

## Client Alert

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After two years of discussions and negotiations, the so-called "trademark reform package" has become law.

The reform is aimed at "*encouraging innovation and economic growth by making trademark registration systems all over the EU more accessible and efficient for businesses in terms of lower costs and complexity, increased speed, greater predictability and legal certainty*" (European Council of the European Union).

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## Overview of the EU Trademark Reform and its impact for businesses

The long awaited Regulation (EU) No. 2015/2424 amending the Community Trademark Regulation No. 207/2009 has finally entered into force.

The amending EU Regulation introduces a number of changes aimed at simplifying the registration procedures, improving certain technical aspects as well as strengthening the cooperation between the Office for the Harmonisation of Internal Market (OHIM) and national trademark offices.

Many amendments will enter into force on 23 March 2016, whereas other provisions will take effect next year, namely on 1 October 2017.

### Which are the main amendments entering into force immediately?

First of all, a change of name: the Community trade mark will be named European Union Trademark (EU Trademark), whereas OHIM will become the European Union Intellectual Property Office (EUIPO).

From a substantive legal standpoint, the following changes are worth attention:

- **Filing and renewal fees**

The filing and renewal fees have been amended in order to ensure coexistence and complementarity between the EU trade mark system and the national trademark systems, with particular regard to the needs of small and medium-sized businesses.

- a) New "pay-per-class" system: under the current system, a Community trademark application covers up to three classes of goods and services at the cost of € 900 for application. The amending Regulation introduces a "pay-per-class" system. From a practical perspective, this means that the applicant of a EU Trademark will pay, with respect to the current system, a lower fee if the application covers one class (€ 850), the same fee for two classes (€ 900) and a higher fee if the application covers three or more classes, as better depicted in the below chart.

#### Application fees (e-filing)

CTM (old system)	Fee	EUTM (new system)	Fee
First class		First class	€850
Second class	€900 covers up to three classes	Second class	€50
Third class		Third class	€150
Fourth and all subsequent classes	€150	Fourth and all subsequent classes	€150

Source: OHIM's website

- b) Reduction in renewal fees: while filing fees have partially increased, the renewal fees - which also follows the pay-per-class structure - have been instead considerably reduced. The maximum fee under the new system (that is, for the fourth and subsequent classes) is substantially lower than the correspondent renewal fee currently applicable.

#### Renewal fees (e-filing)

CTM (old system)	Fee	EUTM (new system)	Fee
First class		First class	€850
Second class	€1 350 covers up to three classes	Second class	€50
Third class		Third class	€150
Fourth and all subsequent classes	€400	Fourth and all subsequent classes	€150

Source: OHIM's website

- **Specification of goods and services**

The specification of goods and services represents a fundamental aspect of the scope of protection of a registered trademark. The nature and number of products and services covered by the trademark determines the extent of protection granted to the trademark owner.

Up until June 2012, reference to full class headings were interpreted as covering and in principle granting protection to all the goods or services included in that class. The above system has been reviewed by the Court of Justice of the European Union (CJEU) (case C-307/10, "IP Translator" of 19 June 2012) which established that Community trademark owners must ensure sufficient clarity and precision in relation to the goods and services for which protection is sought in order to enable the competent authorities and economic operators to determine the extent of the protection applied for.

Further to the CJEU ruling, OHIM's current practice entails two different interpretations as regards the identification of products and services of trademark applications covering the entire heading of a class of the Nice Classification, depending on the filing date of the Community trademark: (i) for applications filed after the ruling and covering the entire heading of a given class, the protection is now limited to the literal meaning of the terms contained in said heading as well as to the individual products/services expressly designated; (ii) with regards to applications prior to the ruling of the CJEU, the use of a general heading is still interpreted, in principle, as covering all the products / services included in that given class.

The amending Regulation changes the current system by introducing a common criteria for the classification of products and services in accordance with the principles established by the CJEU. For those applications filed prior to the CJEU ruling and claiming protection for the whole class by referring to the class heading, owners will be allowed to amend their list of products/services in order to meet the criteria of clarity and precision as established by the CJEU: by 24 September 2016, it will be possible to file a request before the EUIPO for the protection of products or services other than those covered by the literal meaning of the heading of the class, provided that the goods or services so designated are included in the alphabetical list for that class of the Nice Classification in force at the date of filing.

- **Anti-counterfeiting measures for goods in transit**

With the aim of strengthening trade mark protection as well as tackling more efficiently the phenomenon of counterfeiting, it is now possible for EU trademark owners to prevent the entry of counterfeit products in transit, that is, even when such goods are

not intended to be placed in the EU market. The burden of proof that the EU trademark owner is not entitled to prohibit the placing of the goods in the country of destination lies on the declarant or holder of the goods in transit.

- **Designation of origin and geographical indications**

The amending Regulation introduces a separate specific ground of opposition and cancellation on the basis of earlier protected designations of origin and protected geographical indications.

- **Opposition period against international registrations designating the EU**

Under the current system, the three-months period to file an opposition against international registrations designating the EU starts six months after the date of its publication. Further to the reform, the opposition period will now start one month after the date of publication.

- **The use of the sign in comparative advertising**

The amending Regulation expressly provides that the owner of a EU trademark is entitled to prohibit third parties from using a sign in comparative advertising when such use does not comply with the conditions laid down in art. 4 of Directive 2006/2014/CE concerning misleading and comparative advertising, and may deceive the persons to whom it is addressed.

**Among the changes which will enter into force from 1 October 2017, we highlight the following:**

- **Signs of which an EU trademark may consist**

With the purpose of facilitating the filing of the so-called non-traditional marks, such as olfactory marks, the graphical representation requirement has been removed from the definition of EU trademark. This means that a sign can be now represented in any appropriate form using generally available technology and thus not necessarily by graphic means, as long as the representation is clear, precise, autonomous, easily accessible, intelligible, durable and objective.

- **New EU Certification Marks**

Even though registration for these marks is already available in some national systems, the "certification marks" are now introduced in the EU trademark system. This type of trademark allows a certifying institution or organization to permit its participants to use the trademark as a sign for goods or services that satisfies the certification requirements.