



Something's changing with trademarks: Part 2

In 2014, Ourania Vrontou, Christodoulos G. Vassiliades & Co LLC, discussed the Regulation on the European Trademark Law. Two years later, she's back to depict the updates on the law and what this means for jurisdictions worldwide.

Following on from the article published in the 2014 INTA issue of *The Trademark Lawyer* magazine - and in view of the recent publication on the 16th of December of the Regulation (EU) 2015/2424 on the European Trademark law (the "Regulation") and Directive (EU) 2015/2436 on the Directive on the approximation of laws of the Member States relating to trademarks (the "Directive") - we now return with a brief update on the matter.

The substance of both texts remains the same. However, there have been a number of additions worth mentioning.

The Regulation: The administrative part

A promising text with some quite significant clarifications made. One of its highlights is the introduction of a single-class application system. The single-class application system is said to encourage the SMEs entering the European trademark arena since, up until recently, the European trademark was apprehended by the majority of SMEs as unapproachable.

In an effort to support the above measure OHIM, or as it will soon be named the 'EUIPO', also provided financial advantages (this being one of the measures adopted for the dealing with the important surplus of OHIM). Therefore, a single-class application will cost EUR 850 which is EUR 50 less than the current standard three-class application system. An application consisting of two classes of goods/services will cost EUR 900, and a three class application EUR 1050. An additional amount of EUR 150 will be added on the latter for every additional class of goods in excess of three.

The renewal costs have also decreased from a standard fee of EUR 1350 for the basic application to reflecting the cost of filing the trademark application.

Although we cannot describe the decrease in the cost of the application as dramatic, this is a welcoming outcome of the new Regulation. Nonetheless, the impact of the same on *inter alia*, the SMEs using the European trademark system remains ambivalent.

The legal part

Furthermore, the extension of the absolute grounds of protection to include designations of origin and geographical indications is thought to have shed some light in the relationship between them and trademarks. It has now become clear that geographical indications and designations of original can and will constitute an obstacle to any trademark application that threatens their status.

If you will allow me to borrow a more American terminology, the 'prior user' defence or 'prior rights' as mentioned in the Regulation is brought back to the center front. The Regulation underlines what has always been the case, namely that trademark protection needs to be without prejudice to the rights of any first user albeit, this is limited to the particular area and to the particular goods/services involved.



Therefore, the trade name infringement ground is now part of the Regulation. Pursuant to the same, a trade name that is used as a trademark (i.e. used to distinguish the goods/service of one undertaking from those of another) and provided that it is used in a commercial context will constitute infringement. This is another welcoming clarification made since until recently the line between trademarks and trade names was blurry.

The above is introduced along with the provisions on comparative advertising which enable an owner of a European trademark to prohibit a third party from using his sign in comparative advertising, when the same is contrary to the Directive 2006/114/EC on misleading and comparative advertising. It could be argued that this balances, to a certain extent, the limitation of the 'own-name' defence. The 'own-name' defence no longer applies to legal entities, therefore it can only be invoked in respect of 'natural persons'.

In terms of freedom of expression, this seems to have been given a prevalent position in the Regulation. Notably, trademark owners will not have the right to restrict the use of their trademark for the purpose of artistic expression so long as it is considered as fair and in accordance with honest practices in industrial and commercial matters. This also applies in respect to the provisions regarding opposing a later mark. The latter provides that it will not be possible to prevent the use of later marks where it is not possible to invalidate the later mark due to any one of the below:

- (i) At the relevant time there was no acquired distinctiveness or reputation or insufficient distinctiveness for confusion;
- (ii) There is acquiescence; and
- (iii) There is no proof of use.

This is a promising provision since the same seems to aim at restricting the ability of a trademark owner to monopolize trademark protection.

The *Specsavers* decision has been considered, therefore the Regulation provides that a trademark may be used in different versions so long as such versions do not alter its distinctiveness.

Last but not least, another important inclusion worth noting is the introduction of a mediation service, available to any person desiring a mutually friendly and quick settlement.

The Directive

As far as the Directive is concerned, the text is much the same as the one of the Regulation. In comparison to the Regulation however, the Directive has a more dynamic impact on the trademark laws of the member states. Its dynamic effect is highlighted by its top-ceiling nature and in particular by the introduction of opposition, infringement, and revocation procedures.

Although Cyprus is well acquainted with the above procedures, countries such as France seem to be less acquainted (seemingly intentionally so). The latter will now be "forced" to introduce such procedures within 7 years of the entry into force of the Directive.

Notably, trademark owners are given the right to protect their trademark from becoming, or being prone to becoming, a generic term when used in dictionaries. The Directive allows trademark owners to demand that reference to the mark is accompanied with an indication that such mark is protected by trademark registration.

Last but not least (and as already mentioned in our initial article) it goes without saying that both the Regulation and the Directive constitute a promising ally to the fight against counterfeits. Nonetheless, and despite the strict provisions against counterfeit products, both the Regulation and the Directive provide for important safeguards against manipulation of such provisions by trademark owners for the purpose of eliminating competition. Therefore, if a third party proves that the trademark owner has no right in preventing them from placing the goods/services on the market in the country of final destination, the trademark owner will be liable to damages.

Conclusion

The Regulation and the Directive are the end product of years of consultation. The new additions are valuable at least in as far as they approximate the wording of the law with case-law and practice.

Modernizing European trademark law while bringing the same in line with the law of the member states, and approximating the law of the different member states, at the same time is, a welcoming achievement vital for the survival of both systems.

Indisputably, this will facilitate access to both systems and will also increase national applications to member states by nationals of other member states. Proximity between the trademark laws of the different member states will offer considerable certainty. In the context of SMEs, and in view of the fact that the risk taken by such entities is normally limited due to their size, certainty will constitute perhaps more than any economic advantage offered: an advantage for the SMEs to try the European trademark system.

The approximation of the law on trademarks may also be regarded as a necessity, especially in view of the globalizing commercial reality. This is because the fundamental freedoms pertaining the European Union, now more than ever, have come to intertwine with and reflect the principles of the globalizing market.

In light of the philosophy behind the Lisbon treaty, the leap towards the notion of a 'European citizen' and the strengthening of the fundamental freedoms of the European Union, the approximation of the law on trademarks seems to constitute the beginning to a series of approximations to be made with the purpose of establishing and safeguarding Europeanism.

The reform will begin on the 23rd of March 2016. As far as the Directive is concerned, the same will be implemented in 2 parts: member states are given 3 years to implement the basic provisions and 7 years for the implementation of the opposition, infringement and revocation procedures.

Their implementation comes at a crucial time for the European Union. With the UK trying to negotiate an EU-deal, the increase of Euroscepticism, especially after the economic crisis of the past years, and the weakness of the migration policy being in the forefront, it will be interesting to see how the European Commission and the European Parliament will manage to safeguard the notions of a unified Europe and what is more the notion of the citizen of Europe.

In conclusion, given that brands have come to constitute the greatest asset of a business - and the fact that both the Regulation and Directive strengthen at least 3 of the fundamental freedoms pertaining the European Union namely that of services, goods and capital - the implementation of the Regulation and Directive should be regarded as a positive step towards the strengthening of the European market.

Résumé

Ourania Vrontou, Intellectual Property Department, Christodoulos G. Vassiliades & Co. LLC

Ourania has achieved an LL.M in Commercial Law from the University of Bristol and an LL.B from the University of Leeds. She was admitted to the Cyprus Bar in 2013 and has since been working for Christodoulos G. Vassiliades & Co LLC.

Christodoulos G. Vassiliades & Co LLC is one of the leading law firms in Cyprus, offering a variety of commercial and corporate services since 1984, with seven affiliates around the world, including Russia and China. The firm's Intellectual Property Department, founded in 2008, currently accommodates a large number of portfolios for predominant clients of national and international reach.