

FULL TEXT

COUNTRY PERSPECTIVES – EFFECTS OF THE PROPOSED AMENDMENTS TO THE TM DIRECTIVE ON NATIONAL LAW

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Introduction - a short history of trademark protection in Romania

- The first regulations for trade marks (TM) protection in Romania were set up in the **Trade Convention between Austria-Hungary and Romania from 1875**. Two years later, the similar provisions could be found in the **Trade Convention between Germany and Romania** (from 14.11.1877).
- Actually, the first Romanian trade mark law was adopted on 15/27.05.1879 and it was entitled "**The Factory and Trade Marks Law**", in force more than 88 years!
- On 29.12.1967, the **communist regime** adopted the "**Law on Factory, Trade and Service Marks**"- (second Romanian TM law);
- On 23.07.1998, in the context of the **free market economy**, taking into account the Directive 89/104/EEC, Romania adopted **-The Law on Trade Marks and Geographical Indication - L84/1998**. This law was amended and republished in 2010 - (third Romanian TM law), now in force (law).

1. Main features of the law in force

According to the law, "*trademarks may consist of any sign capable of being **represented graphically**, such as: words, including personal names, designs, letters, numerals, figurative elements, three-dimensional shapes and, particularly, the shape of goods or of packaging thereof, colours, combinations of colours, holograms, acoustic signals, as well as any combination thereof, **provided that such signs are capable of distinguishing the goods or services of one enterprise** [undertaking] **from those of other enterprises** [undertakings]."* (Art.2/law)

As many other countries in Europe, Romania has adopted from the very beginning a **first-to-file TM system**. In this respect, is the Art.8 of the law:

*"The right to the trademark shall belong to the applicant which was **the first to file the application** for trademark registration **under the conditions laid down by the law.**"*

The proof of prior use is only required in the cases where the mark could be refused for lack of the distinctiveness in order to prove by the applicant the acquired distinctiveness, through effective use before the filing date. **Secondary meaning survey** is recommended as the best way to measure and to prove consumers' mental associations.

Moreover, **the prior use of a sign** in the course of trade should be taken into consideration as relative ground for refusal or invalidation (the same wording as in Article 4, point 4b) of the Directive 2008/95/EC).



Romania has a **pre-grant opposition system**. An opposition may be filed against a trademark application published in the OSIM *Official IP Gazette* by the owner of a prior TM valid or well-known in Romania or in **European Union (EU)**, within two months. The applicant may request the opponent to file proof of genuine use of the opposed TMs in Romania or in EU – **Internal Market**, depending on the case.

Romanian TM system has **no administrative revocation and cancellation (declaration of invalidity)** procedure. Trademark revocation or cancellation is available as in-court proceedings before the Bucharest Municipal Court, as the first instance.

2- New provisions of the draft TM Directive

General remarks

Regarding the “Proposal for a Directive of the European Parliament and of the Council to approximate the laws of Member States relating to trade marks” (draft of new Directive), it appears that it is more strict, leaving fewer options to the Member States. The new draft directive contains no less than **53 articles, including principal procedural rules, in comparison with only 19** articles of Directive 2008/95/EC.

Among the major changes proposed in the new draft directive, I will focus on the following issues:

2.1 Change of the trade mark definition to adapt it to the practices and technological possibilities of representation of the distinctive signs;

According to the Article 3 (**trade mark definition**), the draft of the new Directive **extends the scope of the distinctive signs** by adding "sound" (i.e. sound marks) and 'colour as such' (i.e. trademarks consisting in a particular shade of a colour). Moreover, Article 3 eliminates the requirement of graphical representation which is replaced by provision that the signs are capable of "*being represented in a manner which enables the competent authorities and the public to determine the precise subject of the protection afforded to its proprietor.*" In other words, the representation of the marks can be made not only graphically but also through modern technological means: IT files, audio / video recordings, chemical formula etc..

2.2 New regulations for the designation and classification of goods and services (G&S)

The provisions of the Article 40 follow the principles established by the ECJ in IP TRANSLATOR case (C-307/10), according to which goods and services for which protection is sought need to be identified by the applicant with "**sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trade mark**". The **general indications** of the class headings of the Nice Classification (**NCL**) may be used to identify goods or services provided that such identification is sufficiently clear and precise. Article 40 further clarifies that the use of **general terms** has to be interpreted as including only all goods or services **clearly covered by the literal meaning** of the term ("**means-what-it-says approach**").

We welcome these **legal** provisions that can put the end to some divergent opinion between OHIM (Communication No. 2/12 of the President, dated 20.06.2012) and IB-WIPO (Notice No. 23/23.11.2012) which was generated, in my opinion, by the OHIM interpretation of the provisions of point 61 of ECJ Decision. We also welcome collaboration between the National IP Offices (NIPOs), OHIM and WIPO to build a new hierarchical tree for goods and services (G&S Taxonomy) in the framework of Convergence Programme. The taxonomy shall propose **new general terms instead of those general indications** of the class headings which have been considered to be **too vague or indefinite**.

2.3 Considering the **descriptive** (or misleading) in all official EU languages

Absolute grounds for refusal apply despite the fact that these are valid reasons "in Member States other than those in which the application for registration", and "only where a trademark in a foreign language is translated or transcribed in a writing system or language of a Member State." (Art. 4 (2)).

The wording of Art. 4 (2) of the Directive is not clear enough whether the translation or transliteration considered, appears:

- only in the request for trademark's registration (I mean only in the form but not in the **TM** representation), like in case **IR 1001458**, no word, transliteration **YUAN MENG**, holder **ZHEJIANG WEILITE SOCKS**, Yiwu City, 322000 Zhejiang Province

540 Mark



531 International Classification of the Figurative Elements of Marks (Vienna Classification) - VCL(6)
26.13.25 ; 28.03.00

561 Transliteration of the mark
YUAN MENG

566 Translation of the mark or of words contained in the mark
The first character means "circular" the second means "dream", the combination of the two has no meaning.

511 International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) - NCL(9)
25 Layettes; babies' diapers of textile; swimsuits; clothing for gymnastics; hosiery.

or it appears

- in the representation of the trademark it-self. For example in case **IR 1071923**, Yuan meng **CLASSIC**, holder Li WenHua, 100020 Beijing (CN)

540 Mark



531 International Classification of the Figurative Elements of Marks (Vienna Classification) - VCL(6)
27.05.11 ; 28.03.00

561 Transliteration of the mark
JingDianFanMeng

511 International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) - NCL(9)
25 Clothing; shoes; berets; gloves (clothing); top hats; wedding cloths; hats; hosiery; neckties; straps (clothing).

In the second situation, the above provision is appropriate as far as the word elements are written both in a foreign language/alphabet and in the Latin alphabet and having a meaning in Romanian (like **classic** – clasic).

However, in the first case, **the provision appears excessive** forcing the national offices (examining national trade mark applications-NTMA) to apply the same criteria as the OHIM (examining EU trade mark application).



In my view, the European trade marks should be designed taking into account the specifics of the Internal Market and consumers' perception. Because, in the end, what it **really** matters is how the average consumer, whom the trademark is addressed, would perceive it. In other words, no every national trademark (word or combined), is appropriated to become a true European trademark.

Thus, despite the fact that by **the Art. 4 (2), the draft Directive** claims that it implements the provisions of the ECJ Decision in *Matratzen* case (C-421/04), in fact, in this Article, **the exception from the final of the decision is missing!**

Matratzen case C-421/04	Directive provisions, Art. 4(2)
<p>Article 3(1)(b) and (c) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks does not preclude the registration in a Member State, as a national trade mark, of a term borrowed from the language of another Member State in which it is devoid of distinctive character or descriptive of the goods or services in respect of which registration is sought, unless the relevant parties in the Member State in which registration is sought are capable of identifying the meaning of the term.</p>	<p>Absolute grounds shall apply notwithstanding that the grounds of non-registrability obtain: (a) in other Member States than those where the application for registration was filed; (b) only where a trade mark in a foreign language is translated or transcribed in any script or official language of the Member States.</p>

It is also to be highlighted **the wrong practice of some applicants** which submit **trade mark applications with national or regional vocation** to the OHIM to become European trade marks. In this respect *Matratzen* case in class is a very good



example.

The trade mark *MATRATZEN CONCORD*, in classes 10, 20 and 24 of Nice Classification (NCL) for German users, is a combination of an allusive term (*Concord*) and a descriptive word (*Matratzen* - mattress). In countries which have an official language German, word *Matratzen* not cause any collision being affected by the disclaimer (even by default). But the *Matratzen* word (placed in the first position) appears as fanciful and consequently it has a contribution to the distinctiveness of the trade mark for consumers of an another country, in this case Spain, where even there is an earlier word trade mark *Matratzen* registered on 20 NCL. Hence the collision that caused all this very complex case in terms of legal stages:

- the opposition continued to the ECJ (C-3/03P) and in parallel with
- the annulment of the earlier mark ; it reached the ECJ opinion (C -421/04).

A different situation would have been if the applicant would be applied to OHIM for a **real European** trade mark, **i.e.** without *Matratzen* word, term **Concord** being possibly **allusive** (if not arbitrary) **for beds and mattresses**, in all European languages.



2.4 Relative grounds for refusal completing by three new cases **on bad faith** (Art. 5(3)):

- trade mark applied for by agents or representatives without consent of the right owner
- Registration of trade marks (registered) and used outside the Union in order to block the entry of the mark in the common market, and
- Marks contrary to **EU** legislation on the protection of designations of origin and geographical indications;

Do the bad faith cases represent **relative grounds** for refusal/cancellation of a trade mark **or absolute once**, like in Article 4(3)?

Thus the general provision for bad faith is in Article 4 (3), but specific cases are listed in Article 5 (3).

2.5 The function theory

Taking into account the ECJ decision in the INTERFLORA case (C-323/09), we welcome the clarification of **the function theory** in the Articles 5 and 10 of the recast Directive and in the Article 9 of the draft for amendments of the CTM Regulation. However, I would prefer a real clarification of the difference between the legal status of a well-known trademark and a trademark with reputation. In this respect, a definition of the trademark with reputation or some specific characteristics in the text of the recast Directive, based on the best practices of the MSs, OHIM and ECJ could be a possible solution.

2.6 The genuine use of trade marks

Article 16 of the draft Directive refers only to the genuine use of a trade mark in the Member States (i.e. of NTMs), **but it does not say anything about the genuine use of a trade mark in the EU (i.e. of the Community trade marks - CTMs, to become ETMs)!**

2.7 Administrative opposition

The national IP offices (NIPOs) shall provide for an “efficient and expeditious procedure” on the relative grounds (Article 5). The new Directive (Article 45 and Article 16(2)) is not clear enough regarding the envisaged type of opposition :

- **post**-registration or
- **pre**-registration.

2.8 Administrative revocation and cancellation (invalidation).

Article 47(1) of the recast Directive gives the competence for administrative revocation or declaration of invalidity (cancellation) to the NIPOs and Article 47(2) requires that the following grounds for revocation and invalidity must be provided for:

- Failure to comply with Article 4 (absolute grounds);
- Existence of an earlier right under Article 5(2) and (3); and
- Revocation for non-use (Article 19) or for a trade mark that has become a common name in trade on the relevant market, or misleading for the relevant consumers (Article 20).

3- The impact of the new draft directive on the law in force in order to implement it, if the directive is approved:

3.1 The wording of Art. 4 (2) of the new Directive shall force the national offices to apply for the word elements, the same criteria, very restrictive (to national TMs) as OHIM (to European TMs)!



Thus, the difference between the TMs registration conditions at National IP Offices (NIPOs) and OHIM will disappear.

3.2 If the new Directive finally will provide for post-registration opposition, **Romania has to change opposition system** from opposition to the publication of the TM application to the post-registration opposition. **For legal certainty** I would prefer a clear regulation for **post-examination, but pre-registration opposition system** in the Directive. We also welcome the special provision for at least two months cooling off period at the request of the parties.

3.3 The competent institutions for examination of bad faith cases are not indicated in the new Directive.

In Romania there are big debates regarding jurisdiction on bad faith cases. The trade mark attorneys (legally qualified) advocate the court competence and in the RO- IPO, opinions are divided.

3.4 Also, **Romania has to set-up a cancellation and revocation procedure in the office**. In this respect, there are divergent opinions among the Romanian trade mark specialists. Personally, I support this proposal, but the trademark attorneys (legally qualified) are not very much in favour.

4. Instead of conclusions, just some remarks and figures

4.1 **As a general remark**, I think that, **the new draft Directive aims to an integration** in the TM issues **stronger than that achieved economically and politically in EU**, and this approach **leads to a premature reduction of the role of the NIPOs**, even if the option 4 (“*a single trade mark rulebook*”) was not adopted.

4.2 For these reasons, in my opinion, **it is necessary to be revised some provisions** of the draft Directive, **keeping in mind the differences between the role of the national trade marks in comparison with CTMs (ETMs)**.

In my opinion, a true European TM has the following essential characteristics in comparison with a national trade mark (NTM):

- Word elements of the European TM shall pass the test of distinctiveness and other absolute grounds in any and all of the official EU languages, which is not the case for national trade marks;
- The owner of a European TM shall be able to act (in a few years-5) at the Internal Market level in order of genuine use of his TM, but not only nationally – **(test of genuine use of an European TM should be set-up)**.

4.2.1 The wording of art. 4 (2) of the Directive should be revised in order to eliminate **the possible its interpretation as** an obligation of the NIPOs to consider the **descriptive** (or misleading) of the word elements **in all official EU languages**.

If not, the new draft Directive **could** force the national offices to apply to national TMs, for word elements, the same very restrictive criteria, as OHIM does to European TMs! Thus, the difference between the TMs registration conditions at national IP offices (NIPOs) and at OHIM will disappear.

4.2.2 But, **the crucial point** for further co-existence of the national trade mark systems with the European one and keeping the partnership between NIPOs and OHIM, is the regulation of **the issue of genuine use of the European trade marks**. Despite of the ECJ decision in ONEL case (C-149/11), for me the use of a CTM (ETM) in only one Member State is not enough for **proving of the genuine use**. On the other hand, **the use of a trade mark only in one country is sufficient proof that the trade mark is not use in European Union**, but in that MS like many other NTMs.



From my point of view, **Article 16 of the draft Directive should be completed with specific provisions relating to the genuine use of the Community (European) trade marks.**

4.2.3 In the same line, the **Article 49 of the draft Directive should be completed with specific provisions** regarding the conversion of a CTM to a national trade mark, like the following: If, during 5 years from the registration a CTM/ETM is not used at the Internal Market scale, but only in one MS, then subject to revocation challenge by the third interested party, the owner of the mark can convert his trade mark in a national one in that MS only.

This provision in the amendments proposed for CTM Regulation could be seen as balanced, complementary measure to the seniority claim **of an earlier** national trade mark for the identical CTM (ETM) **which was filed latter**.

4.3 The TM registration trend at RO-IPO:

**Total number of national TM application
during the period 2003 - 2012**

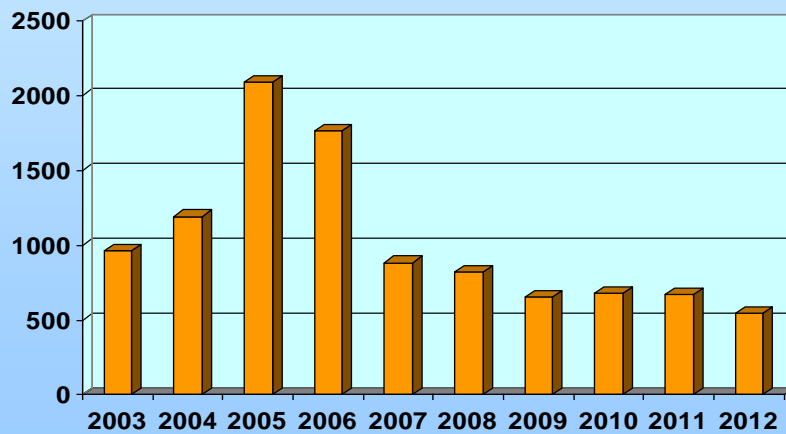
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NTMA	7802	11491	13211	14482	11871	11139	9702	9432	9058	8290





***Number of national application via Paris Convention
during the period 2003 - 2012***

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NTMA	962	1193	2090	1762	883	823	653	679	669	547

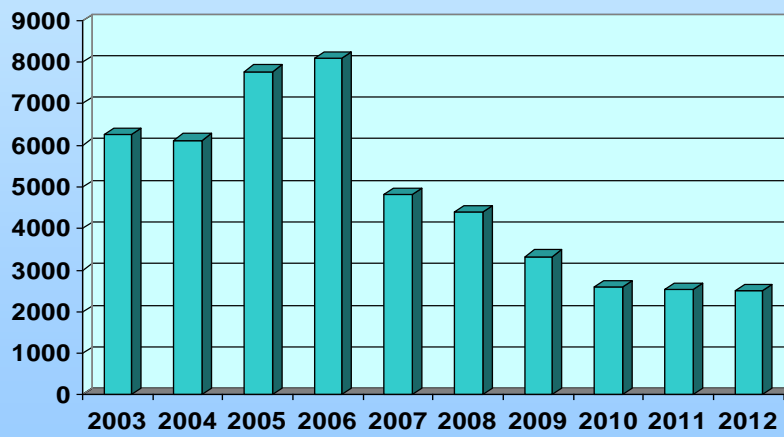


■ National PC trade mark applications



***Number of RO designations in international TMA
during the period 2003 - 2012***

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
RO in IR	6251	6126	7773	8088	4814	4402	3328	2601	2542	2498

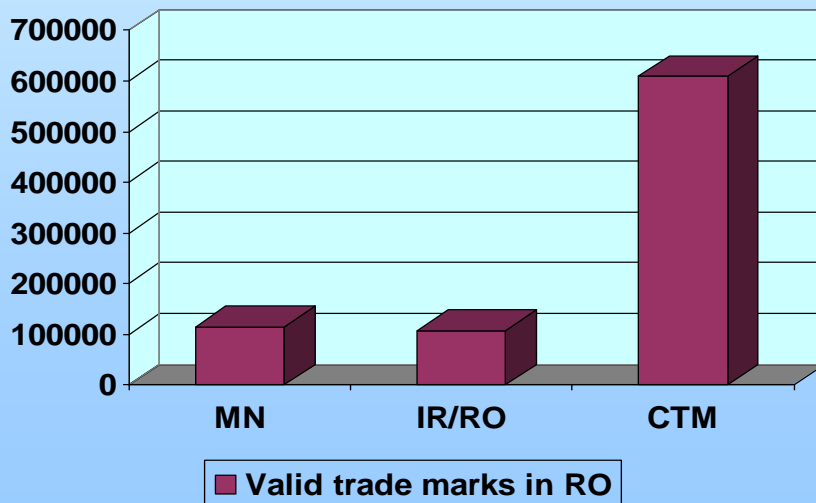


■ RO designations in International TMA



**Valide trade marks in RO
on 07.06.2013**

Type	NTM	IR/RO	CTM	TOTAL
Number	115171	106486	608659	830316
%	13,87	12,83	73,30	100



One fourth is RO-NTM and IR/RO to three fourth are CTM!

How many of these 830316 CTMs have a SME as owner?

SME type	GmbH	LLC	SRL	SARL	Kft	GbR
country	DE, AT, CH	US, UK	IT, ES, PT, RO	FR, BE	HU	DE, AT, CH
No of CTMs	132,984	29,270	6,518	4,272	1,274	940