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In this special edition of boult.bites™ we focus on the long awaited changes to European trade mark legislation set for March 2016. As we all know, the ultimate aim of these developments is good news: further harmonisation of EU trade mark law (leading to greater certainty and predictability in the system), reduction in some costs and a shorter filing process. However, there are also business implications of which brand owners and their advisors need to be aware.

The proposed legal modifications have a direct impact on trade mark owners operating in the European Union and some practical steps to address these must be taken imminently. With the Regulation coming into effect from 23 March 2016 and a six month window to consider the classification of CTMs filed before 2012, time is of the essence.

There are opportunities to take advantage of and there are challenges to work around. We hope you find the following articles useful and urge you to contact your usual trade mark advisor with any questions by email or on: 020 7430 7500.



John Wallace
Managing Partner and Head of Trade Mark and Domain Names Group

Overview of EU trade mark reform: when, why and what you need to know

When

Most of the changes under the new Regulation (No. 2015/2424) will take effect from **23 March 2016**. National registries will have three years to implement the new Directive (No. 2015/2436) into law once it has been published.

Why

The new system should be **more accessible, cheaper, easier to use** and will aim to **harmonise** the existing national EU trade mark systems.

Special edition

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Sign up to our workshop: Walking you through the biggest changes in European TM system since 1996.



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From OHIM to EUIPO - what you need to know

The Community Trade Mark Office (officially known as OHIM: The Office for Harmonisation in the Internal Market) will be changing its name to **The European Union Intellectual Property Office (EUIPO)** and the Community Trade Mark will now be known as the **European Union Trade Mark (EUTM)**.

New formalities: from filing to registration of European Union Trade Marks (EUTMs)

- **Filing:** Filing of EUTM applications will now only be permitted at the European Union Intellectual Property Office (EUIPO).
- **Priority:** The two-month period to claim priority post-filing is no longer available; priority claims must be included at the time of filing.
- **Register searches:** EUIPO register searches are now optional and have to be requested at the time of filing, at no additional cost.
- **Fees:** EUTM application and renewal fees will be charged per class.
- **Graphical representation:** EUTMs no longer need to be represented graphically. A trade mark must be represented on the register "in a manner which enables the public, and the relevant authorities, to determine the clear and precise subject matter of the protection afforded to its proprietor."
- **Certification marks:** EU certification marks will also be an option under the new system. These marks certify the nature or origin of goods or services in relation to their use. This could indicate a particular region of origin, quality assurance, a manufacturing method or any other definable characteristic of the goods or services.

Oppositions

- **Opposition period:** The three month opposition period for EU designations of International Registrations now begins one month after the first publication by the EUIPO.
- **Basis of opposition:** EUTM applications can be opposed on the basis of protected designations of origin or geographical indications and/or earlier trade marks protected abroad, provided the applicant was acting in bad faith.
- **Proof of use date:** The proof of use date for EUTM oppositions based on earlier marks will now be the filing date or priority date of the opposed application and not the publication date.
- **Mediation:** The EUIPO can establish a Mediation Centre.

Key changes for existing rights holders

- **Class headings:** In line with the CJEU's ruling in the *IP Translator* case, class headings now only cover their literal meanings. For owners of CTMs filed before 20 June 2012 there will be a period of six months, following the entry into force of the Regulation, to file a declaration indicating the specific goods and services that the heading was intended to cover, provided it falls within the list of the Nice Classification.
- **Counterfeit goods:** Trade mark proprietors will now have the right to prohibit goods in transit which would be regarded as counterfeit in the Member State where they come under Customs inspection. However, if the owner of the goods can prove that the Trade Mark Proprietor could not prevent use of the goods in the intended final territory, then this right is lost.

Further harmonisation of national TM laws

- **Revocation and invalidity:** Administrative revocation and invalidity actions at all national registries will now be available.
- **Provision for joint suspension:** National opposition, revocation and invalidity proceedings will also include a provision for a jointly requested suspension period of at least two months at all national trade mark offices.
- **Mandatory provisions:** Bad faith invalidity on absolute grounds, reputation-based refusal and a six month grace period for late renewals will be mandatory at all EU national offices.
- **Use of non-distinctive marks:** Proprietors shall not be entitled to prevent a third party from using a non-distinctive mark in the course of trade, as was already the case in most member states.
- **Bad faith:** Where an application is made in bad faith, Member States may provide that such a trade mark should not be registered on absolute grounds.
- **Relative grounds for refusal/invalidity:** Member States may also provide that a trade mark is not to be registered/liable to be declared invalid on relative grounds if the mark is liable to be confused with an earlier trade mark protected "abroad" provided that the applicant was acting in bad faith.
- **Non-use period:** The relevant start date for the five year non-use period will now be calculated from the date when the mark can no longer be opposed, or from the date a decision becomes final, or the opposition is withdrawn.

We will be publishing more details on the changes shortly and will provide comment on how these will affect you. We will also contact EUTM owners directly about any action that is required in advance of implementation of the new Regulation.

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Brand owners beware – CTM Classification changes may seriously impact on your business

As can be seen from our recent bulletin regarding the EU Trade Mark reforms, changes are afoot in relation to European Union Trade Marks (EUTMs, formerly known as CTMs). One of these changes brings many trade mark owners the invaluable opportunity to review and enhance the wording of their specifications to ensure they have clear protection in place.

Previous practice dictated that EUTM applications covering the full class heading were deemed to cover all goods/services falling in that class under the Nice Classification. By way of example, an EUTM covering “*musical instruments*” in class 15 was also considered to cover cases for musical instruments, turning apparatus for sheet music and music stands. Following the decision issued by the Court of Justice of the EU in the *IP TRANSLATOR* case (see our bulletin [here](#) for further detail on this case), this practice changed on 22 June 2012. Any EUTM applications filed using a “class heading specification” from 22 June 2012 onwards are deemed to cover the literal meaning of the words of the class heading only. As such, an application for “*musical instruments*” will still cover musical instruments, but will no longer cover music stands etc.

The EU reforms seek to streamline the EUTM Register so that a literal meaning will be applied to the specifications covered by **all** EUTMs, no matter when they were filed. As a saving grace, the EUIPO (formerly OHIM) are offering the owners of EUTMs covering the full class heading and filed under the old practice (i.e. those filed before

22 June 2012) the opportunity to broaden the wording of their specification to ensure they still have protection for all of the goods/services they intended to cover. After 23 September 2016, all EUTMs will be deemed to cover the goods/services included in the literal meaning of the wording of their specification.

Under Article 28 of the new EU Regulation, owners of EUTMs covering the full class heading and filed before 22 June 2012 will be able to file a Declaration setting out the additional goods/services, not covered by the literal meaning of that class heading, that they intended to cover in their application. The EUIPO will shortly be issuing guidance on the goods/services not considered to fall under the literal meaning of each class heading. Obviously, these goods/services must have fallen under the relevant class at the time the EUTM was filed. The magic window for submitting the Declaration will be between 23 March 2016 and 23 September 2016.

In addition to the new Article 28 Declaration, there is also an existing mechanism that can be called in to play. EUTM owners are free to “surrender” any of the goods/services covered by their EUTM at any time. Where a class heading term is covered, for example, the owner is able to delete that term and replace it with a selection of the alphabetical list of goods and services in the Nice Classification which are deemed to fall under that term. This is known as an Article 50 partial surrender and is not affected by the new Regulations.

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As anyone who has seen the full alphabetical list will tell you, it is incredibly extensive so careful attention should be paid to which terms are kept, to avoid a lengthy specification covering many goods and services not of interest.

Whilst some may see an advantage in an overly broad specification, once an EUTM is more than five years old, it is arguable that the risk of a third party applying to partially revoke your EUTM (to limit your rights down to the confines of those goods/services on which you actually use) is heightened.

This route will also limit you to the exact wording of the alphabetical list which you may not feel adequately describes the group of goods/services of interest to you. For example, an Article 50 partial surrender of the class heading term *"apparatus for locomotion by land"* in class 12 could result in coverage of "audible warning systems for bicycles, baskets adapted for bicycles, bicycle kickstands, bicycle chains, bicycle handlebars, bicycle

tyres, bicycle brakes, bicycle mudguards, bicycle cranks, bicycle motors, bicycle pedals, bicycle wheels, bicycle saddles, bicycle frames, bicycle bells, direction indicators for bicycles..." (and the list goes on), whereas the EUTM owner may prefer to cover the simpler and, arguably, broader term "parts and fittings for bicycles" by filing an Article 28 Declaration.

It remains to be seen which mechanism will be the better option. We await further information from the EUIPO as to how Article 28 Declarations will be put into effect and we believe the best option for each trade mark portfolio will need to be assessed on a case by case basis. The good news is there are no official fees for either option.

We will be contacting those affected shortly and, as always, will be on hand to advise on the best way forward for each individual portfolio.

Author: Lisa Ormrod, Attorney

Renewal fees drop

Under the new EUTM Regulation, renewal fees will drop substantially from EUR 1350 to EUR 850, both assuming e-renewal. The old renewal fee covered up to three classes, with a further EUR 400 for each additional class covered by the registration; the new fee will be EUR 850 to cover only the first class, EUR 50 for the second, and EUR 150 for each subsequent class. Even given the new fee structure's "pay per class" structure, EUTM proprietors are going to benefit substantially from the new fees, which come into force on 23 March 2016.

There has been speculation as to whether it will be possible to wait until one's EUTM has expired prior to 23 March, and then use the six-month grace period for late renewal to pay when the new fee structure is in force. Even given the late-renewal surcharge, there could have been cost savings.

However, the EUIPO has cut off that possibility by means of its communication of 20 January 2016. Any EUTM which expires before 23 March 2016 will be subject to the old fee structure, even if it is late-renewed after that date. Any EUTM which expires on or after 23 March 2016 will benefit from the new fee structure, even if the renewal of that mark is requested and paid for before that date. In

the event that a proprietor has paid his renewal fee before 23 March 2016 even though his renewal falls due afterwards, he will receive a refund for the difference in fees.

The other major change relating to renewals is that the "end of month" short grace period vanishes. Under the old system, fees could be paid by the end of the calendar month in which renewal fell due, and in such cases would not be considered paid late. The Amending Regulation makes clear that renewal will now be due on the actual calendar date itself, and any fee paid after the renewal deadline will be considered late.

Author: Felicity Hide, Partner





EU trade mark reform: day-to-day changes and effects

Our recent bulletin [here](#) set out the substantial changes taking place this year to the Community Trade Marks system.

Some of these changes are cosmetic: our correspondence with you will start referring to “European Trade Marks” (EUTM) and the “European Union Intellectual Property Office” (EUIPO) rather than “CTM” and “OHIM”.

Some other changes to the systems and processes in place across the EU and at the OHIM do, however, require **brand owners to pay particular attention**.

This bulletin expands further on these changes coming into force in March 2016 and – most importantly – how these could **affect you**.

The headlines

- Lower filing fees if EUTMs are filed in one or two classes rather than three;
- Deadline to oppose later-filed EUTMs does not change, but the deadline and timeframe for opposing EU designations of International Registrations will become shorter;
- Some proprietors clients may need to file a Declaration regarding the scope of their existing CTMs – there is a

six-month window for this (23 March 2016 – 23 September 2016) and we suggest acting promptly; (see the other [bulletin](#) for more information)

- Exciting changes to what can be filed as a EUTM;
- Useful new tools for trade mark proprietors relating to counterfeit goods and customs recordals.

Key date

The new rules enter into force on 23 March 2016. The final date for Class Heading adjustments by filing a declaration is 23 September 2016.

How much?

Instead of the current single fee covering the first three classes in a trade mark application, a “fee per class” system will now enter into force. This may reduce the cost for applicants.

The single-class-fee system familiar from the UK and many other Registries is effectively what is now being introduced for EUTMs: going forward the basic EUTM filing fee will cover only one class, and if the applicant wishes to claim any goods/services in other classes, each additional class is subject to a separate fee.

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Classes	Current electronic filing fee (€)	New electronic filing fee (€)
One	900	850
Two	900	900
Three	900	1050
Four	1050	1200
Five and subsequent classes	150	150

The new fee structure means that a new EUTM application in two classes will, at these published rates, not cost any more than a CTM filed today in three classes. However, if you apply for a EUTM in only one class, filing fees will be lower.

Renewal fees will also be calculated on “per class” basis. So EUTM owners may also save money on renewal.

This is intended to avoid “register cluttering”, where entries have multi-class registrations covering goods and services they do not really need, hence blocking the way for others’ use and registration.

In summary, if you have generally filed applications in two classes, filing costs will not increase for you going forward. If you have filed in three classes, then filing costs will increase by €150; but if you have typically filed in one class, costs will reduce by €50. We will of course be advising clients on changes to the fee structure and the effects of this EUTM, as the new system enters into force.

Fees for invalidity and revocation actions will also decrease, as will appeal fees.

Technical changes

Searches and surveillance letters will continue as normal, but it is now possible to opt out of receiving the EUIPO search.

We would strongly discourage that step, however, because the search will still be conducted by the EUIPO to determine to whom the surveillance letters should be sent. Therefore, that search report is a vital indicator for the Applicant of the proprietors of earlier marks, who will be notified of new applications.

We also continue to strongly recommend a watching service.

Disclaimers also now disappear, and it is not possible to disclaim parts of a mark.

Class headings

This change links to the important *IP Translator* case ([here](#)) the CJEU held that a claim to the “class heading” would not, as previously understood, cover all goods or services in that class.

This is a very particular and important change – proprietors of CTMs filed before 12 June 2012 that are registered in respect of the entire heading of a Nice Class will now have until 23 September 2016 to file a Declaration at the EUIPO that their intention at the time of filing had indeed been to cover goods or services beyond the scope of the class heading as literally construed.

As this is an important change, requiring input from clients, we will advise as to next steps, once the EUIPO’s requirements become finalised.

Graphical representation

This is an exciting change for many brand owners – the new system has changed the definition of signs of which a EUTM may consist.

The requirement for a sign to be capable of being graphically represented has gone and other forms of representation are now possible. There is now also a requirement that the mark should be represented on the register in a manner which allows third parties to “determine a clear and precise subject matter of the protection forwarded to the proprietor”.

These changes reflect the increasing range of ways that brand owners may wish to represent their brands, possibly in digital formats; interestingly under the Reforms, colours and sounds are now included specifically in the list of particular things that may constitute an EU trade mark.

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It is also now possible to apply to register certification marks - previously only collective marks were allowed. Whereas the main feature of a collective mark is that it is used as an indication to the relevant public that goods or services originate from a member of a particular association and is a sign of membership, a certification mark is a sign certifying that the goods or services in respect of which it is used are of a particular quality.

Please contact your usual advisor should you have any questions in relation to this.

Counterfeit goods

A separate bulletin will be circulated to all clients shortly. These changes provide a truly enhanced, stronger rights for clients relying on customs records. An updated and very user-friendly recordal system will provide trade mark proprietors with the right to prohibit goods in transit which would be regarded as counterfeit in the member state where they come under customs inspection. The centralised database recordal also allows for usual customs records to be automatically translated into any language of an EU member state and for particular ports to be put on notice to look out for possibly infringing counterfeit goods.

Relative grounds oppositions

- There are new grounds to oppose based on PDO (protected designation of origin) and PGIs (protected geographical indication).
- The relevant period for proof of use has also been clarified for opposition purposes, and is confirmed as five years from the end of the opposition period or final decision.
- Scale costs will also change. We await clarification on this. We believe the potential exposure to costs in oppositions is likely to increase.

Deadline changes for oppositions

An odd quirk of the CTM system was that the period to file opposition against an International Registration (IR) designating the EU opened six months after its publication and closed three months after that.

The EUTM reforms have significantly shortened the time scales and deadlines. From March 2016 the three month window to oppose an EU designation of IR will now open one month after its publication.

For example under the "old system" the effective final deadline to oppose an EU designation of an IR published on i.e. 1 February 2016 would have been 1 November 2016. Under the new system the deadline will now be 1 June 2016.

Infringement

- Use as a trading or company name is now a specific infringement.
- Licensee's rights are harmonised so that they can sue for infringement only with the consent of the owner. Exclusive licensees will also be able to act if the owner fails to do so.
- Trade mark owners can now request that the publishers of dictionaries or other reference works indicate that the reproduction of their mark is a registered trade mark, in an attempt to prevent genericism.
- The origin function of a trade mark is absolute in double identity cases and where there is similarity between the goods and services and the sign.

Defences

- The own name defence is available to natural persons if it is honest use, but not for companies.
- Referring to the trade mark to refer to the proprietor's goods or services honestly, e.g. to indicate accessories or spare parts, is a defence.
- There is also a new clarification that the "honest use" defence applies not only to descriptive indications, but also to non-distinctive ones.

Things to consider now

- Brand owners who are considering filing multiclass applications (over two) may consider taking advantage of slightly cheaper filing fees currently, before the new system begins.
- Brand owners should consider putting a watching service in place.
- Brand owners with CTMs filed before June 2012 which have class heading specifications should consider whether to declare their CTMs as covering all goods and services in that class.

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