>
<tr>
<td>1. Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order prohibiting the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring</td>
<td>1. No change</td>
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</tbody>
</table>
that this prohibition is complied with.

2. In all other respects the Community trade mark court shall apply the law of the Member State in which the acts of infringement or threatened infringement were committed, including the private international law.

2. In all other respects the Community trade mark court shall apply the law of the Member State in which the acts of infringement or threatened infringement were committed.

<table>
<thead>
<tr>
<th>Article 103</th>
<th>Provisional and protective measures</th>
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<tbody>
<tr>
<td>1. Application may be made to the courts of a Member State, including Community trade mark courts, for such provisional, including protective, measures in respect of a Community trade mark or Community trade mark application as may be available under the law of that State in respect of a national trade mark, even if, under this Regulation, a Community trade mark court of another Member State has jurisdiction as to the substance of the matter.</td>
<td></td>
</tr>
<tr>
<td>2. A Community trade mark court whose jurisdiction is based on Article 97(1), (2), (3) or (4) shall have jurisdiction to grant provisional and protective measures which, subject to any necessary procedure for recognition and enforcement pursuant to Title III of Regulation (EC) No 44/2001, are applicable in the territory of any Member State. No other court shall have such jurisdiction.</td>
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<thead>
<tr>
<th>Article 103</th>
<th>Provisional and protective measures</th>
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<td>No change</td>
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<table>
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<tr>
<th>Article 104</th>
<th>Specific rules on related actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A Community trade mark court hearing an action referred to in Article 96, other than an action for a declaration of non-infringement shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the proceedings where the validity of the Community trade mark is already in issue before another Community trade mark court on account of a counterclaim or where an application for revocation or for a declaration of invalidity has already been filed at the Office.</td>
<td></td>
</tr>
<tr>
<td>2. The Office, when hearing an application for revocation or for a declaration of invalidity shall, unless there are special grounds for continuing the hearing, of its own motion after hearing the parties or at the request of one of the parties and after hearing the other parties, stay the</td>
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<table>
<thead>
<tr>
<th>Article 104</th>
<th>Specific rules on related actions</th>
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proceedings where the validity of the Community trade mark is already in issue on account of a counterclaim before a Community trade mark court. However, if one of the parties to the proceedings before the Community trade mark court so requests, the court may, after hearing the other parties to these proceedings, stay the proceedings. The Office shall in this instance continue the proceedings pending before it.

3. Where the Community trade mark court stays the proceedings it may order provisional and protective measures for the duration of the stay.

<table>
<thead>
<tr>
<th>Article 105</th>
<th>Jurisdiction of Community trade mark courts of second instance — Further appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An appeal to the Community trade mark courts of second instance shall lie from judgments of the Community trade mark courts of first instance in respect of proceedings arising from the actions and claims referred to in Article 96.</td>
<td></td>
</tr>
<tr>
<td>2. The conditions under which an appeal may be lodged with a Community trade mark court of second instance shall be determined by the national law of the Member State in which that court is located.</td>
<td></td>
</tr>
<tr>
<td>3. The national rules concerning further appeal shall be applicable in respect of judgments of Community trade mark courts of second instance.</td>
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<table>
<thead>
<tr>
<th>SECTION 3</th>
<th>Other disputes concerning Community trade marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 106</td>
<td>Supplementary provisions on the jurisdiction of national courts other than Community trade mark courts</td>
</tr>
<tr>
<td>1. Within the Member State whose courts have jurisdiction under Article 94(1) those courts shall have jurisdiction for actions other than those referred to in Article 96, which would have jurisdiction ratione loci and ratione materiae in the case of actions relating to a national trade mark registered in that State.</td>
<td></td>
</tr>
<tr>
<td>2. Actions relating to a Community trade mark, other than those referred to in Article 96, for which no court has jurisdiction under Article 94(1) and paragraph 1 of this Article may be</td>
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<table>
<thead>
<tr>
<th>Article 106</th>
<th>Supplementary provisions on the jurisdiction of national courts other than Community trade mark courts</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
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</tr>
<tr>
<td>Article 107</td>
<td>Obligation of the national court</td>
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</tr>
<tr>
<td>A national court which is dealing with an action relating to a Community trade mark, other than the action referred to in Article 96, shall treat the trade mark as valid.</td>
<td>Article 107</td>
</tr>
<tr>
<td>Obligation of the national court</td>
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<tr>
<td>No change</td>
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<thead>
<tr>
<th>SECTION 4</th>
<th>Transitional provision</th>
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<tr>
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<td>Transitional provision</td>
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<table>
<thead>
<tr>
<th>Article 108</th>
<th>Transitional provision relating to the application of the Convention on Jurisdiction and Enforcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The provisions of Regulation (EC) No 44/2001 which are rendered applicable by the preceding Articles shall have effect in respect of any Member State solely in the text of the Regulation which is in force in respect of that State at any given time.</td>
<td>Article 108</td>
</tr>
<tr>
<td>Transitional provision relating to the application of Regulation (EC) No 44/2001</td>
<td></td>
</tr>
<tr>
<td>The provisions of Regulation (EC) No 44/2001 which are rendered applicable by the preceding Articles shall have effect in respect of any Member State solely in the text of the Regulation which is in force in respect of that State at any given time.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>TITLE XI</th>
<th>EFFECTS ON THE LAWS OF THE MEMBER STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION 1</td>
<td>Civil actions on the basis of more than one trade mark</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 109</th>
<th>Simultaneous and successive civil actions on the basis of Community trade marks and national trade marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Where actions for infringement involving the same cause of action and between the same parties are brought in the courts of different Member States, one seized on the basis of a Community trade mark and the other seized on the basis of a national trade mark:</td>
<td></td>
</tr>
<tr>
<td>(a) the court other than the court first seized shall of its own motion decline jurisdiction in favour of that court where the trade marks concerned are identical and valid for identical goods or services. The court which would be required to decline jurisdiction may stay its proceedings if the jurisdiction of the other court is contested;</td>
<td></td>
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<tr>
<td>(b) the court other than the court first seized</td>
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<tr>
<td>No change</td>
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</table>

| Article 109 | Simultaneous and successive civil actions on the basis of Community trade marks and national trade marks |
| Article 109 | Simultaneous and successive civil actions on the basis of Community trade marks and national trade marks |
may stay its proceedings where the trade marks concerned are identical and valid for similar goods or services and where the trade marks concerned are similar and valid for identical or similar goods or services.

2. The court hearing an action for infringement on the basis of a Community trade mark shall reject the action if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of an identical national trade mark valid for identical goods or services.

3. The court hearing an action for infringement on the basis of a national trade mark shall reject the action if a final judgment on the merits has been given on the same cause of action and between the same parties on the basis of an identical Community trade mark valid for identical goods or services.

4. Paragraphs 1, 2 and 3 shall not apply in respect of provisional, including protective, measures.

### Article 110

**Prohibition of use of Community trade marks**

1. This Regulation shall, unless otherwise provided for, not affect the right existing under the laws of the Member States to invoke claims for infringement of earlier rights within the meaning of Article 8 or Article 53(2) in relation to the use of a later Community trade mark. Claims for infringement of earlier rights within the meaning of Article 8(2) and (4) may, however, no longer be invoked if the proprietor of the earlier right may no longer apply for a declaration that the Community trade mark is invalid in accordance with Article 54(2).

2. This Regulation shall, unless otherwise provided for, not affect the right to bring proceedings under the civil, administrative or criminal law of a Member State or under provisions of Community law for the purpose of prohibiting the use of a Community trade mark to the extent that the use of a national trade mark may be prohibited under the law of that Member State or under Community law.

### Article 111

**Prior rights applicable to particular localities**

1. The proprietor of an earlier right which only applies to a particular locality may oppose the use of the Community trade mark in the territory

### Article 111

**Prior rights of less than national scope**

1. The proprietor of an earlier right with a scope of protection which does not extend to the whole territory of a Member State may oppose the use
where his right is protected in so far as the law of the Member State concerned so permits.

2. Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the Community trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the Community trade mark was applied for in bad faith.

3. The proprietor of the Community trade mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though that right may no longer be invoked against the Community trade mark.

SECTION 3
Conversion into a national trade mark application

Article 112
Request for the application of national procedure

1. The applicant for or proprietor of a Community trade mark may request the conversion of his Community trade mark application or Community trade mark into a national trade mark application:
   (a) to the extent that the Community trade mark application is refused, withdrawn, or deemed to be withdrawn;
   (b) to the extent that the Community trade mark ceases to have effect.

2. Conversion shall not take place:
   (a) where the rights of the proprietor of the Community trade mark have been revoked on the grounds of non-use, unless in the Member State for which conversion is requested the Community trade mark has been put to use which would be considered to be genuine use under the laws of that Member State;
   (b) for the purpose of protection in a Member State in which, in accordance with the decision of the Office or of the national court, grounds for refusal of registration or grounds for revocation or invalidity apply to the Community trade mark application or Community trade mark.

3. The national trade mark application resulting from the conversion of a Community trade mark application or a Community trade mark shall enjoy in respect of the Member State concerned
the date of filing or the date of priority of that application or trade mark and, where appropriate, the seniority of a trade mark of that State claimed under Articles 34 or 35.

4. In cases where a Community trade mark application is deemed to be withdrawn, the Office shall send to the applicant a communication fixing a period of three months from the date of that communication in which a request for conversion may be filed.

5. Where the Community trade mark application is withdrawn or the Community trade mark ceases to have effect as a result of a surrender being recorded or of failure to renew the registration, the request for conversion shall be filed within three months after the date on which the Community trade mark application has been withdrawn or on which the Community trade mark ceases to have effect.

6. Where the Community trade mark application is refused by decision of the Office or where the Community trade mark ceases to have effect as a result of a decision of the Office or of a Community trade mark court, the request for conversion shall be filed within three months after the date on which that decision acquired the authority of a final decision.

7. The effect referred to in Article 32 shall lapse if the request is not filed in due time.

**Article 113**

**Submission, publication and transmission of the request for conversion**

1. A request for conversion shall be filed with the Office and shall specify the Member States in which application of the procedure for registration of a national trade mark is desired. The request shall not be deemed to be filed until the conversion fee has been paid.

2. If the Community trade mark application has been published, receipt of any such request shall be recorded in the Register of Community trade marks and the request for conversion shall be published.

3. The Office shall check whether the conversion requested fulfils the conditions set out in this Regulation, in particular Article 112(1), (2), (4), (5) and (6), and paragraph 1 of this Article, together with the formal conditions laid down in the Implementing Regulation. If these conditions are fulfilled, the Office shall transmit the request for conversion to the industrial property offices of the Member States.
<table>
<thead>
<tr>
<th>Article 114</th>
<th>Article 114</th>
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<tbody>
<tr>
<td>Formal requirements for conversion</td>
<td>No change</td>
</tr>
<tr>
<td>1. Any central industrial property office to which the request for conversion is transmitted may obtain from the Office any additional information concerning the request enabling that office to make a decision regarding the national trade mark resulting from the conversion.</td>
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</tr>
<tr>
<td>2. A Community trade mark application or a Community trade mark transmitted in accordance with Article 113 shall not be subjected to formal requirements of national law which are different from or additional to those provided for in this Regulation or in the Implementing Regulation.</td>
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<tr>
<td>3. Any central industrial property office to which the request is transmitted may require that the applicant shall, within not less than two months:</td>
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<tr>
<td>(a) pay the national application fee;</td>
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<tr>
<td>(b) file a translation in one of the official languages of the State in question of the request and of the documents accompanying it;</td>
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<tr>
<td>(c) indicate an address for service in the State in question;</td>
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<tr>
<td>(d) supply a representation of the trade mark in the number of copies specified by the State in question.</td>
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<thead>
<tr>
<th>TITLE XII</th>
<th>TITLE XII</th>
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<tbody>
<tr>
<td>THE OFFICE</td>
<td>THE OFFICE</td>
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<tr>
<td>SECTION 1</td>
<td>SECTION 1</td>
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<tr>
<td>General provisions</td>
<td>General provisions</td>
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<table>
<thead>
<tr>
<th>Article 115</th>
<th>Article 115</th>
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<tbody>
<tr>
<td>Legal status</td>
<td>No change</td>
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<tr>
<td>1. The Office shall be a body of the Community. It shall have legal personality.</td>
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</tr>
<tr>
<td>2. In each of the Member States the Office shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings.</td>
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<tr>
<td>3. The Office shall be represented by its President.</td>
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| Article 116  
Staff  
1. The Staff Regulations of officials of the European Communities, hereinafter referred to as "the Staff Regulations", the Conditions of Employment of other servants of the European Communities, and the rules adopted by agreement between the Institutions of the European Communities for giving effect to those Staff Regulations and Conditions of Employment shall apply to the staff of the Office, without prejudice to the application of Article 136 to the members of the Boards of Appeal.  
2. Without prejudice to Article 125, the powers conferred on each Institution by the Staff Regulations and by the Conditions of Employment of other servants shall be exercised by the Office in respect of its staff.  
| Article 117  
Privileges and immunities  
The Protocol on the Privileges and Immunities of the European Communities shall apply to the Office.  
| Article 118  
Liability  
1. The contractual liability of the Office shall be governed by the law applicable to the contract in question.  
2. The Court of Justice shall be competent to give judgment pursuant to any arbitration clause contained in a contract concluded by the Office.  
3. In the case of non-contractual liability, the Office shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its departments or by its servants in the performance of their duties.  
4. The Court of Justice shall have jurisdiction in disputes relating to compensation for the damage referred to in paragraph 3.  
5. The personal liability of its servants towards the Office shall be governed by the provisions laid down in their Staff Regulations or in the Conditions of Employment applicable to them.  
| Article 116  
Staff  
No change  
| Article 117  
Privileges and immunities  
No change  
| Article 118  
Liability  
No change |
<table>
<thead>
<tr>
<th>Article 119 Languages</th>
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<tbody>
<tr>
<td>1. The application for a Community trade mark shall be filed in one of the official languages of the European Community.</td>
</tr>
<tr>
<td>2. The languages of the Office shall be English, French, German, Italian and Spanish.</td>
</tr>
<tr>
<td>3. The applicant must indicate a second language which shall be a language of the Office the use of which he accepts as a possible language of proceedings for opposition, revocation or invalidity proceedings. If the application was filed in a language which is not one of the languages of the Office, the Office shall arrange to have the application, as described in Article 26(1), translated into the language indicated by the applicant.</td>
</tr>
<tr>
<td>4. Where the applicant for a Community trade mark is the sole party to proceedings before the Office, the language of proceedings shall be the language used for filing the application for a Community trade mark. If the application was made in a language other than the languages of the Office, the Office may send written communications to the applicant in the second language indicated by the applicant in his application.</td>
</tr>
<tr>
<td>5. The notice of opposition and an application for revocation or invalidity shall be filed in one of the languages of the Office.</td>
</tr>
<tr>
<td>6. If the language chosen, in accordance with paragraph 5, for the notice of opposition or the application for revocation or invalidity is the language of the application for a trade mark or the second language indicated when the application was filed, that language shall be the language of the proceedings. If the language chosen, in accordance with paragraph 5, for the notice of opposition or the application for revocation or invalidity is neither the language of the application for a trade mark nor the second language indicated when the application was filed, the opposing party or the party seeking revocation or invalidity shall be required to produce, at his own expense, a translation of his application either into the language of the application for a trade mark, provided that it is a language of the Office, or into the second language indicated when the application was filed. The translation shall be produced within the period prescribed in the Implementing Regulation. The language into which the application has been translated shall then become the language of the proceedings.</td>
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</table>
7. Parties to opposition, revocation, invalidity or appeal proceedings may agree that a different official language of the European Community is to be the language of the proceedings.

<table>
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<tr>
<th>Article 120</th>
<th>Publication and entries in the Register</th>
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<tbody>
<tr>
<td>1. An application for a Community trade mark, as described in Article 26(1), and all other information the publication of which is prescribed by this Regulation or the Implementing Regulation, shall be published in all the official languages of the European Community.</td>
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<tr>
<td>2. All entries in the Register of Community trade marks shall be made in all the official languages of the European Community.</td>
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<tr>
<td>3. In cases of doubt, the text in the language of the Office in which the application for the Community trade mark was filed shall be authentic. If the application was filed in an official language of the European Community other than one of the languages of the Office, the text in the second language indicated by the applicant shall be authentic.</td>
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<tr>
<th>Article 121</th>
<th>Translation Centre</th>
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<tr>
<td>The translation services required for the functioning of the Office shall be provided by the Translation Centre for the Bodies of the European Union.</td>
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<tr>
<th>Article 122</th>
<th>Control of legality</th>
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<tbody>
<tr>
<td>1. The Commission shall check the legality of those acts of the President of the Office in respect of which Community law does not provide for any check on legality by another body and of acts of the Budget Committee attached to the Office pursuant to Article 138.</td>
<td></td>
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<tr>
<td>2. It shall require that any unlawful acts as referred to in paragraph 1 be altered or annulled.</td>
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<tr>
<td>3. Member States and any person directly and individually concerned may refer to the Commission any act as referred to in paragraph 1, whether express or implied, for the Commission to examine the legality of that act. Referral shall be made to the Commission within one month of the day on which the party...</td>
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concerned first became aware of the act in question. The Commission shall take a decision within three months. If no decision has been taken within this period, the case shall be deemed to have been dismissed.

<table>
<thead>
<tr>
<th>Article 123</th>
<th>Access to documents</th>
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<tr>
<td>2. The Administrative Board shall adopt the practical arrangements for Implementing Regulation (EC) No 1049/2001 with regard to this Regulation.</td>
<td></td>
</tr>
<tr>
<td>3. Decisions taken by the Office pursuant to Article 8 of Regulation (EC) No 1049/2001 may give rise to the lodging of a complaint to the Ombudsman or form the subject of an action before the Court of Justice, under the conditions laid down in Articles 195 and 230 of the Treaty respectively.</td>
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<th>Article 123</th>
<th>Access to documents</th>
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<th>SECTION 2</th>
<th>Mandate of the Office</th>
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<tr>
<td>Article 123a</td>
<td>Mandate of the Office</td>
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<tr>
<td>1. The Office shall have the following tasks:</td>
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<tr>
<td>(a) Administration of the Community trade mark system, as established in this Regulation;</td>
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<tr>
<td>(b) Administration of the Community design system, as established in Council Regulation (EC) No 6/2002 as amended;</td>
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<tr>
<td>(c) Cooperation with central industrial property offices in the Member States, including the Benelux Intellectual Property Office;</td>
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<tr>
<td>(d) Cooperation with industrial property offices of the Member States of the European Economic Area not Member States of the European Union;</td>
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<tr>
<td>(e) Cooperation with the World Intellectual Property Organisation;</td>
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<tr>
<td>(f) Cooperation with industrial property offices of</td>
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</table>
(g) Seeking and developing harmonized approaches together with the central industrial property offices of the Member States, including the Benelux Intellectual Property Office, to the protection of trade marks and designs,

(h) Participation in activities leading to improved measures for combating counterfeiting and piracy.

2. Additional tasks may be conferred on the Office by legislation or by administrative agreement.

3. In the execution of its tasks, the Office may enter into general or specific agreements with national offices or other institutions.

### Article 123b
**Role of the Administrative Board**

In addition to the competences of the Administrative Board as defined in Article 126, the Administrative Board shall give its agreement before any activity is undertaken in any of the fields referred to in Article 123a paragraph 1 (c) to (h), or prior to entering into any agreement pursuant to Article 123a paragraph 2.

### SECTION 2
**Management of the Office**

### Article 124
**Powers of the President**

1. The Office shall be managed by the President.

2. To this end the President shall have in particular the following functions and powers:

   (a) he shall take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office;

   (b) he may place before the Commission any proposal to amend this Regulation, the Implementing Regulation, the rules of procedure of the Boards of Appeal, the fees regulations and any other rules applying to Community trade marks after consulting the Administrative Board and, in the case of the fees regulations and the budgetary provisions of this Regulation, the Budget Committee;
(c) he shall draw up the estimates of the revenue and expenditure of the Office and shall implement the budget;

(d) he shall submit a management report to the Commission, the European Parliament and the Administrative Board each year;

(e) he shall exercise in respect of the staff the powers laid down in Article 116(2);

(f) he may delegate his powers.

3. The President shall be assisted by one or more Vice-Presidents. If the President is absent or indisposed, the Vice-President or one of the Vice-Presidents shall take his place in accordance with the procedure laid down by the Administrative Board.

### Article 125

**Appointment of senior officials**

1. The President of the Office shall be appointed by the Council from a list of at most three candidates, which shall be prepared by the Administrative Board. Power to dismiss the President shall lie with the Council, acting on a proposal from the Administrative Board.

2. The term of office of the President shall not exceed five years. This term of office shall be renewable.

3. The Vice-President or Vice-Presidents of the Office shall be appointed or dismissed as in paragraph 1, after consultation of the President.

4. The Council shall exercise disciplinary authority over the officials referred to in paragraphs 1 and 3.

### Article 126

**Creation and powers**

1. An Administrative Board is hereby set up, attached to the Office. Without prejudice to the powers attributed to the Budget Committee in Section 5 — budget and financial control — the Administrative Board shall have the powers defined below.

2. The Administrative Board shall draw up the lists of candidates provided for in Article 125.
3. It shall advise the President on matters for which the Office is responsible.

4. It shall be consulted before adoption of the guidelines for examination in the Office and in the other cases provided for in this Regulation.

5. It may deliver opinions and requests for information to the President and to the Commission where it considers that this is necessary.

<table>
<thead>
<tr>
<th>Article 127 Composition</th>
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<tbody>
<tr>
<td>1. The Administrative Board shall be composed of one representative of each Member State and one representative of the Commission and their alternates.</td>
</tr>
<tr>
<td>2. The members of the Administrative Board may, subject to the provisions of its rules of procedure, be assisted by advisers or experts.</td>
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<thead>
<tr>
<th>Article 128 Chairmanship</th>
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<tbody>
<tr>
<td>1. The Administrative Board shall elect a chairman and a deputy chairman from among its members. The deputy chairman shall ex officio replace the chairman in the event of his being prevented from attending to his duties.</td>
</tr>
<tr>
<td>2. The duration of the terms of office of the chairman and the deputy chairman shall be three years. The terms of office shall be renewable.</td>
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<tr>
<th>Article 129 Meetings</th>
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<tbody>
<tr>
<td>1. Meetings of the Administrative Board shall be convened by its chairman.</td>
</tr>
<tr>
<td>2. The President of the Office shall take part in the deliberations, unless the Administrative Board decides otherwise.</td>
</tr>
<tr>
<td>3. The Administrative Board shall hold an ordinary meeting once a year; in addition, it shall meet on the initiative of its chairman or at the request of the Commission or of one-third of the Member States.</td>
</tr>
<tr>
<td>4. The Administrative Board shall adopt rules of procedure.</td>
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</table>
5. The Administrative Board shall take its decisions by a simple majority of the representatives of the Member States. However, a majority of three-quarters of the representatives of the Member States shall be required for the decisions which the Administrative Board is empowered to take under Article 125(1) and (3). In both cases each Member State shall have one vote.

6. The Administrative Board may invite observers to attend its meetings.

7. The Secretariat for the Administrative Board shall be provided by the Office.

### SECTION 4
Implementation of procedures

### Article 130
Competence

For taking decisions in connection with the procedures laid down in this Regulation, the following shall be competent:

- (a) examiners;
- (b) Opposition Divisions;
- (c) an Administration of Trade Marks and Legal Division;
- (d) Cancellation Divisions;
- (e) Boards of Appeal.

### Article 131
Examiners

An examiner shall be responsible for taking decisions on behalf of the Office in relation to an application for registration of a Community trade mark, including the matters referred to in Articles 36, 37 and 68, except in so far as an Opposition Division is responsible.

### Article 132
Opposition Divisions

1. An Opposition Division shall be responsible for taking decisions on an opposition to an application to register a Community trade mark.

2. The decisions of the Opposition Divisions shall be taken by three-member groups. At least one member shall be legally qualified. In certain
specific cases provided for in the Implementing Regulation, the decisions shall be taken by a single member.

<table>
<thead>
<tr>
<th>Article 133 Administration of Trade Marks and Legal Division</th>
</tr>
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<tbody>
<tr>
<td>1. The Administration of Trade Marks and Legal Division shall be responsible for those decisions required by this Regulation which do not fall within the competence of an examiner, an Opposition Division or a Cancellation Division. It shall in particular be responsible for decisions in respect of entries in the Register of Community trade marks.</td>
</tr>
<tr>
<td>2. It shall also be responsible for keeping the list of professional representatives which is referred to in Article 93.</td>
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<tr>
<td>3. A decision of the Division shall be taken by one member.</td>
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<tr>
<th>Article 134 Cancellation Divisions</th>
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<tbody>
<tr>
<td>1. A Cancellation Division shall be responsible for taking decisions in relation to an application for the revocation or declaration of invalidity of a Community trade mark.</td>
</tr>
<tr>
<td>2. The decisions of the Cancellation Divisions shall be taken by three-member groups. At least one member shall be legally qualified. In certain specific cases provided for in the Implementing Regulation, the decisions shall be taken by a single member.</td>
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<tr>
<th>Article 135 Boards of Appeal</th>
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<tbody>
<tr>
<td>1. The Boards of Appeal shall be responsible for deciding on appeals from decisions of the examiners, Opposition Divisions, Administration of Trade Marks and Legal Division and Cancellation Divisions.</td>
</tr>
<tr>
<td>2. The decisions of the Boards of Appeal shall be taken by three members, at least two of whom are legally qualified. In certain specific cases, decisions shall be taken by an enlarged Board chaired by the President of the Boards of Appeal or by a single member, who must be legally qualified.</td>
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<tr>
<td>3. In order to determine the special cases which fall under the jurisdiction of the enlarged Board,</td>
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account should be taken of the legal difficulty or the importance of the case or of special circumstances which justify it. Such cases may be referred to the enlarged Board:

(a) by the authority of the Boards of Appeal set up in accordance with the rules of procedure of the Boards referred to in Article 162(3); or

(b) by the Board handling the case.

4. The composition of the enlarged Board and the rules on referrals to it shall be laid down pursuant to the rules of procedure of the Boards referred to in Article 162(3).

5. To determine which specific cases fall under the authority of a single member, account should be taken of the lack of difficulty of the legal or factual matters raised, the limited importance of the individual case or the absence of other specific circumstances. The decision to confer a case on one member in the cases referred to shall be adopted by the Board handling the case. Further details shall be laid down in the rules of procedure of the Boards referred to in Article 162(3).

Article 136
Independence of the members of the Boards of Appeal

1. The President of the Boards of Appeal and the chairmen of the Boards shall be appointed, in accordance with the procedure laid down in Article 125 for the appointment of the President of the Office, for a term of five years. They may not be removed from office during this term, unless there are serious grounds for such removal and the Court of Justice, on application by the institution which appointed them, takes a decision to this effect. The term of office of the President of the Boards of Appeal and the chairmen of the Boards may be renewed for additional five-year periods, or until retirement age if this age is reached during the new term of office.

The President of the Boards of Appeal shall, inter alia, have managerial and organisational powers, principally to:

(a) chair the authority of the Boards of Appeal responsible for laying down the rules and organising the work of the Boards, which authority is provided for in the rules of procedure of the Boards referred to in Article 162(3);

(b) ensure the implementation of the authority's
decisions;

(c) allocate cases to a Board on the basis of objective criteria determined by the authority of the Boards of Appeal;

(d) forward to the President of the Office the Boards' expenditure requirements, with a view to drawing up the expenditure estimates.

The President of the Boards of Appeal shall chair the enlarged Board.

Further details shall be laid down in the rules of procedure of the Boards referred to in Article 162(3).

2. The members of the Boards of Appeal shall be appointed by the Administrative Board for a term of five years. Their term of office may be renewed for additional five-year periods, or until retirement age if that age is reached during the new term of office.

3. The members of the Boards of Appeal may not be removed from office unless there are serious grounds for such removal and the Court of Justice, after the case has been referred to it by the Administrative Board on the recommendation of the President of the Boards of Appeal, after consulting the chairman of the Board to which the member concerned belongs, takes a decision to this effect.

4. The President of the Boards of Appeal and the chairmen and members of the Boards of Appeal shall be independent. In their decisions they shall not be bound by any instructions.

5. The President of the Boards of Appeal and the chairmen and members of the Boards of Appeal may not be examiners or members of the Opposition Divisions, Administration of Trade Marks and Legal Division or Cancellation Divisions.

Article 137
Exclusion and objection

1. Examiners and members of the Divisions set up within the Office or of the Boards of Appeal may not take part in any proceedings if they have any personal interest therein, or if they have previously been involved as representatives of one of the parties. Two of the three members of an Opposition Division shall not have taken part in examining the application. Members of the Cancellation Divisions may not take part in any proceedings if they have participated in the final decision on
the case in the proceedings for registration or opposition proceedings. Members of the Boards of Appeal may not take part in appeal proceedings if they participated in the decision under appeal.

2. If, for one of the reasons mentioned in paragraph 1 or for any other reason, a member of a Division or of a Board of Appeal considers that he should not take part in any proceedings, he shall inform the Division or Board accordingly.

3. Examiners and members of the Divisions or of a Board of Appeal may be objected to by any party for one of the reasons mentioned in paragraph 1, or if suspected of partiality. An objection shall not be admissible if, while being aware of a reason for objection, the party has taken a procedural step. No objection may be based upon the nationality of examiners or members.

4. The Divisions and the Boards of Appeal shall decide as to the action to be taken in the cases specified in paragraphs 2 and 3 without the participation of the member concerned. For the purposes of taking this decision the member who withdraws or has been objected to shall be replaced in the Division or Board of Appeal by his alternate.

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<th>SECTION 5</th>
<th>SECTION 6</th>
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<td>Budget and financial control</td>
<td>Budget and financial control</td>
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**Article 138**  
**Budget Committee**

1. A Budget Committee is hereby set up, attached to the Office. The Budget Committee shall have the powers assigned to it in this Section and in Article 38(4).

2. Articles 126(6), 127, 128 and 129(1) to (4), (6) and (7) shall apply to the Budget Committee mutatis mutandis.

3. The Budget Committee shall take its decisions by a simple majority of the representatives of the Member States. However, a majority of three-quarters of the representatives of the Member States shall be required for the decisions which the Budget Committee is empowered to take under Articles 38(4), 140(3) and 143. In both cases each Member State shall have one vote.

**Article 139**

No change
### Budget

1. Estimates of all the Office's revenue and expenditure shall be prepared for each financial year and shall be shown in the Office's budget, and each financial year shall correspond with the calendar year.

2. The revenue and expenditure shown in the budget shall be in balance.

3. Revenue shall comprise, without prejudice to other types of income, total fees payable under the fees regulations, total fees payable under the Madrid Protocol referred to in Article 140 of this Regulation for an international registration designating the European Community and other payments made to Contracting Parties to the Madrid Protocol, total fees payable under the Geneva Act referred to in Article 106c of Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs for an international registration designating the European Community and other payments made to Contracting Parties to the Geneva Act, and, to the extend necessary, a subsidy entered against a specific heading of the general budget of the European Communities, Commission section.

4. Expenditure shall include an amount equivalent to fifty percent of the fees paid for the renewal of Community trade marks. This amount shall be distributed to the Member States to be used by their trade mark offices for purposes closely related to the protection, promotion and enforcement of trade marks at the level of the European Union. The criteria for the distribution of the amounts shall be established in the Fees Regulation referred to in Article 144.

### Article 140

**Preparation of the budget**

1. The President shall draw up each year an estimate of the Office's revenue and expenditure for the following year and shall send it to the Budget Committee not later than 31 March in each year, together with a list of posts.

2. Should the budget estimates provide for a Community subsidy, the Budget Committee shall immediately forward the estimate to the Commission, which shall forward it to the budget authority of the Communities. The Commission may attach an opinion on the estimate along with an alternative estimate.

3. The Budget Committee shall adopt the
budget, which shall include the Office’s list of posts. Should the budget estimates contain a subsidy from the general budget of the Communities, the Office’s budget shall, if necessary, be adjusted.

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<tr>
<th>Article 141</th>
<th>Audit and control</th>
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<tbody>
<tr>
<td>1. An internal audit function shall be set up within the Office, to be performed in compliance with the relevant international standards. The internal auditor, appointed by the President, shall be responsible to him for verifying the proper operation of budget implementation systems and procedures of the Office.</td>
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<tr>
<td>2. The internal auditor shall advise the President on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</td>
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<tr>
<td>3. The responsibility for putting in place internal control systems and procedures suitable for carrying out his tasks shall lie with the authorising officer.</td>
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<tr>
<th>Article 142</th>
<th>Auditing of accounts</th>
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<tr>
<td>1. Not later than 31 March in each year the President shall transmit to the Commission, the European Parliament, the Budget Committee and the Court of Auditors accounts of the Office’s total revenue and expenditure for the preceding financial year. The Court of Auditors shall examine them in accordance with Article 248 of the Treaty.</td>
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<tr>
<td>2. The Budget Committee shall give a discharge to the President of the Office in respect of the implementation of the budget.</td>
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<thead>
<tr>
<th>Article 143</th>
<th>Financial provisions</th>
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<tr>
<td>The Budget Committee shall, after consulting the Court of Auditors of the European Communities and the Commission, adopt internal financial provisions specifying, in particular, the procedure for establishing and implementing the Office’s budget. As far as is compatible with the particular nature of the Office, the financial provisions shall be based on the financial regulations adopted for other</td>
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<th>Article 141</th>
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<th>Auditing of accounts</th>
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<tr>
<td><strong>No change</strong></td>
<td></td>
</tr>
</tbody>
</table>
**Article 144**
**Fees regulations**

1. The fees regulations shall determine in particular the amounts of the fees and the ways in which they are to be paid.

2. The amounts of the fees shall be fixed at such a level as to ensure that the revenue in respect thereof is in principle sufficient for the budget of the Office to be balanced.

3. The fees regulations shall be adopted and amended in accordance with the procedure referred to in Article 163(2).

**TITLE XIII**
**INTERNATIONAL REGISTRATION OF MARKS**

**SECTION 1**
**General provisions**

**Article 145**
**Application of provisions**

Unless otherwise specified in this title, this Regulation and its Implementing Regulations shall apply to applications for international registrations under the Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 27 June 1989 (hereafter referred to as "international applications" and "the Madrid Protocol" respectively), based on an application for a Community trade mark or on a Community trade mark and to registrations of marks in the international register maintained by the International Bureau of the World Intellectual Property Organisation (hereafter referred to as "international registrations" and "the International Bureau", respectively) designating the European Community.

**SECTION 2**
**International registration on the basis of applications for a Community trade mark and of Community trade marks**

**Article 146**
**Filing of an international application**

1. International applications pursuant to Article 3 of the Madrid Protocol based on an application

**No change**
for a Community trade mark or on a Community trade mark shall be filed at the Office.

2. Where an international application is filed before the mark on which the international registration is to be based has been registered as a Community trade mark, the applicant for the international registration must indicate whether the international registration is to be based on a Community trade mark application or registration. Where the international registration is to be based on a Community trade mark once it is registered, the international application shall be deemed to have been received at the Office on the date

<p>| Article 147 | Article 147 |
| Form and contents of the international application | Form and contents of the international application |
| 1. The international application shall be filed in one of the official languages of the European Community, using a form provided by the Office. Unless otherwise specified by the applicant on that form when he files the international application, the Office shall correspond with the applicant in the language of filing in a standard form. | No change |
| 2. If the international application is filed in a language which is not one of the languages allowed under the Madrid Protocol, the applicant must indicate a second language from among those languages. This shall be the language in which the Office submits the international application to the International Bureau. | |
| 3. Where the international application is filed in a language other than one of the languages allowed under the Madrid Protocol for the filing of international applications, the applicant may provide a translation of the list of goods or services in the language in which the international application is to be submitted to the International Bureau pursuant to paragraph 2. | |
| 4. The Office shall forward the international application to the International Bureau as soon as possible. | |
| 5. The filing of an international application shall be subject to the payment of a fee to the Office. In the cases referred to in the second sentence of Article 146(2), the fee shall be due on the date of registration of the Community trade mark. The application shall be deemed not to have been filed until the required fee has been paid. | |
| 6. The international application must fulfil the relevant conditions laid down in the | |</p>
<table>
<thead>
<tr>
<th>Article 148</th>
<th>Recordal in the files and in the Register</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The date and number of an international registration based on a Community trade mark application, shall be recorded in the files of that application. When the application results in a Community trade mark, the date and number of the international registration shall be entered in the Register.</td>
<td></td>
</tr>
<tr>
<td>2. The date and number of an international registration based on a Community trade mark shall be entered in the Register.</td>
<td></td>
</tr>
<tr>
<td>Article 149</td>
<td>Request for territorial extension subsequent to the international registration</td>
</tr>
<tr>
<td>A request for territorial extension made subsequent to the international registration pursuant to Article 3ter(2) of the Madrid Protocol may be filed through the intermediary of the Office. The request must be filed in the language in which the international application was filed pursuant to Article 147.</td>
<td></td>
</tr>
<tr>
<td>Article 150</td>
<td>International fees</td>
</tr>
<tr>
<td>Any fees payable to the International Bureau under the Madrid Protocol shall be paid direct to the International Bureau.</td>
<td></td>
</tr>
<tr>
<td>Article 151</td>
<td>Effects of international registrations designating the European Community</td>
</tr>
<tr>
<td>1. An international registration designating the European Community shall, from the date of its registration pursuant to Article 3(4) of the Madrid Protocol or from the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol, have the same effect as an application for a Community trade mark.</td>
<td></td>
</tr>
<tr>
<td>2. If no refusal has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the...</td>
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</table>
international registration of a mark designating the European Community shall, from the date referred to in paragraph 1, have the same effect as the registration of a mark as a Community trade mark.

3. For the purposes of applying Article 9(3), publication of the particulars of the international registration designating the European Community pursuant to Article 152(1) shall take the place of publication of a Community trade mark application, and publication pursuant to Article 152(2) shall take the place of publication of the registration of a Community trade mark.

<table>
<thead>
<tr>
<th>Article 152 Publication</th>
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</thead>
<tbody>
<tr>
<td>1. The Office shall publish the date of registration of a mark designating the European Community pursuant to Article 3(4) of the Madrid Protocol or the date of the subsequent designation of the European Community pursuant to Article 3ter(2) of the Madrid Protocol, the language of filing of the international application and the second language indicated by the applicant, the number of the international registration and the date of publication of such registration in the Gazette published by the International Bureau, a reproduction of the mark and the numbers of the classes of the goods or services in respect of which protection is claimed.</td>
</tr>
<tr>
<td>2. If no refusal of protection of an international registration designating the European Community has been notified in accordance with Article 5(1) and (2) of the Madrid Protocol or if any such refusal has been withdrawn, the Office shall publish this fact, together with the number of the international registration and, where applicable, the date of publication of such registration in the Gazette published by the International Bureau.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Article 153 Seniority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The applicant for an international registration designating the European Community may claim, in the international application, the seniority of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, as provided for in Article 34.</td>
</tr>
<tr>
<td>2. The holder of an international registration designating the European Community may, as</td>
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<table>
<thead>
<tr>
<th>Article 153 Seniority</th>
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<tr>
<td>No change</td>
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<table>
<thead>
<tr>
<th>Article 152 Publication</th>
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</thead>
<tbody>
<tr>
<td>No change</td>
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</table>

450
from the date of publication of the effects of such registration pursuant to Article 152(2), claim at the Office the seniority of an earlier trade mark registered in a Member State, including a trade mark registered in the Benelux countries, or registered under international arrangements having effect in a Member State, as provided for in Article 35. The Office shall notify the International Bureau accordingly.

<table>
<thead>
<tr>
<th>Article 154</th>
<th>Examination as to absolute grounds for refusal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. International registrations designating the European Community shall be subject to examination as to absolute grounds for refusal in the same way as applications for Community trade marks.</td>
<td></td>
</tr>
<tr>
<td>2. Protection of an international registration shall not be refused before the holder of the international registration has been allowed the opportunity to renounce or limit the protection in respect of the European Community or of submitting his observations.</td>
<td></td>
</tr>
<tr>
<td>3. Refusal of protection shall take the place of refusal of a Community trade mark application.</td>
<td></td>
</tr>
<tr>
<td>4. Where protection of an international registration is refused by a decision under this Article which has become final or where the holder of the international registration has renounced the protection in respect of the European Community pursuant to paragraph 2, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 155</th>
<th>Search</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Once the Office has received a notification of an international registration designating the European Community, it shall draw up a Community search report as provided for in Article 38(1).</td>
<td></td>
</tr>
<tr>
<td>2. As soon as the Office has received a notification of an international registration designating the European Community, the Office shall transmit a copy thereof to the central industrial property office of each Member State which has informed the Office of its decision to operate a search in its own register of trade marks as provided for in Article 38(2).</td>
<td></td>
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<table>
<thead>
<tr>
<th>Article 155</th>
<th>Search</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Once the Office has received a notification of an international registration designating the European Community, it shall draw up a Community search report as provided for in Article 38(1).</td>
<td></td>
</tr>
<tr>
<td>2. No change</td>
<td></td>
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</table>

3. Article 38 (2) to (6) shall apply mutatis
<table>
<thead>
<tr>
<th>Article 38(3) to (6) shall apply mutatis mutandis.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 156</td>
</tr>
<tr>
<td><strong>Opposition</strong></td>
</tr>
<tr>
<td>1. International registration designating the European Community shall be subject to opposition in the same way as published Community trade mark applications.</td>
</tr>
<tr>
<td>2. Notice of opposition shall be filed within a period of three months which shall begin six months following the date of the publication pursuant to Article 152(1). The opposition shall not be treated as duly entered until the opposition fee has been paid.</td>
</tr>
<tr>
<td>3. Refusal of protection shall take the place of refusal of a Community trade mark application.</td>
</tr>
<tr>
<td>4. Where protection of an international registration is refused by a decision under this Article which has become final or where the holder of the international registration has renounced the protection in respect of the European Community prior to a decision under this Article which has become final, the Office shall refund the holder of the international registration a part of the individual fee to be laid down in the Implementing Regulation.</td>
</tr>
<tr>
<td>Article 157</td>
</tr>
<tr>
<td><strong>Replacement of a Community trade mark by an international registration</strong></td>
</tr>
<tr>
<td>The Office shall, upon request, enter a notice in the Register that a Community trade mark is deemed to have been replaced by an international registration in accordance with Article 4bis of the Madrid Protocol.</td>
</tr>
<tr>
<td>Article 158</td>
</tr>
<tr>
<td><strong>Invalidation of the effects of an international registration</strong></td>
</tr>
<tr>
<td>1. The effects of an international registration designating the European Community may be declared invalid.</td>
</tr>
</tbody>
</table>

4. No change

No provision

No change
2. The application for invalidation of the effects of an international registration designating the European Community shall take the place of an application for a declaration of revocation as provided for in Article 51 or for a declaration of invalidity as provided for in Article 52 or Article 53.

### Article 159
Conversion of a designation of the European Community through an international registration into a national trade mark application or into a designation of Member States

1. Where a designation of the European Community through an international registration has been refused or ceases to have effect, the holder of the international registration may request the conversion of the designation of the European Community:

   (a) into a national trade mark application pursuant to Articles 112, 113 and 114;

   (b) into a designation of a Member State party to the Madrid Protocol or the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 14 April 1891, as revised and amended (hereafter referred to as the "Madrid Agreement"), provided that on the date when conversion was requested it was possible to have designated that Member State directly under the Madrid Protocol or the Madrid Agreement. Articles 112, 113 and 114 shall apply.

2. The national trade mark application or the designation of a Member State party to the Madrid Protocol or the Madrid Agreement resulting from the conversion of the designation of the European Community through an international registration shall enjoy, in respect of the Member State concerned, the date of the international registration pursuant to Article 3(4) of the Madrid Protocol or the date of the extension to the European Community pursuant to Article 3ter(2) of the Madrid Protocol if the latter was made subsequently to the international registration, or the date of priority of that registration and, where appropriate, the seniority of a trade mark of that State claimed under Article 153.

3. The request for conversion shall be published.

### Article 159
Conversion of a designation of the European Community through an international registration into a national trade mark application or into a designation of Member States

1. No change

   (a) no change

2. The national trade mark application or the designation of a Member State party to the Madrid Protocol resulting from the conversion of the designation of the European Community through an international registration shall enjoy, in respect of the Member State concerned, the date of the international registration pursuant to Article 3(4) of the Madrid Protocol or the date of the extension to the European Community pursuant to Article 3ter(2) of the Madrid Protocol if the latter was made subsequently to the international registration, or the date of priority of that registration and, where appropriate, the seniority of a trade mark of that State claimed under Article 153.

3. No change

### Article 160
Use of a mark subject of an international
For the purposes of applying Article 15(1), Article 42(2), Article 51(1)(a) and Article 57(2), the date of publication pursuant to Article 152(2) shall take the place of the date of registration for the purpose of establishing the date as from which the mark which is the subject of an international registration designating the European Community must be put to genuine use in the Community.

Article 161
Transformation

1. Subject to paragraph 2, the provisions applicable to Community trade mark applications shall apply mutatis mutandis to applications for transformation of an international registration into a Community trade mark application pursuant to Article 9quinquies of the Madrid Protocol.

2. When the application for transformation relates to an international registration designating the European Community the particulars of which have been published pursuant to Article 152(2), Articles 37 to 42 shall not apply.

Article 162
Community implementing provisions

1. The rules implementing this Regulation shall be adopted in an Implementing Regulation.

2. In addition to the fees provided for in the preceding Articles, fees shall be charged, in accordance with the detailed rules of application laid down in the Implementing Regulation, in the cases listed below:

(a) late payment of the registration fee;

(b) issue of a copy of the certificate of registration;

(c) registration of a licence or another right in respect of a Community trade mark;

(d) registration of a licence or another right in respect of an application for a Community trade mark;

(e) cancellation of the registration of a licence or
another right;

(f) alteration of a registered Community trade mark;

(g) issue of an extract from the Register;

(h) inspection of the files;

(i) issue of copies of file documents;

(j) issue of certified copies of the application;

(k) communication of information in a file;

(l) review of the determination of the procedural costs to be refunded.

3. The Implementing Regulation and the rules of procedure of the Boards of Appeal shall be adopted and amended in accordance with the procedure referred to in Article 163(2).

<table>
<thead>
<tr>
<th>Article 163</th>
<th>Establishment of a committee and procedure for the adoption of implementing regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Commission shall be assisted by a committee referred to as the &quot;Committee on Fees, Implementation Rules and the Procedure of the Boards of Appeal of the Office for Harmonisation in the Internal Market (trade marks and designs)&quot;.</td>
</tr>
<tr>
<td>2.</td>
<td>Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply.</td>
</tr>
<tr>
<td></td>
<td>The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at three months.</td>
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<table>
<thead>
<tr>
<th>Article 164</th>
<th>Compatibility with other Community legal provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Regulation shall not affect Council Regulation (EC) No 510/2006, and in particular Article 14 thereof.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Article 165</th>
<th>Provisions relating to the enlargement of the Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. As from the date of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia (hereinafter referred to</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 163</th>
<th>Establishment of a committee and procedure for the adoption of implementing regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be adapted to Lisbon Treaty</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Article 164</th>
<th>Compatibility with other Community legal provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Regulation shall be without prejudice to the application of Community legislation governing the protection of designations of origin and geographical indications.</td>
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</table>

<table>
<thead>
<tr>
<th>Article 165</th>
<th>Provisions relating to the enlargement of the Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>No change</td>
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</tbody>
</table>

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as "new Member State(s)"). A Community trade mark registered or applied for pursuant to this Regulation before the respective dates of accession shall be extended to the territory of those Member States in order to have equal effect throughout the Community.

2. The registration of a Community trade mark which is under application at the date of accession may not be refused on the basis of any of the absolute grounds for refusal listed in Article 7(1), if these grounds became applicable merely because of the accession of a new Member State.

3. Where an application for the registration of a Community trade mark has been filed during the six months prior to the date of accession, notice of opposition may be given pursuant to Article 41 where an earlier trade mark or another earlier right within the meaning of Article 8 was acquired in a new Member State prior to accession, provided that it was acquired in good faith and that the filing date or, where applicable, the priority date or the date of acquisition in the new Member State of the earlier trade mark or other earlier right precedes the filing date or, where applicable, the priority date of the Community trade mark applied for.

4. A Community trade mark as referred to in paragraph 1 may not be declared invalid:

(a) pursuant to Article 52 if the grounds for invalidity became applicable merely because of the accession of a new Member State;

(b) pursuant to Article 53(1) and (2) if the earlier national right was registered, applied for or acquired in a new Member State prior to the date of accession.

5. The use of a Community trade mark as referred to in paragraph 1 may be prohibited pursuant to Articles 110 and 111, if the earlier trade mark or other earlier right was registered, applied for or acquired in good faith in the new Member State prior to the date of accession of that State; or, where applicable, has a priority date prior to the date of accession of that State.

<table>
<thead>
<tr>
<th>Article 166</th>
<th>Repeal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation (EC) No 40/94, as amended by the instruments set out in Annex I, is repealed. References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex II.</td>
<td>Article 166 Repeal</td>
</tr>
<tr>
<td>To be adapted.</td>
<td></td>
</tr>
</tbody>
</table>
### Article 167
#### Entry into force

1. This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union.

2. The Member States shall within three years following entry into force of Regulation (EC) No 40/94 take the necessary measures for the purpose of implementing Articles 95 and 114. This Regulation shall be binding in its entirety and directly applicable in all Member States.

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Done at Brussels, 26 February 2009.
For the Council
The President
I. Langer
Explanations and links (CTMR)

**Titel (Chapeau)**

Makes reference to Art. 114 TFEU

**Recitals**

(1) Self-explanatory

(2) Undistorted competition is one of the justifications for trade mark protection; TMS III 1.23 (cf. Recital (4) TMD)

(3) The various trade mark functions are mentioned; TMS III 2.179 (cf. Recital (5) TMD)

(4) No change in substance vis-à-vis current Recital (2)

(5) General principles of EU law (autonomy, unitary character and coexistence); TMS III 1.1 et seq, 1.13 et seq

(6) Self-explanatory

(7) Coexistence; no replacement of national systems; TMS III 1.4; V 1.1

(8) Tasks and mandate of OHIM; TMS IV 7 et seq

(9) Coherence; alignment of national laws with the CTM system; TMS III 1.18; V 2.3

(10) Self-explanatory

(11) Binding obligations resulting from international treaties to which the EU has acceded; TMS III 1.56

(12) Mandatory implementation of Art. 6bis Paris Convention on the national level; TMS III 2.137

(13) Self-explanatory

(14) Exclusion from protection of mere concepts; representation requirements; Art. 4 (1) (cf. Recital (13) TMD)

(15) Self-explanatory

(16), (17) Assessment of descriptive character; taking account of the need for third parties to make use of the sign; same criteria as for distinctiveness; TMS III 1.47, 1.48 (cf. Recitals (15) and (16) TMD)

(19) Self-explanatory

(20) Absolute bar against protection of functional shapes; Art. 7 (1) (e) (i) (cf. Recital (19) TMD).

(21) Acquiring distinctiveness, in particular if the sign is not perceived as distinctive anywhere in the EU; TMS III 3.70 et seq, 3.77

(22) Self-explanatory

(23) Self-explanatory

(24) Requirement of territory-wide protection for a younger sign on which an opposition or cancellation request against a CTM is based; Art. (8) (4) (b)
Other rights applying on the EU-level on which an opposition against a CTM may be based; TMS III 2.313

Reservation for prior rights of third parties; Art. 9 (2)

Self-explanatory

Double identity; definition of identical marks; TMS III 2.153; wording from Case C-291/00 LTJ Diffusion (cf. Recital (23) TMD)

Self-explanatory

Relationship between the degree of distinctiveness and scope of protection; TMS III 2.194 (cf. Recital (25) TMD)

No finding of likelihood of confusion based on non-registrable elements; TMS III 2.47 (cf. Recital (26) TMD)

Self-explanatory

Application of the double identity rule in relation to the alleged infringer’s own goods or services as well as to referential use; TMS III 2.181 (cf. Recital (29) TMD)

Trade mark use must distinguish goods or services as to their commercial origin; TMS III 2.208; for use in the course of trade see TMS III 2.202 (cf. Recital (31) TMD)

Trade mark use referring to goods or services as those of the proprietor; TMS III 2.181, 2.261 (cf. Recital (32) TMD)

Trade mark use in comparative advertising; Art. 9 (3) (g) (cf. Recital (33) TMD)

Possible territorial restrictions of the right to prohibit use in the EU due to linguistic or other diversities; TMS III 3.85; 3.96

Infringing use in custom-free zones; TMS III 2.212 (cf. Recital (34) TMD)

Use of trade names as designation for goods or services; Art. 9 (3) (e) (cf. Recital (35) TMD)

Infringement in transit cases; Art. 9 (3) (d) (cf. Recital (36) TMD)

Use for other purposes than to distinguish goods and services; implementation of Art. 5 (5) TMD; Art. 9 (4) (cf. Recital (37) TMD)

Limitations of rights conferred in case of fair use of one’s personal name; Art. 12 (1) (a); use of signs which are not distinctive or of descriptive signs or indications; Art. 12 (1) (b); honest referential use; Art. 12 (1) (c) (cf. Recital (38) TMD)

Exhaustion: including the EEA; Art. 13 (1); “putting on the market” defined in accordance with Case C-1/03 –Peak Holding; TMS III 2.243; holder’s consent in case of different person or entities, Case C-9/93 – IHT Heiztechnik/Ideal Standard; TMS III 2.271; relevance of case law concerning primary Union law, Case C-379/97 – Paranova/Upjohn; TMS III 2.270 (cf. Recital (39) TMD)

Principle of acquiescence; Art. 54

Intervening rights; Art. 15a

States in a positive manner that trade marks must be used in order to fulfill their essential purpose;
Lacking intent of use as ground for refusal or invalidity (application in bad faith); TMS III 2.88; 2.110 (cf. Recital (43) TMD)

Self-explanatory

Definition of genuine use in accordance with ECJ jurisprudence; TMS III 2.82; 2.110; “sale” not being the only form of distribution by which trade marks can be used so as to fulfill their purpose; clarification vis-à-vis Case C-495/07 – Silberquelle; TMS III 2.83; 2.107; 2.120 (cf. Recital (45) TMD)

Political frontiers not decisive for assessing genuine use in the EU; TMS III 3.13; 3.17

Definition of non-use in opposition, cancellation, or infringement proceedings; TMS III 2.280

Dismissal of claims for infringement in case of intervening rights; TMS III 2.280

Wording of current Recital (11) slightly changed, deleting “subject to the overriding need of the public being misled as a result of the transfer”; Art. 17 (4).

Optional filing through national offices; time-frame shortened; Art. 25 (3)

Classification; specificity requirements; TMS III 4.60, 4.61

Self-explanatory; partly reflecting current OHIM practice.

Adaptations motivated by the Madrid Protocol; TMS III 5.9

Role and tasks of OHIM; TMS IV 6

Cooperation with other offices; TMS IV 8

Additional tasks; TMS IV 16 et seq.

Redistribution of fees to national offices; Art. 139

Consequential changes in view of proposed Recital 63; no change in substance from current Recital (13).

**Individual provisions**

**Article 4 (1)**

Adds “whether visible or not”, Case C-273/00 – Sieckmann, para 45; TMS III 2.4; adds as further examples of forms of signs of which a trade mark may consist: colours per se, Case C-104/01 – Libertel; sounds, Case C-283/01 – Shield Mark/Kist

**Article 4 (2)**

Circumscribes the essential requirements for representation as indicated in Case C-273/00 – Sieckmann, (5)5, without requiring graphical representation; TMS III 2.15 (cf. Art. 3 TMD)

**Article 7 (1) (d)**

Expresses the same concept as in current Art. 7 (1) (d) and Art. 6 quinquies B Nr. 2 Paris Convention in more modern language conforming to Art. 51 (1) (b); TMS III 4.215; refers to the goods or services for which the mark is applied for or registered, in accordance with Case C-517/99 – Merz & Krell (“Bravo”) (cf. Art. 4 (1) (d) TMD)
Article 7 (1) (e) (i)
Replaces current Art. 7 (e) (i) by a provision referring to all forms of signs resulting from the technical or functional nature of goods; TMS III 2.31 (cf. Art. 3 (1) (e) (i) TMD)

Article 7 (1) (e) (ii)
No changes as to content; only adaptions of the wording resulting from the new structure of the provision

Article 7 (1) (e) (iii) - no provision
Reasons for deletion explained in TMS III 2.32 (cf. Art. 3 (1) (e) (iii) TMD)

Article 7 (1) (h)
Application in bad faith as mandatory ground for refusal (optional provision); TMS III 3.122

Article 7 (1) (k)
General, unspecified reference to Community legislation protecting designations of origin and geographical indications; current Art. 7 (1) (j) becomes superfluous.

Article 7 (3)
Registration when distinctiveness was acquired after the filing, before registration; TMS III 2.61 (cf. Art. 3 (3) TMD)

Article 8 (1) (c)
Change of wording making clear that the provision applies also in case of use for the same or similar goods, Cases C-929/00 – Davidoff/Durfee and C-408/01 – Adidas/Fitnessworld; TMS III 2.156, 2.197; structural changes in order to make clear that (i) taking advantage or inflicting detriment, (ii) lack of due cause and (iii) failure to comply with honest practices are cumulative criteria that must be assessed separately; TMS III 2.200

Article 8 (2) (b)
Effects of seniority in registration proceedings before OHIM; TMS III 4.86

Article 8 (2) (d)
Non-registered well-known marks and marks having a reputation as prior rights; TMS III 2.144

Article 8 (4) (b)
Qualification of prior national rights under Art. 8 (4) CTMR - territory-wide extension protection required; TMS III 3.79

Article 8 (5)
Effects of seniority vis-à-vis national rights; TMS III 4.86

Article 9 (1)
No change in substance vis-à-vis current Art. 9 (1) 1st sentence

Article 9 (2) Chapeau
Enforcement subject to prior rights of third parties; TMS III 2.201; 2.277; no change in substance vis-à-vis current Art. 9 (1) 2nd sentence (cf. Art. 5 (2) TMD)
Article 9 (2) (a)
No change in substance; for clarifications see TMS III 2.181, 2.208, 2.261, Recitals (28), (33), (35) (cf. Art. 12 (2) (a) TMD)

Article 9 (2) (b)
No change in substance; for clarifications see TMS III 2.190 et seq; Recitals (29), (30), (31) (cf. Art. 12 (2) (b) TMD)

Article 9 (2) (c)
Change of wording making clear that the provision applies also in case of use for the same or similar goods, Cases C-929/00 – Davidoff/Durfee and C-408/01 – Adidas/Fitnessworld, TMS III 2.156, 2.197; structural changes in order to make clear that (i) taking advantage of or detriment to distinctiveness or reputation, (ii) lack of due cause and (iii) failure to comply with honest practices are cumulative criteria that must be assessed separately; TMS III 2.200 (cf. Art. 12 (2) (c) TMD)

Article 9 (3) (d)
Infringement in case of transit, TMS III 2.215 (cf. Art. 12 (3) (d) TMD)

Article 9 (3) (e)
Use of a trade name as designation for goods and services, TMS III 2.211 (cf. Art. 12 (3) (e) CTM)

Article 9 (3) (g)
Use in comparative advertising, TMS III 2.233, 2.262 (cf. Art. 12 (3) (g) TMD)

Article 12 (1) (a)
Restriction of current Art. 12 (1) (a) to personal names, TMS III 2.254, 2.255 (cf. Art. 15 (1) (a) TMD)

Article 12 (1) (b)
Extension of current Art. 12 (1) (b) to non-distinctive signs; TMS III 2.256 (cf. Art. 15 (1) (b) TMD)

Article 12 (1) (c)
Honest referential use, including current Art. 6 (1) (c); TMS III 2.258, 2.262 (cf. Art. 15 (1) (c) TMD)

Article 12 (2)
Specification of conduct not complying with honest practices in industrial or commercial matters; TMS III 2.265 (cf. Art. 15 (2) TMD)
**Article 13 (1)**
Referring to the European Economic Area instead of the Community; TMS III 2.269 (cf. Art. 16 (1) TMD)

No heading. Current heading refers to use of CTMs and is therefore inappropriate after including Art. 15a which contains a defense.

**Article 15 (2) (a)**
Assessment of genuine use in a different form; should be independent of whether the used form is also registered or not; distinction vis-à-vis Case C-234/06 P – Il Ponte Finanziaria (Bainbridge); TMS III 2.70, 2.115 (cf. Art. 17 (3) (a) TMD).

**Article 15a**
No prohibition of use of “incontestable” CTMs and national marks; consequential changes to intervening marks; TMS III 2.280, 2.281, 2.282 (cf. Art. 9 TMD)

**Article 17 (4) (no provision)**
The deletion of Art. 17 (4) goes further than the Trade Mark Study, where it is only recommended not to include a similar, mandatory provision into the TMD; TMS V 2.21.

However, also in regards of the CTMR, it is considered that current Art. 17 (4) does not make much sense in practice, and that protection of the public against the risk of being misled in consequence of a transfer is preferably achieved by national provisions implementing the Unfair Commercial Practices Directive (2005/29/EC); see also Case 259/04 – Emanuel/Continental Shelf.

**Article 25 (3)**
Time frame for postponement of filing date in case of delayed transmission of CTM applications filed through a national office; TMS III 4.14

**Article 30**
Translation requirement deleted; TMS III 4.121

**Article 34 (2)**
TMS III 4.102

**Article 34 (3)**
Seniority becomes effective even when the national mark is upheld; TMS III 4.84

**Article 34 (4)**
Effects of invalidity or revocation; TMS III 4.85

**Article 35 (2)**
TMS III 4.102

**Article 35 (3)**
See Art. 34 (3) and 4

**Article 37 (2) (no provision)**
Option to request disclaimers deleted; TMS III 2.49

**Article 41 (1) (a)**
Consequential change to rearrangement of Art. 8 (current Art. 8 (5) being moved to Art. 8 (1))

**Article 41 (1) (c)**
Reference added to prior signs protected under Community law, such as in particular designations of origin and geographical indications.

**Article 41 (2)**
Change motivated by re-numbering of paragraphs in Art. 42; no change in substance

**Article 41 (3)**
Re-arrangement of provisions; no change in substance

**Article 41 (4)**
Option to raise application in bad faith in opposition proceedings; **TMS III 3.122**

**Article 42 (2)**
Reference to the date of filing or the date of priority as additional factors for determining the grace period.

**Article 52 (1)**
Consequential change in case that bad faith becomes part of the absolute grounds for refusal listed in Art. 7 (optional); **TMS III 3.122**

**Article 53 (2)**
Consequential amendment due to the possibility to invoke seniority in proceedings before OHIM; **TMS III 4.89**

**Article 53a**
Changes in consequence of intervening rights; **TMS III 2.280; 2.282; 2.283**

**Article 54 (1), (2)**
Restriction of Art. 54 to invalidation proceedings; acquiescence as a defense in infringement proceedings is regulated in Art. 15a (1), (2).

**Article 56 (1) (c)**
Reference added to prior signs protected under Community law, such as in particular designations of origin and geographical indications.

**Article 56 (3)**
Extending res iudicata-effect to OHIM decisions on invalidity or revocation; **TMS III 4.217**

**Article 57 (2)**
Reference to the date of filing or the date of priority as additional factors for determining the grace period.

**Article 62** (no provision)
Experience has shown that the revision procedure addressed in current Art. 62 does not make much sense in practice; it should therefore be deleted.
Article 65 (1), (3), (5), (6)
Replacing "Court of Justice" by "General Court"; no change in substance.

Article 80 (2)
Flexibilisation of time limits for correcting decisions based on obvious procedural error.

Article 86 (2)
Additional measures to improve efficient enforcement of cost decisions; TMS III 4.188

Article 92 (2), (3)
Referring to "European Economic Area" instead of "Community"

Article 93 (1), (2)
Referring to "European Economic Area" instead of "Community"; final sentence in Art. 93 (1) deleted.

Article 96 (a), (b)
Member States must provide for actions in respect of threatened infringement and for declaration of non-infringement; TMS III 3.138; 3.139

Article 98 (1) (a), (b)
Reference to "Territory of the European Union"; TMS III 3.140.

Article 99 (3)
Amendment in consequence of intervening rights.

Article 101 (2)
Clarifying that Community legislation on private international law, where it exists, takes precedence over national private international law rules.

Article 102 (2)
Reference to Member States' private international law deleted; TMS III 3.152.

Article 108
Title adapted to the text of the provision (referring to Regulation No 44/2001 instead of the Brussels Convention).

Article 111 (1)
Amendment in consequence of the proposal that prior rights in the meaning of current Art. 8 (4) only qualify as grounds for opposition or cancellation if they are protected throughout the national territory; TMS III 3.79.

Article 123a, Article 123b
TMS IV 9 et seq.

Article 139
Redistribution of fees; TMS VI 1.19 et seq.

Article 155 (3)
Consequential change to rearrangement of paragraphs in Art. 38
Article 156 (2)
Alignment of opposition period with the period for examination of absolute grounds; TMS III 5.9

Article 159 (1), (2)
References to the Madrid Agreement deleted; TMS III 5.12