

## CLIENT ALERT

### The European Trademark Reform: Key Changes Brand Owners Need to Know

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The current trademark system of the European Union (EU) has two components: a Directive relating to the harmonization of the national trademark laws of the 28 EU member states and a Regulation relating to the Community Trademark (CTM), a single trademark that protects brand owners throughout the EU market of more than 500 million consumers. The Office for Harmonization in the Internal Market, the EU office that handles trademark applications, is the third-busiest office in terms of filing activity, behind the trademark offices in China and the United States.

To make the EU even more attractive for business, the European institutions have recently reached a provisional agreement on reforms to modernize the European trademark law system.

After two years of discussions, the institutions agreed to a trademark reform package consisting of two documents: a proposed [Directive](#) to amend the national trademark laws of the member states, and a proposed [Regulation](#) to amend existing CTM practices. These proposals, which incorporate principles from recent decisions by the Court of Justice of the European Union (CJEU), are intended to create a more efficient and successful legal framework.

For brand owners, it is important to understand the proposed trademark reforms and anticipate both the challenges and the opportunities that they will present. Some of the key changes of EU trademark reform will include

- **Terminology:** The Office for Harmonization in the Internal Market (OHIM) will become the "European Intellectual Property Office" (EU IPO), and the current "Community Trademark" (CTM) will be replaced by the "European Union Trademark" (EUTM).
- **Transit of infringing goods:** It will be easier for brand owners to prevent third parties from bringing counterfeit/infringing goods (*i.e.*, goods bearing a trademark that is identical to a registered EUTM for those goods) from non-EU countries into the customs territory of the EU, regardless of whether the goods are intended for release for free circulation within the EU territory.
- **Designation and classification of goods and services for the purpose of registering trademarks:** In order to comply with the CJEU's ruling in case C-307/10 *Chartered Institute of Patent Attorneys* (better known by the name of the trademark applied for in that case, IP TRANSLATOR), and in conformity with the international classification established by the Nice Agreement, the process for designating and classifying goods and services will be revised. It will no longer be possible to simply use Class Headings to cover all goods and services that fall within that class. Instead, brand owners will need to specify the particular goods and services for which registration is sought. Brand owners who applied for Community trademarks before June 22, 2012 (the date on which the OHIM classification practice changed as a result of the "IP TRANSLATOR" case) and whose trademarks cover an entire Nice Class Heading will have six (6) months to specify which goods or services from the Nice alphabetical list they intended for their trademark to cover.
- **Protectable subject matter:** The EUTM will no longer require a "graphic representation" for trademarks that can otherwise be described in a clear and precise manner. The scope of trademarks will be broadened to include colors or

sounds, and a new system of certification marks will also be introduced. Unlike the United States trademark system, the reformed EU trademark system will not permit elements of EUTM to be disclaimed.

- **Absolute grounds for refusal:** The reformed trademark system will prohibit registration of an EUTM if the mark exclusively consists of the shape or other characteristics that result from the nature of the goods themselves. Registration of an EUTM will also be prohibited on the basis of pre-existing traditional terms for wine and designated specialties, as well as pre-existing plant varieties.
- **Relative grounds for refusal:** Designations of origin and geographical indications will be an independent basis for opposing registration of an EUTM.
- **Significant level of protection for geographical designations:** The reformed trademark system will protect appellations and similar geographical designations against misuse, imitation, or evocation and also against use in a manner that would be detrimental, or unduly exploitative.
- **Implementation of administrative procedures by the national offices:** Member states will have seven years to implement administrative procedures for both revocation and invalidity proceedings at the national level that are similar to those developed at the EU level.
- **New fees:** The implementation of a "one-class-per-fee" system will result in a slight reduction in the application cost for an EUTM covering all 28 member states, and renewal fees will be reduced by up to 37 percent. However, the prices will still be higher than the three options for filing applications through the U.S. Trademark Electronic Application System.

Because the revised EU trademark Directive and Regulation have already been adopted by the EU institutions, no substantial modifications are expected before approval and implementation. The final versions will likely be approved after the summer holidays, and the EU trademark reform package will take effect 90 days after its publication, *i.e.*, by the end of 2015. After publication, EU member states will then have three years to incorporate the provisions of the Directive into national law.

Brand owners should begin taking these reforms into account with regard to their existing and planned European trademarks.

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