

Implementation of the EU Trade Mark Directive 2015 Consultation

Response

This is a response by the Chartered Institute of Patent Attorneys (CIPA) to the Consultation on the Implementation of the EU Trade Mark Directive 2015. CIPA is the representative body for Chartered Patent Attorneys in the UK. Most CIPA Fellows (around 2240 members of CIPA) are Registered Patent Attorneys regulated by the Intellectual Property Regulation Board (IPReg), a national Regulatory Authority established under the Legal Services Act 2007. The majority of Chartered Patent Attorneys are also European Patent Attorneys, representing clients before the European Patent Office (EPO).

1. How do you think the removal of the graphical representation requirement will change the demand for unusual mark types? Would you or your clients be more likely to register an unusual mark? If so how will you/they benefit from this?

We don't think that the removal of the graphical representation requirement will change the demand for unusual mark types. We don't think our members or clients of our members would be more likely to register an unusual mark. What we do think is that for those people who want to file unusual marks they will be able to file them more effectively. So in the case of a moving mark, it will be possible to file an mp4 to reflect the actual mark rather than a series of still images which didn't really reflect the actual mark. The same goes for those people wanting to protect a sound mark, where it will be possible to file an mp3 rather than a musical score, which again didn't always reflect the actual mark. There may be a small increase in people re-filing the unusual marks that they already had on file to protect these marks more effectively using the new requirements where graphical representation is no longer needed.

2. Are there any other mark types, other than those identified, which may benefit from the ability to file representations in a digital format? Which formats (apart from .mp3, .mp4, .jpg mentioned above), do you think applicants would like to be able to use to file their trade mark applications?

We think that normal figurative marks also benefit from the ability to file representations in a digital format and hopefully the formats for filing normal figurative marks will be able to be filed in other digital formats than .jpg. In particular we think that applicants would like to be able to file their marks using .pdf .png .gif .mkv .mov .pict .tiff .obj .stl .x3d.

We also think that any other limitation to be placed on the applicant other than the file type per-se needs to be made very clear in advance, such as file size, pixels, frame rate etc, so that the applicant does not only first realise that there is an issue with their file half way through the application procedure. Detailed guidance needs to be issued which is easy to find and not hidden.

We are happy that the UKIPO pushes users of the system to file using a particular file format, however, this should not prohibit obtaining a filing date where filings are made at the last minute for example, for example one could file in any format, but then have to follow up in a predetermined time with a particular “harmonised” file format.

3. What is your view on how we should treat the term ‘competent authorities’? Please explain your answer.

We think that the term “competent authorities” should be simply “the Registrar” as the Registrar has the ultimate authority although they may be directed in their final decisions by the Courts and Appointed Persons.

4. If you support implementation of this optional article, please explain why and provide evidence of the advantage that implementation would provide.

We do not support implementation of the optional article, we cannot see any general benefit and it would only complicate matters and create uncertainty. Distinctive character should be judged at the application date and not to any distinctive character acquired after the application date but before the registration date.

5. Do you agree with our conclusion that section 6(3) is contrary to the Directive? Please explain your answer.

We agree with your conclusion that section 6(3) is contrary to the Directive for the same reasons as you indicated.

6. Do you agree with our approach to dealing with the potential gap left by the repeal of section 6(3)? Please explain your answer.

We agree with your approach to deal with the potential gap left by the repeal of section 6(3) for the same reasons as you indicated. It is beneficial that the test for restoration of trade marks is in line with the test for restoration of patents. The “unintentional” test is a sensible one and previously our members found that the “just to do so” test was no real bar to restoration, leaving third parties in doubt as to whether or not a restoration request might be filed later, or if a mark had been truly abandoned.

7. Do you consider that the reference to “industrial property right” in this context might include rights other than a design right or registered designs? Please explain your answer.

We don’t think that “industrial property right” in this context would include rights other than a design right or registered designs. Copyrights for example are not industrial property rights they are covered elsewhere explicitly and semiconductor topography rights are a form of design right. However, perhaps a specific reference to an “unregistered design right” might be good to include rather than just referring to “design right”.

8. If you support implementation of this optional article, please provide evidence of the advantage that implementation would provide.

We do not support implementation of the optional article, we agree that section 3(6) provides a mechanism for pursuing grounds based on bad faith regardless of whether or not a foreign filing has been made. Therefore we don’t think that implementation of this option article would provide any advantage.

9. Do you agree with our view that section 10(6) would serve no apparent purpose and can therefore be repealed? If not, please explain your answer.

We agree that section 10(6) would serve no apparent purpose and can therefore be repealed for the same reasons you indicated.

10. Do you agree with our view that new section 10A should apply to goods originating outside the EU (rather than outside the EEA)? Please explain your answer.

We agree that new section 10A should apply to goods originating outside the EU (rather than outside the EEA). Since the law on whether manufacturing goods for export is an infringement of a trade mark is, outside the EU, a matter for local law, if goods are manufactured for export in an EEA country and not put on the market in that country but are then transported through the EU, including the UK, under the customs transit procedures, they will not be put on the market in the UK either. Therefore, there is no opportunity to bring an infringement action against these goods anywhere in the EU (or indeed the EEA) which defeats the object of the provision. Having a reference to the EU in

section 10A (instead of the EEA) is not inconsistent with the principle of EEA-wide exhaustion of rights (which remains as set out in section 12 TMA).

11. Do you agree with our proposal to implement Article 11 by, in effect, replacing section 10(5) with new provisions? Please explain your answer.

We agree with your proposal to implement Article 11 by replacing section 10(5) with new provisions for the same reasons you indicated.

12. Will the changes made by Articles 10.4 (goods in transit) and 11 (preparatory acts), which are intended to help tackle counterfeit goods, allow your business or that of your clients to more effectively protect its products? If so, can you explain or quantify these benefits in more detail? Are there any associated costs? If so, can you explain or quantify these?

We believe that the changes made by Articles 10.4 (goods in transit) and 11 (preparatory acts) will allow businesses of our members or those of our members clients to more effectively protect its products as the “knowledge” requirement has been removed, and the category of preparatory acts widened. Anything to assist in stopping counterfeiters is welcomed by our members. As always there are costs associated such as co-ordinating with customs departments across the EU/EEA and local attorneys in those jurisdictions, as well as translating any notices and often only having a short period of time to respond to any notices.

13. What, if any, impact has the change in the ‘goods in transit’ rules for EU trade marks already had on the transit of legitimate goods to third countries?

We do not know of any impact that the change in the ‘goods in transit’ rules for EU trade marks has already had on the transit of legitimate goods to third countries.

14. Do you agree that a specific enforcement mechanism is required, and that the mechanism proposed is the correct approach? Please explain your answer.

Yes we agree that a specific enforcement mechanism is required as it is a specific issue which might not be properly covered without a distinct and separate mechanism. Generally we think that the mechanism proposed in the correct approach, however, we are concerned that the detail listed might steer the court into ordering destruction of the dictionary when that might not be the most appropriate remedy if for example the dictionary is valuable or there are other reasons why destruction would not be the correct remedy, and in other cases where the remedy is destruction many hoops have to be gone through to prove title

etc. We would therefore suggest that we might want to suggest some other remedies before destruction and perhaps have an open remedy “as the court sees fit” for example.

15. What are the:

a. cost implications and

b. consequences (negative or positive) for taking this approach in implementing Article 13?

The cost implications to business are reduced as one does not to spend time or money in having an assignment document drafted. We believe that the consequences for taking this approach in implementing Article 13 can only be positive in avoiding “red tape”.

16. Do you agree that a specific enforcement mechanism is required, and that the mechanism proposed is the correct approach? Please explain your answer.

Yes we agree that a specific enforcement mechanism is required as it is a specific issue which might not be properly covered without a distinct and separate mechanism. We think that the mechanism proposed in the correct approach for the same reasons that you have outlined. If it were an assignment specifically then this would be something that the Registrar could not order if the other side did not consent and would require a court (which would require additional costs), therefore rectification of the register (ab initio) is much preferred as no court is required and is conceptually correct.

17. The introduction of the non-use as a defence has been discussed in the impact assessment as having beneficial effects, by preventing trade mark owners from using old unused rights in infringement cases, and removing the need for use to be challenged by way of separate proceedings. Does this benefit yourself/ your business? If so, can you explain and/or quantify further?

We agree that combining the issues into a single set of proceedings is beneficial and would benefit business. Separate proceedings, require additional costs, both in time and fees. Separate proceedings take longer for a final decision to be reached as one set of proceedings is stayed until the outcome from the later proceedings is determined, therefore there longer uncertainties to business.

18. Do you agree that our interpretation of this non-trade mark law means that we do not require specific reference in the TMA to levy of execution? Please explain your answer.

We agree with your interpretation for the same reasons as given.

19. Do you agree with our interpretation of the Directive which requires the removal of references in the TMA to proprietors being joined in infringement proceedings taken by licensees (and in the case of collective marks, authorised users)? Please explain your answer.

We do not agree with the removal of the reference in the TMA to proprietors being joined in infringement proceedings taken by licensees (and in the case of collective marks, authorised users). It is important that proprietors are joint for cost implications, so that the proprietors are bound by their arguments used in the proceedings and any decisions issued. We would submit that this is non-primary procedural and as such reference in the TMA to proprietors being joined in infringement proceedings taken by licensees (and in the case of collective marks, authorised users) does not need to be removed.

20. What proportion of UK registered trade marks that you have, or deal with, are licensed to third parties on a non-exclusive basis? Of these, approximately how many have been subject to legal action?

This is not something that we can answer on behalf of our members.

21. Do you agree that the term 'legal persons governed by public law' cannot be meaningfully transposed into UK trade mark law? Please explain your answer.

We agree that the term 'legal persons governed by public law' cannot be meaningfully transposed into UK trade mark law for the same reasons that you have given.

22. Is the reference to 'association' incorporated within section 49 (as amended by Regulation 24) sufficiently broad to cover all those organisations for whom a collective mark may be appropriate? Please explain your answer.

We think that it is probably best to leave 'association' incorporated within section 49 (as amended by Regulation 24) sufficiently broad to cover all those organisations for whom a collective mark may be appropriate as they need to be legal bodies that have been incorporated and not un-incorporated bodies or individuals to hold collective marks to comply. However, if the wording in article 29.2 of the Directive referring to "legal persons governed by public law" is just ignored (which is the present proposal) then there will be a number of organisations holding collective marks not all of which will be able to comply with the definition (which to underscore it, relates purely to 'associations' who have as their members 'manufacturers, producers, suppliers of services and traders').

We do not think that it should only be only incorporated bodies who are able to hold these types of marks (take for example the situation of Cambridge University, as discussed at the Stakeholders meeting, who is not an incorporated body). However, this is a separate issue and not part of the specific implementation of the directive.

23. Do you agree with our interpretation of the interplay between Articles 34.1 and 25.3, that an authorised user of a collective mark should be treated in the same way as a non-exclusive licensee, rather than an exclusive licensee? Please explain your answer.

We agree that an authorised user of a collective mark should be treated in the same way as a non-exclusive licensee, rather than an exclusive licensee for the same reasons given. However, note that if we were to treat the user of a collective mark as an exclusive licensee this would be closer to the present scheme.

24. Do you agree with our proposed approach:

a. In relation to the treatment of licences, security interests, etc, and disclaimers for the new divisional registrations? (See paragraph 62)

b. That a division of a registration cannot split the contested goods and/or services? (See paragraphs 63 and 64)

c. That there is no need to specifically reference the division of international marks? (See paragraph 65) Please explain your answers.

Yes we agree with your proposed approach for the same reasons given.

25. Our approach to restricting the ability to divide registrations is based upon Article 56.2 of the EUTM Regulation and the treatment of mergers in Rule 27(3A)(a). Are there any other circumstances, e.g. when a trade mark is the subject of infringement proceedings, in which it would be appropriate to add similar restrictions?

In relation to other circumstances in which it would be appropriate to add similar restrictions, we would agree with your suggestion of when a trade mark is the subject of infringement proceedings.

26. Do you agree that the ability to disclaim or limit part of a trade mark is a useful mechanism, and that it should therefore be retained? Please explain your answer.

Yes we agree that the ability to disclaim or limit part of a trade mark is a useful mechanism, and it should therefore be retained. Quite often a geographical disclaimer is very useful

27. If disclaimers were removed what would be the impact of removing the ability to disclaim/limit the rights of a TM e.g. by restricting it to a particular locality?

If disclaimers were removed such that you no longer had the ability to disclaim/limit the rights of a TM for example by restricting it to a particular locality then you would have the situation where co-existence and settlement was harder to reach where businesses existed at opposite ends of the country and no one would be left with any registered rights leaving things open to additional third parties to move into the same territory with the same mark leaving business only with passing off as a mechanism to challenge of which they might not be able to satisfy the rigorous requirements, particularly in the case of SMEs.

28.a. How would your business familiarise itself with the implications of these changes? Would you use in-house legal support, request legal advice or neither?

Our members would read the documents prepared by the UKIPO and reports on the changes made by CIPA, CITMA, other attorney firms and the like. They would also attend seminars both in-house and external.

b. How much time would it take for you/your staff/trade mark owners to familiarise yourself with the legal implications of the changes required by the Directive? To give us an indication of likely costs, could you indicate the job title or level of job of the members of staff who will be involved in this?

Given that the measures are similar to the EU trade mark Regulation many of the measures would be familiar to our members so I would suggest an hour for trade mark attorneys and perhaps 30 minutes for staff carrying out the actual filings.

c. Are there any costs to you/your business beyond staff time? For example, preparation of guidance or amending existing licence agreements. Can you quantify these in monetary terms?

There would be no additional costs to our members per se but there might be to the businesses they represent that we cannot comment on.

29. The IA identified costs and benefits associated with implementing the Directive, including retaining closer alignment with the EU trade mark system. Can you explain and/or quantify the benefits/costs you foresee?

Harmonisation is always beneficial and reduces costs as the same "advice" is applicable over wider area and separate local advice does not need to be sought as often.

30. For IP/legal advisors, given the changes in the Directive, do you envisage any increases in work as trade mark owners try to explore the extent to which the current boundaries may have shifted slightly? This may be generally, or relate to specific changes, such as the removal of the need to graphically represent a mark. How much staff time do you think this might equate to, and in which roles?

As indicated in relation to Q1 we don't think that the removal of the graphical representation requirement will change the demand for unusual mark types. However, there may be a small increase in people re-filing the unusual marks that they already had on file to protect these marks more effectively using the new requirements where graphical representation is no longer needed. We cannot quantify this as it would vary widely from business to business.

Other comments

Guidance needs to be given as to when the new provisions take effect from, and whether there are any transitional provisions. This would be particularly helpful in relation to for example Article 14 removal own name defence, and when the defence is removed, i.e. for new companies "named" after a certain date, or for all companies even those "named" in the past.

We understand that the powers given to make the changes do not allow for the law to be change retrospectively, so it would be helpful to indicated this in some accompanying guidance perhaps for clarity.

An illustration of the difficulties that were caused by the transitional provisions in the 1994 Act, the long-running Budweiser case - see, amongst other judgments, *Budejovicky Budvar Narodni Podnik v Anheuser-Busch Inc* [2012] EWCA Civ 880 which illustrates the difficulty of moving from the 1938 Act which allowed concurrent registration of identical or confusingly similar marks in circumstances of honest concurrent use to the 1994 Act which does not.