

TRADEMARK REFORM: INTA RECOMMENDATIONS – February 2014

Reports of the Committee on Legal Affairs on the proposals for a Regulation amending Council Regulation (EC) N°207/2009 on the Community Trade Mark (**CTMR**) (A7-0031/2014) and a recast of the Directive to approximate the laws of the Member States relating to Trade Marks (**TMD**) (A7-0032/2014)

INTA would like to stress the importance of the Trade Mark Package to the business community, to innovators and consumers. As demonstrated by the Observatory's recent study on the contribution of IPRs to the EU economy, growth and jobs, trade mark-intensive industries play a major role in producing jobs and value in the EU economy: they account for 21% of all direct jobs and for 34% of the EU GDP.

Accordingly, when voting on the trademark reform in Plenary, we hope that Members of the European Parliament will help ensure that the reformed systems are capable of meeting the needs of users in the future, and as such will support the objectives of modernization and harmonization of the systems at substantive and procedural levels. Below are some recommendations for your consideration at this stage of the process:

SPLIT VOTE NEEDED

Firstly, please note that INTA recommends splitting the vote on the different sections of Article 9, CTMR and Article 10, TMD since they cover different and unrelated trademark rights. See below for further details.

AMENDMENTS WHICH RAISE CONCERNS

- **AM 5, 28 CTMR/ 6, 30 TMD : Counterfeit goods in transit**

[Recital 18, Article 9(5)CTMR/ Recital 22, Article 10(5) TMD]

Counterfeiting is a global and serious hindrance to growth and jobs, and often a threat to consumers' health. Transit of counterfeit goods must therefore be subject to efficient and effective rules that do not allow for loopholes which criminals can exploit. AM 5, 28 CTMR / 6, 30 TMD create loopholes for counterfeiters to successfully pass counterfeit products since they can provide false data, and trademark owners may not always be able to prove registration in the country of destination.

Accordingly, INTA prefers the Commission's approach over the proposed amendments, which provides the most efficient and effective guideline to address counterfeits in transit. It is also in line with international treaties and does not hamper legitimate trade, including of generic medicines, since it is restricted to counterfeit products.

- **AM 93 CTMR: Mediation** [Article 136a (new), CTMR]

We welcome AM 93 in the sense that it promotes mediation and external mediators that are not OHIM employees. However, we are concerned with the lack of independence of the Mediation and Arbitration Centre re. OHIM (paragraphs 1, 5, 7) and its bureaucracy (paragraphs 4-7) that takes away the flexibility needed in mediation. The results of mediation must also be enforceable and binding on the Agency and the Parties.

AMENDMENTS TO SUPPORT

INTA generally supports the European Commission's proposals but believes that some amendments of the JURI Reports further improve the Commission's drafts. In particular, we strongly support the following Amendments and would recommend a vote in their favor:

- **AM 4, 28 CTMR/ 5, 30 TMD: Trademark protection in case of double identity**

[Recital. 15, Article 9(2) (a), CTMR/ Recital. 19, Article 10 (2) (a), TMD]

INTA strongly supports these amendments which delete the request to provide trademark protection against identical marks for identical goods and services *only when the origin function of the trademark has been affected*. The reference to the origin function would result in a step backward regarding the fight against counterfeiting and could cause uncertainty in a number of situations.

- **AM 34, 35 CTMR: Classification of goods and services** [Article 28(8) paragraphs 1&2]

AM 34 offers an important technical clarification by deleting the word "solely", which would have unfairly restricted the scope of application of Art.28(8) to certain trademark owners. INTA also welcomes the extension of the period to 6 months in AM 35, in light of the rationale provided.

- **AM 96 CTMR: Use of OHIM surplus** [Article 144(2) CTMR]

INTA supports the pragmatic AM 96 which deletes the transfer of the surplus to the EU budget. We recommend that this surplus be explicitly and exclusively used for trademark-related purposes.

AMENDMENTS TO OPPOSE

Some amendments could affect trademark rights negatively and undermine the objectives of harmonization and modernization of the proposals.

- **AM 3 CTMR/ AM 4 TMD: Signs of which a trademark may consist** [Recital 9 CTMR/ Recital 13 TMD]

INTA opposes these amendments, which stress that the representation must be "*clear, precise, self-contained, easily accessible, durable and objective*". This list gives the impression that these criteria are mandatory and cumulative. This could give rise to uncertainty and litigation about whether these additional criteria are met.

- **AM 24 CTMR/ AM 19 TMD: Representation on the register** [Articles 4 CTMR / 3 TMD]

The reference to "**generally available technology is used**" has been misplaced in the article and as such is confusing. It relates to the representation of the sign on the register and should thus be

inserted into Article 3 (b). The rest of the amendment is welcome. Article 3, TMD (and Art. 4, CTMR) should therefore read:

*A trade mark may consist of any signs, in particular words, including personal names, designs, letters, numerals, colours as such, the shape of goods or of their packaging, or sounds, **provided that generally available technology is used and** such signs are capable of:*

*(a) Distinguishing the goods or services of one undertaking from those of other undertakings;
and*

*(b) Being **represented with generally available technology on ~~in~~ the register** in a manner which enables the competent authorities and the public to determine the precise subject **matter** of the protection afforded to its proprietor.*

- **AM 29 CTMR/AM 33, 34, 35 TMD: Trademark limitations** [Art. 12CTMR/14TMD§1,2,2a]

INTA strongly opposes these amendments which could seriously affect trademark rights disproportionately in the interests of third parties using the sign in the course of trade. Some sections attempt to codify certain judgments without adequately reflecting them. For instance, the lack of reference to goods being sold “*in the European Economic Area*”, in line with the *Dior* judgment quoted as authority in paragraph 1(c)(iii), could open the door to international exhaustion, running contrary to the existing EU regional exhaustion principle.

Also, by introducing a general ability for third parties to use trademarks to show an alternative product or service, paragraph 1(c)(iv) goes significantly beyond the *Interflora* judgement, and creates an exception with no delimitations.

Since it is clear that uses NOT done in the course of trade do not amount to trademark infringement, we oppose the use of trademarks for “parody” and “comments” done in the course of trade, i.e. for the commercial benefit of the commentator, especially if it is detrimental to the reputation of the trademark concerned.

Finally, paragraph 2(a)(new) seems not only unnecessary since the use of a trademark can only be limited if done in the course of trade, but it also introduces the undefined concepts of “non-commercial use” and “due cause” in this context, with which Courts will struggle. (How do you define and assess these concepts? Does the intention of the user play a role or is it an objective requirement? etc.)

- **AM 12, 41 TMD: Ex officio examination of relative grounds** [Recital 34, Art. 41, TMD]

INTA opposes these amendments that maintain the option for national offices to conduct ex officio examinations on relative grounds, as 11 offices currently do with different practices. This runs contrary to harmonization. These examinations could easily be replaced by a pragmatic solution, such as the possibility for national offices to send informative notices to owners of similar trademarks already registered, like the Agency’s existing system.

- **AM 43, CTMR: Surrender** [Article 50(2), CTMR]

INTA strongly opposes AM 43 as we fail to understand the rationale for making surrender and conversion of an EU trademark impossible in the case of invalidity proceedings.

- **AM 11, 17, 98, 111, CTMR: Level of the fees** [Rec.29,44a new, Art.144a (d), Annex I]

INTA opposes the amendments that suggest setting the level of the fees in the legislation, since it would hinder future revisions of the level of fees if and when necessary. Should the fees be dealt

with in the legislation itself, we strongly recommend inserting a rendez-vous clause in order to allow and ease potential revisions. Flexibility to review the level of fees as appropriate would echo the 2012 Joint Statement of the European Parliament, Council of the EU and the European Commission on Decentralised Agencies which stresses that “for self-financed agencies, fees should be set at a realistic level to avoid the accumulation of significant surpluses”.

An amendment could be inserted into Article 165a, paragraph 2:

“Every two years and when necessary, the levels of trade mark application fees and renewal fees should be evaluated and if necessary, reviewed, in particular in light of the financial situation of the Agency in accordance with Article 139(4)”.

- **AM 31 CTMR: Payment of the application fees** [Article 26(2), CTMR]

INTA opposes AM 31 since Article 26(2) last sentence contradicts AM 32 by requesting the order for payment of the application fee to be given on the day of filing.

INTA supports AM 32 to Article 27, CTMR which provides that the order of payment of the application fee must be given within 21 days from filing the documents.

➡ AMENDMENTS ON COOPERATION BETWEEN THE AGENCY & NATIONAL OFFICES

- **AM 16, CTMR: Cooperation- flexibilities granted to Member States** [Recital 40, CTMR]

INTA opposes AM 16 as it could be read very differently from Article 123(c) (3) on cooperation, which introduces flexibilities for Member States in certain circumstances and under certain conditions. Flexibilities should be well drafted so as to be fair and adequate in order not to compromise the overall cooperation. INTA could agree with this amended version of Recital 40:

“It should, however, not be mandatory for Member States to implement the results of such common projects, in certain circumstances and provided that they duly substantiate their decision”.

- **AM 79, CTMR: Cooperation –Involvement of users** [Article 123(c)(2)]

INTA supports AM 79, especially the explicit reference to the consultation of users. Any common projects must, by default, be of interest not just to the Union and the Member States but also to the users.

In addition, it is essential for the sake of transparency of the Agency, that those trademark users, which fund the system and benefit from it, be also fully consulted on the implementation of the Agency’s tasks which have a practical impact on users and on the drafting of delegated acts.

- **AM 81, CTMR: Cooperation framework** [Article 123(c)(4)]

INTA opposes AM 81, which, while raising the funding from 10% to 20% without indicating that it is a ceiling and not a minimum expenditure, does not mention that the funding has to be used with sound financial governance norms, and be evidenced by accurate and transparent financial records.

More importantly, because the funding would take the form of grants, it should be explicitly mentioned that the grants are directly tied to specific trademark-related projects and properly framed with some *control-mechanisms*, to ensure that such an amount is well-spent on well-defined projects.