

Meat on the bone: the EU trademark reform package unveiled(ish)

As brands await the final text of the EU trademark reform package, INTA and MARQUES discuss its pros and cons, and how wider legislative change in intellectual property is preparing the union for the future



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The EU's top decision makers have reached provisional political agreement over the long-mooted trademark reform package, signaling their intent to have revisions of two trademark legal instruments formally approved later this year.

Proposals for reform of the 1989 Trademark Directive and the 1994 Community Trademark Regulation were first made in 2013, in a bid to modernise EU trademark law.

Now, after two years of inter-institutional discussions, the European Commission, Parliament and Council have provisionally agreed to adopt the package of reforms, which they hope will make trademark registration systems all over the EU more accessible and efficient for businesses in terms of lower costs, increased speed, more predictability and greater legal certainty.

They also hope the reforms will improve conditions for businesses to innovate and to benefit from more effective trademark protection against counterfeits, including non-authentic goods in transit through the EU.

Although the final text of the trademark reform package is yet to be published, trademark associations hold several positions on its most public features that warrant further discussion.

The EU's trademark reform package is a step closer to implementation — what are its most important changes, and why?

Tove Graulund: First of all, the details of the changes have yet to be published, but based on the three press releases issued, I can say that there are several positive developments that corresponds to points that we have argued for:

- Administrative procedures by national offices for revocation or declaration of invalidity. This will benefit trademark owners, especially smaller companies, which cannot afford to go to court to attempt to invalidate registered marks.
- Reduced fees, including reduced renewal fees, and a one-class system.
- Increased clarity in lists of goods and services, based on the IP Translator decision. We have argued in favour of the 'means-what-it-says' approach since 2008, so we are obviously very happy if this is where we will in fact end up. We are hoping that it will encourage applicants to be more clear and precise.
- Formalisation of the drive for increased harmonisation. In particular, the agreement mentions a "maximum" amount for funding.
- Improved rules on goods-in-transit, which

should enable rights owners to take more effective action against goods suspected to infringe trademarks.

Scott Evans: Trademarks are key to jobs and economic growth (currently supporting 21 percent of all jobs across the EU and representing 34 percent of the EU's GDP). The International Trademark Association (INTA) has been involved in this reform since the very beginning and has consistently been advocating for further harmonisation and modernisation of the trademark systems to the benefit of all users.

Whether at Office for Harmonization in the Internal Market (OHIM) or at the national level, our belief has been that the reform should be making trademarks easier and quicker to obtain, with less administrative burdens and with the highest level of legal certainty possible.

With the legislative process still on-going and the final texts for the new regulation and directive not yet available, it is difficult to assess the extent to which the reform has fulfilled its objectives, but based on existing information, what follows are some of what INTA views as the most welcome changes:

- A lower application fee and a 36 percent reduction of the renewal fees for community trademarks (CTMs).

This is excellent news for brand owner, and it will also help in curtailing the future accumulation of a budget surplus at OHIM.

- Stronger enforcement measures such as new provisions to combat counterfeiting goods transiting through the EU, as well as the definition of preparatory acts as infringements; are both very good news.
- Harmonised rule for classification of goods and services, and the possibility for trademark owners that registered their marks under different pre-existing rules to declare the goods and services they wish to cover. These provisions are welcome and important since they determine the scope of protection of trademarks and bring legal certainty.
- The registration of non-traditional trademarks should be facilitated with the elimination of the graphical representation requirement.
- Trademarks with a reputation should finally be protected in all EU member states, which is also a welcome development for trademark users.

What are you most concerned is missing from the package, and why?

Evans: INTA has been advocating for strong substantive and procedural harmonisation so that users can benefit from the same experience across Europe. We are concerned that the reform may not go far enough in the regard. The reform fails to introduce bad faith as a relative ground for refusal.

It also fails to introduce an immediate implementation of opposition and cancellation administrative procedures in all EU member states and instead introduces a seven-year transition period.

Forcing trademark users to go through seven more years of expensive and time-consuming court proceedings in some member states to oppose or cancel a trademark goes against an efficient trademark system.

The reform may also fall short of modernising the system and creating more legal certainty. For example, new absolute grounds of refusal have been added, with uncertain and vague terms such as signs that consist exclusively of the shape or "another characteristic which gives substantial value to the goods".

In spite of the elimination of the graphical representation requirement, these provisions may negatively impact on the registrability of many trademarks, especially non-traditional marks.

On the financial front, a mechanism will be introduced to compensate member states for expenses related to activities and procedures involving CTMs. While the legal basis for this mechanism remains unclear, up to 10 percent

of OHIM's yearly revenue could be transferred to member states.

This amounts to compensating member states for applying EU legislation. INTA will be monitoring this closely, advocating for fees paid by trademark users to be reinvested in improving the efficiency of the EU trademark system.

Graulund: We need to have more details on the so-called offsetting mechanism to deal with OHIM's accumulated surplus. Regarding the surplus, our view remains that fees paid by trademark users should remain within the intellectual property system and not be diverted to other parts of government.

This will be something that we will continue to monitor, including in our capacity as observer on the administrative board and budget committee at OHIM.

Trademark owners will welcome the progress made on harmonising protection and procedures in Europe. We have heard that some member states have asked for a seven-year transition period on administrative invalidation procedures.

Surely it must be possible to implement sooner than that, and we would definitely ask the relevant member states to implement as soon as at all possible.

This is a significant step forward for users who are looking to clear marks and have easier access to removing non-used marks.

It is a missed opportunity that we did not manage to have harmonisation on ex-officio refusals based on relative grounds examination. To a certain extent, we understand that some may find that it is a benefit at a national level, but we believe that having such an important difference leads to confusion and misunderstandings that is particularly detrimental to small- and medium-sized enterprises.

The EU's is pursuing reform in patents and copyright, too—how well positioned is the EU in IP today, particularly where the internet is concerned?

Evans: The EU has put the 'Digital Agenda' at the heart of its strategic objectives. This will impact on IP in particular as it relates to the internet. The EU has strong registration and enforcement mechanisms with regard to IP, and is equally well positioned with regard to the internet.

Domain name disputes and online infringement matters are harmonised and the EU has developed effective policies for managing the .eu TLD. These policies are based on traditional IP rights.

Furthermore, infringements and counterfeits from outside of the EU have clear legal remedies under the EU system. These remedies have transferred to the internet. While patent reform is still ongoing and copyright reform has been announced as part of the Digital Agenda, a debate on internet governance is beginning to rage. INTA stands ready to engage on all issues that could impact on trademarks and related rights as part of the Digital Agenda debate.

Nick Wood: The EU is waking up and showing much greater interest in IP than ever before, but the shadow of data protection looms large over every internet initiative it takes. Take the issue of Whois.

The MARQUES cyberspace team believes it is vital that Whois data is either freely available or that access to registrant data can be simply obtained by brand owners upon request to the registry.

It is a constant struggle for brand owners to keep up with the wrongdoers who cheat consumers with websites that harvest personal details or sell counterfeit goods.

Brand owners need free and easy access to accurate registrant data and they want enforcement remedies that are inexpensive and easy to use.

The blocking injunctions obtained at the end of 2014 by Richemont against UK ISPs, which list sites selling counterfeit goods, is an interesting start.

Faster cross-border rights protection mechanisms are needed. We'd love to see an administrative takedown procedure designed for all the European country-code TLD domain registries—a sort of quicker, cheaper Europe-wide Uniform Domain Name Dispute Resolution Policy with loser-pays at its heart. That would be progress.

On a more general note, we have also discussed in MARQUES what it is about Europe that seems to hinder the successful exploitation of innovation.

Is there too much regulation or too much taxation? Why is it that Europe has produced no companies still in European ownership to stand alongside Amazon or Alibaba, or Google, Facebook or Twitter?

Something may have to be done by the EU to make sure that we do not slip behind in the development and lasting exploitation of new technology. It is probably impossible for any company to catch up with Google now because of the weight of data, going back nearly 20 years, that it holds.

We need our political leaders to create a level playing field so that European innovation can shine. **IPPro**