

QUESTION 85

Community Trademark (and the draft Regulations)

Yearbook 1985/II, pages 64 - 65
Council of Presidents of Milan, December 6 - 8, 1984

Q85

QUESTION Q85

Community Trademark (and the draft Regulations Resolution)

Resolution

1. The Council of Presidents approves the work done by Committee 85.
2. The Council of Presidents approves continuing with the study, in particular in conjunction with WIPO, in regard to a possible alternative form of the Madrid Agreement, which would permit further countries to become party thereto and in which the national basis for the international registration would be linked to the Community Mark.
3. The Council of Presidents decides to continue the study on the following points:
 - the national basis for the international registration would be a national application without the latter necessarily having been registered,
 - whether the relationship of dependency between the national mark and the international registration should be retained or abandoned, and
 - provisional refusal and the period of time within which it is to be notified.
4. The Council of Presidents decides to continue studying the question of a possible link between the Community Mark, the present Madrid Agreement and/or the new international Agreement.

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Question 85

The Community Trademark (and the Draft Regulations)

(Com (84) 470 final)

Yearbook 1985/III, pages 315 - 323
Executive Committee of Rio de Janeiro, May 13 - 18, 1985

Q85

QUESTION Q85

Community Trademark (and the draft Regulations Resolution)

Resolution

A. Preliminary remarks

The AIPPI notes with satisfaction that in its amended proposal the Commission has taken into account many of the criticisms and amendment proposals expressed by the AIPPI in its previous comments. In general, the amended version of the proposal for a regulation on the Community trademark (text of July 31, 1984) presents a substantial improvement over the original proposal of November 25, 1980. The AIPPI further approves the fact that the group of the Council of the Ministers presently concerned with deliberations on the regulation proposal likewise gave at least partial consideration to comments which the AIPPI has made at an earlier date. The AIPPI reaffirms its wish to see implementation of the regulation and urges that the authorities concerned seek to do this as a matter of urgency. In contemplation of the great significance to be accorded to the prospective Community trademark system for the interested circles united in the AIPPI, both from within and without the European Community, the AIPPI has once more examined the text in detail which is presently under discussion within the Council.

It respectfully submits the results of its examination to the Secretariat of the Council of the European Community with a request for consideration.

B. General comments

In order to avoid unnecessary difficulties in the interpretation of the text of the regulation, the AIPPI recommends that the terminology, which is not always uniform, be reexamined and adapted to generally recognized trademark terminology before final adaption of the regulation. Reference is made, for example, to the fact that not the trademark itself, but rather its registration gives rise to exclusive rights (cf. e.g. Art. 8).

It should be further mentioned that the German, English, and French versions of the amended proposal are not always identical, or at least give rise to doubts in several places.

C. Remarks concerning individual articles

Article 1

As the AIPPI already emphasized in its 1981 remarks, it is a generally recognized principle of trademark law that the registration of a trademark does not grant its proprietor

the positive right to use his trademark without respecting prior rights of third parties. If national trademarks and other distinctive rights are to be maintained and enforced against infringement, the above-mentioned principle must also apply to the Community trademark and its use within the Common Market. Therefore, the AIPPI reaffirms its position that in Art. 1(2) the last phrase ("nor shall its use be prohibited, save in respect of the entire area of the Community") should be deleted without a replacement; in any case, it must be made clear that the principle of uniform use of the Community trademark within the entire area of the Community does not apply where the regulation permits exceptions to this principle. (See in this connection the observations to Art. 82).

Article 4

The AIPPI is of the opinion that in the case of trademark protection for applicants which neither belong to States which are party to the Paris Convention nor have a place of business in the Community, the principle of normal reciprocity should be adapted for reasons of legal certainty. Reference is made to AIPPI's 1981 proposed version of Art. 4 (1) (c), 2nd alternative.

Article 6

The reference in Art. 6 (1) to Art. 4 should be deleted. As was already emphasized in 1981 the lack of filing capacity is not a ground for refusal which concerns the trademark itself.

Once again AIPPI points out that it is not justified to deny protection to a mark merely because it describes secondary characteristics (in German the expression "Eigenschaften" would be more appropriate than "Merkmale") of the goods or services. Such results could be avoided if Art. 6 (1) (a) were limited to other "essential" characteristics of the goods or services.

In order to clearly express the concept of the need to keep certain terms available ("Freihaltebedürfnis") in all versions of the text, the AIPPI once again proposes to adapt Art. 6 (1) (a) in its English and French versions to the German version ("benötigt werden können") so that the expression "may be requisite" is replaced by "may be needed" and the expression "pouvant être requis" is replaced by "pouvant être nécessaire".

Concerning Art. 6 (2) (a), the AIPPI refers to its earlier position and notes that the shape of the goods or their packaging, which results in (any) technical consequences, should not be excluded from registration, since such shapes may also be distinctive. Similar to its 1981 proposal, the AIPPI proposes anew to limit the special grounds for exclusion contained in Art. 6 (2) (a) to such shapes of the goods or their packaging "which are determined by the nature of the goods themselves or their technical function". (French: "qui sont imposées par la nature même du produit ou le résultat technique de celle-ci"; German: "die durch die Art der Ware oder ihre technische Funktion bedingt sind").

In Art. 6 (2) (b) of the French version, the word "géographique" is missing.

Concerning Art. 6 (4), the AIPPI points out again that also a trademark covered by Art. 6 (1) (b), the so-called "Freizeichen" or "singe courant", may reacquire distinctiveness not present or no longer present through its use by a single enterprise. Therefore, Art. 6 (4) should refer to the whole paragraph 1.

Article 7

In its previous opinions, the AIPPI assumed that opposition to the registration of a Community trademark could only be made on the basis of registered trademarks and well-known trademarks in the sense of Art. 6bis of the Paris Convention. In consideration of the fact that several of its National Groups as well as the European Parliament have pleaded for inclusion of unregistered signs and other prior rights (common law rights) within the opposition proceeding, the AIPPI has examined this question anew. It now finds itself largely in agreement with the inclusion of prior rights pursuant to Art. 7 (2) (d). In order to avoid an inappropriate complication and prolongation of the registration proceeding, the following should, however, be provided for, if appropriate in the implementing regulation:

In those cases in which opposition is made on the basis of both registered as well as unregistered rights, in an initial procedural stage it should be examined whether the opposition is successful on the basis of the registered opposing mark, a method used by many Trade Mark Offices in national proceedings.

In those cases in which the success of the opposition is dependent upon unregistered rights, the opposition should succeed only when the opposing party presents and proves to the Trade Mark Office the existence and scope of the prior unregistered right, without making it necessary for the Trade Mark Office to initiate investigations or execute prolonged discovery proceedings.

Concerning those other prior rights enumerated in Art. 7 (2) (e) (copyrights, personality and publicity rights, etc.), the AIPPI is largely of the opinion that these cases, which are indeed rare, but legally difficult, should be reserved for invalidity proceedings before the Trade Mark Office or the Courts.

As regards the scope of protection pursuant to Art. 7 (1) and Art. 8 (1), the AIPPI notes with satisfaction that its objection (also shared by the Ministerial Council Group) concerning the requirement of a "serious" likelihood of confusion has now been taken into account. It is, however, of the opinion that the Commission's opinion contained in the commentary to Art. 7 contradicts the deletion of the requirement of a "serious" likelihood of confusion which was demanded by all interested groups. The commentary should not make it appear as if nothing was amended, and should therefore be adapted to the new text. It should furthermore not create the impression that it is necessary to prove actual confusion. It is generally recognized that danger of confusion does not mean more than the likelihood of confusing the marks.

The AIPPI welcomes the fact that in both Art. 7 and Art. 8 (1) the case of using an identical trademark for identical goods or services has been particularly regulated as a clear case of conflict without need of proving a likelihood of confusion [Sec. (a)] However, it has serious objections to the division of the remaining cases of conflict into two alternatives, which was undertaken in Secs. (b) and (c). This can easily create the mistaken impression that the case governed by Art. 7 and Art. 8 (1) (c) concerning the use of a similar sign for identical or similar goods or services, which in actual practice presents the large majority of trademark conflict cases, is to be assessed with particular reserve in contrast to the alternatives governed by Secs. (a) and (b). For that reason and purposes of drafting clarity, a comprehensive rule should be preferred both in Art. 7 and Art. 8. On this subject, the AIPPI refers to its 1981 comments and its proposed division of factual situations into two groups.

Article 8

As to Art. 8 (1), first sentence, the AIPPI notes that this fundamental clause should be formulated with the correct terminology, namely as follows: "The registration of a Community trademark confers on the proprietor exclusive rights to the sign registered for the enumerated goods or services."

Concerning Art. 8 (1) (a) to (c), reference is made to the comments on Art. 7 (1) to (c). The texts of both provisions must be reconciled with each other.

As regards Art. 8 (1) (d), the AIPPI believes that this provision should cover not only unjustified exploitation of the repute of a trademark, but also the case of a danger of dilution of the trademark. For this reason, the AIPPI proposes to amend the last clause of Art. 8 (1) (d) to read as follows:

"... where the Community trademark is of wide repute in the Community and where such use constitutes an unjustified exploitation of the good will of the Community trademark, diminishes its distinctiveness or is detrimental to its repute."

Concerning Art. 8 (2) (c), the AIPPI repeats its request to expressly include the use of a Community trademark in *advertising* as an example of trademark infringement which is becoming ever more important in practice. Ever since an express rule allowing comparative advertising has no longer been included in the 1984 EC Directive on misleading advertising, there is no more reason in the AIPPI's opinion not to include the use of a trademark for advertising purposes as a case of infringement.

Article 10

Just as in Art. 8, it should be made terminologically clear that not the trademark itself, but rather its registration confers a right to prohibit. Based upon the reasons already set forth concerning Art. 6 (1) (a), it should also be made clear in Art. 10 (b) that a limitation of the effects of Community trademark registration is justified only in the case of a descriptive indication of other *essential* characteristics of the goods or service.

Article 11

The AIPPI notes with satisfaction that the new version of Art. 11 (1) takes into account the objection to the principle of international exhaustion voiced by the large majority of its National Groups and formulated in the AIPPI's earlier comments. It welcomes therefore the fact that the question of exhaustion of rights derived from the Community trademark is only governed by the regulation for those cases in which the goods have been put on the market *in the Community* by the proprietor or with his consent. However, the AIPPI points out that the current version of Art. 11(1) leaves room for interpretation, which if necessary must be settled by the European Court of Justice.

With reference to Art. 11(2), the AIPPI welcomes the deletion of the exception contained in Subpara. (c) which was very restrictively formulated and which presented an unnecessary codification of a particular case decided by the European Court of Justice. But in the AIPPI's opinion the omission of this provision still does not make it sufficiently clear that the *right to affix the trademark* to the goods or their packaging must be reserved to the proprietor of the Community trademark under all circumstances. As was recognized by the European Court of Justice, this right is inherent in the essence of the trademark, and is essential for trademark protection. The principle of the exhaustion of trademark rights is therefore only applicable to the *further sale* of the goods marked by the trademark proprietor or with his consent and to the related advertising for these genuine goods. The AIPPI therefore proposes to formulate Art. 11 (1) as follows:

"The registration of a Community Trade Mark does not entitle the proprietor to prohibit the further distribution of, and advertising for, goods which have been marked with the trademark and put on the market in the Community by the proprietor of the Community trademark or with his consent."

Article 12

The AIPPI expressly welcomes the clarification also felt to be necessary by the European Parliament, that the proprietor of a Community trademark may also prosecute an infringement of his trademark with an action against passing off or unfair competition.

This principle is of such decisive significance, that it should be stated in a separate provision (Art. 11bis) as was also proposed by the European Parliament. In so doing, the AIPPI would welcome it if the limitation "provided that such actions are not brought on the same grounds as those contained in Art. 8 and 9" were deleted. Legal actions for passing off or unfair competition are already based upon "other grounds" due to their very nature; even with an amended formulation, any limitation would probably lead to unnecessary difficulties of interpretation, and complication of litigation.

Article 13

The AIPPI welcomes the new version of Art. 13 concerning compulsory use, which represents a substantial improvement and clarification over the earlier version. Concerning Art. 13 (3), however, it would like to propose that it should be made clear, at least in the comments, that permission granted to a third party to use an identical or similar trademark within a trademark delimitation agreement is not sufficient to constitute use by the proprietor.

Article 17

The AIPPI is not in favour of the examination of assignment by the Trade Mark Office, particularly in respect of the question mentioned in proposed Art. 17 (4).

Article 19

Concerning the problem of levy of execution in a Community trademark, the AIPPI persists in its 1981 opinion that despite its free transferability, the trademark is not an ordinary element of the business assets of a debtor upon which the creditor can levy execution according to his wishes. In the interest of both the trademark proprietor and the interests of the public in not being misled, the trademark proprietor must be permitted to offer creditors other assets in satisfaction, before the trademark is utilized in the form of a forced sale.

Article 21

Regarding Art. 21(1), the AIPPI advocates adapting the regulation of trademark licenses to the provisions in the Community Patent Convention concerning patent licences, i. e. an addition to the effect that a trademark license can be granted for the whole territory or a portion of the Common Market, and that it can be exclusive or non-exclusive. There is no apparent reason why this question should be handled differently for trademark licenses than for patent licenses.

Art. 21(2) would have to be correspondingly amended.

Concerning Art. 21 (4), which due to its reference to Art. 17 (5) and (6) makes certain legal effects dependent upon previous registration of the trademark license, the AIPPI is of the opinion that in principle there should be no requirement of registration in order to avoid over-burdening of the Trade Mark Office, and to save business from unnecessary formality. The AIPPI is of the opinion that in the case of transfer of the trademark, even a non-exclusive trademark license must have a binding effect on the new acquiror of the trademark, which according to the AIPPI does not necessarily presuppose a registration of the license. If this standpoint should find no approval in subsequent deliberations, the AIPPI would prefer a positive regulation of this question - also due to considerations of clarity and unambiguity. Accordingly, it refers to its drafting proposal in the 1981 observations.

Title IV: Searching

The AIPPI is aware that during the deliberations within the Council's group, the question of trademark searches was raised once again. Subject to an expanded opinion on this point, after an initial investigation of this question, the AIPPI feels that no basic

objections exist to a voluntary search by national trademark offices, as proposed by Denmark, for example. As regards an official search by the European Trade Mark Office, which would only make sense if it included consideration of earlier national trademarks, the AIPPI continues to have substantial doubts concerning both the practical feasibility of such a search and as to its advantages for proprietors of earlier trademarks and new applicants. However, if an agreement concerning the question of a search proves decisive to acceptance of the European trademark system, the AIPPI would definitely be against a compulsory search by the Trade Mark Office; acceptable would only be an optional search of prior trademarks at the applicants request and/or an (also optional) surveillance of registered trademarks for possibly conflicting new applications, in which case only the respective requesting parties would be notified. However, the results of such searches or surveillance should in no case constitute grounds for the rejection of an application *ex officio*.

Art. 34: See the observations on Art. 37 below.

Article 37

The AIPPI makes reference to its earlier comments, according to which an application for the renewal of registration has to be reserved for the proprietor of the trademark. It therefore proposes deletion of the clause "... or a licensee expressly authorized by the proprietor" in Art. 37 (1). In light of the significance which the AIPPI attaches to an effective provision for compulsory use and a periodical cleaning up of the trademark register from unused trademarks, the AIPPI notes with some regret that the amended proposal, in its deletion of Art. 37 (2) no longer provides for the submission of a declaration of use upon trademark renewal. However, it respects the objections to this requirement voiced by parts of the branded goods industry and national trademark offices. Therefore, it is ready to accept a regulation which - at least in the initial stages of the Community trademark system - lacks such a requirement.

Article 39, 41, 42

The AIPPI welcomes the fact that the new version of Arts. 39, 41 and 42 make it clear that both the revocation and invalidity of a Community trademark do not occur automatically, but can only be declared upon application. But it would like to point out differences in the terminology of the individual versions which require harmonization: thus for a declaration of cancellation *ab initio* (*ex tunc*) the uniform expression "declare invalid" or "revoked" should be used („für nichtig erklären“, „déclarer nulle“); for a declaration of cancellation with effects for the future (*ex nunc*) the term "declare lapsed" („für verfallen erklären, déclarer déchu“) should be used. For the execution of these decisions in the Register, the expressions „cancellation“, „Löschung“ and „radiation“ or the corresponding verbs are recommended. In keeping with the comments to Art. 6, the reference contained in Art. 41(2) to Art. 6 (1) (a) should be replaced with a reference to "Art. 6 (1)".

Article 44

Concerning the provision on acquiescence (*Verwirkung*), the AIPPI welcomes the fact that the most important objections expressed in its 1981 opinion were taken into account in the amended proposal. Without a doubt, the present version represents an improvement over the previous version. However, in light of the significance of a well-balanced provision on acquiescence to the whole system, the AIPPI would like to propose the following formulation for the final version of Art. 44:

"The proprietor of a Community trademark or of a prior right pursuant to Art. 7 (2) may not, on the basis of such a right, apply for a declaration of invalidity of a Community Trade Mark or oppose its use if he has acquiesced to the use in the territory in which the right is protected of the Community Trade Mark subsequent to its registration for a period of five

years, where the proprietor of the prior right is aware of such use unless the Community trademark was applied for in bad faith."

This formulation comprehensively takes into account the AIPPI's objections which were largely shared by the Council's group, and makes the Commission's division of the provision into two separate paragraphs no longer necessary. In particular, AIPPI's proposed text avoids discrimination against national trademarks and other prior rights for the benefit of the Community trademark in respect of acquiescence. This is consistent with AIPPI's position as to Art. 82.

Article 45

In conjunction with Art. 45, the AIPPI examined the question whether the exception governed in that provision should be expanded to regional rights. In light of the difficulties in drawing distinctions which would probably be involved, it has forgone from making such a proposal, particularly also in light of its fundamental comments to Art. 82.

Article 74

The AIPPI recognizes that the amended version of Art. 74 takes into account the problem of national court jurisdiction for community trademark infringements better than the earlier version. In particular, it welcomes the fact that according to the new version of Art. 74 (3) the use of a sign found to infringe a Community trademark can be prohibited in the whole territory of the Community by the court which has jurisdiction according to paragraphs 1 and 2. There are doubts for the AIPPI that such a decision can be made for the whole territory of the Community by way of a provisional order. But in any event it should be a matter for the court to decide whether and what provisional measures are to be ordered in any particular case.

Although the AIPPI has doubts as to the appropriateness of considering expert opinions of the Trade Mark Office in an infringement proceeding as provided for in para. 4, in light of the extensive significance of a decision on the question of infringement for the whole territory of the Community, it finds the provision contained in para. 4 acceptable.

Article 80

The AIPPI refers to the fundamental criticism of this provision expressed in its earlier comments: an enterprise which is being sued for infringement of a Community trademark which has been erroneously registered and which should be declared invalid or revoked, cannot be obliged to put forward the invalidity or revocation by way of a counterclaim for removal from the Register; a defendant must have the right to plead any existing grounds for invalidity or revocation by way of defense, and be able to defeat the infringement action by so doing. The defendant, who wishes to achieve nothing more than the continued use of his sign, should not be forced into a costly unwished for proceeding.

In so far, the AIPPI sees no objection based on the aspects of the free flow of goods, since in this case the dismissal of the infringement suit only has effects as between the parties. According to the AIPPI, even a counterclaim for invalidation which is raised by the defendant to an infringement action should also have *inter partes* effect. A declaration of cancellation with the universal effect (*erga omnes*) should be reserved for proceedings before the Trade Mark Office.

Article 81

The AIPPI continues to have substantial objection to the prohibition of cumulative protection which is contained in Art. 81 (1). This prohibition must be abandoned, particularly in light of the desired preservation of a national base trademark as the foundation for international trademark registration pursuant to the Madrid Agreement.

A provision which - as was the case in the 1964 predraft - forbids suing a defendant in stages on the basis of a Community trademark and a national trademark, is sufficient.

This prohibition should be limited to substantially identical marks but should not be extended to similar trademarks, however.

Article 82

As already done in its previous comments, the AIPPI once again proposes the deletion of Art. 82 without any replacement. The principle stated at the beginning of the provision, i.e. that the use of a Community trademark is not subject to the law of Member States effects in an unjustified manner the right of proprietors of national trademarks and other distinctive signs from proceeding against infringements of their earlier rights incurred through the use of signs which are registered as Community trademarks. As was already emphasized in the introduction to Art. 1, the registration of a trademark, even a Community trademark, does not grant its proprietor a positive right of use as against earlier rights, Art. 82 contradicts this fundamental concept, and should be deleted for this reason, especially since it is riddled with numerous exceptions in favour of the application of national law anyway.

If the primary proposal for deletion of Art. 82 should not be viewed as a sufficient clarification of this fundamental concept, the AIPPI wishes to propose to regulate this question positively. Such a regulation should provide that the proprietor of a national trademark or other national right can enforce his earlier rights as against the use of a later Community trademark, that this proceeding also includes provisional measures, and that such suits and measures can also be based upon the laws of tort or unfair competition.

In any case, the restrictive words contained in Art. 82 (2), "... provided that such actions are not brought on the same ground as those contained in Art. 7 and 42", must be deleted without a replacement; here the same objections apply as were already set forth concerning Art. 12 (1) (a).

Article 83

The AIPPI agrees to the substance of Art. 83 on the conversion of a Community trademark or of an application concerning such into a national trademark. It is, however, of the opinion, that the drafting of this article is too complicated and confusingly worded, particularly due to the negative formulation in paras. 1 and 2. It proposes that these two paragraphs should be newly formulated and the principle that the national trademark enjoys the priority of the Community trademark application should be positively expressed.

Article 98 (a)

The AIPPI proposes the deletion of this provision without replacement. The use or non-use of a special symbol for the Community trademark has no legal consequences; neither can it be expected that business will use this symbol, especially since use of the symbol proposed in Art. 98 (a) could lead to confusion with the symbol (R) which is commonly in international use for registered trademarks of all types.

Article 99

Concerning the legal status of the future Community Trade Mark Office, the AIPPI refrains from any comment on the various institutional alternatives; however, it would like to express the wish that in the interest of its users the Trade Mark Office be accorded the largest possible degree of independence, especially in a financial sense.

Article 103

As to the question of languages, the AIPPI advocates a solution which is as elastic, differentiated, and advantageous to the user as possible.

Trade mark applications should be able to be submitted according to forms in all languages of the Community, although for the list of goods and services use of one of the procedural languages will be appropriate.

As *procedural languages* the three working languages of the European Patent Office which are also those of the AIPPI, namely French, English and German, should be permitted.

This solution has proved itself successful in proceedings before the European Patent Office, without causing unnecessary costs; at least one of these languages will be mastered by the majority of present and potential applicants for European trademarks.

However, in order to simplify communication within the Trade Mark Office and in normal correspondence, the AIPPI could agree that the *working language* of the Office be limited to one of these three languages.

As concerns the remainder of languages which are represented in the European Community, interested parties should have the right to demand a translation or interpretation from their own language into the working language or one of the procedural languages. In light of the increasing knowledge of foreign languages of both members of the Office and legal representatives before the Office and in light of the experience made by the European Patent Office, the AIPPI does not believe that this possibility will be taken advantage of with any regularity or frequency.

Relation to the Madrid Trademark Agreement

The AIPPI emphasizes the necessity of reinstating a link with the Madrid Agreement which was previously contained in Art. 117 of the draft regulation on the Community trademark of July 1978. It must be made certain within the regulation that the Community trademark may constitute the basis for registration pursuant to the Trademark Agreement, and that the European Trademark Office is a "common office" pursuant to that Agreement. However, the AIPPI points out that the Madrid Agreement must also be appropriately amended, which could most expediently be accomplished by way of an additional protocol.

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Question 85

Community Trademark

Yearbook 2002/II
Executive Committee of Lisbon, June 16 - 22, 2002

Q85

Question Q85

Community Trademark

Resolution

The AIPPI,

approves the attached opinion on proposed amendments of the Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trademark as prepared by Q85 Special Committee and submitted to the Office for Harmonization in the Internal Market on 6 May 2002.

Encl. (*see Terms of Reference Q85*)