

# EU trade mark reforms

New legislation will be welcomed by trade mark owners seeking to protect their goods from counterfeiters, explains **Chris McLeod**



Chris McLeod is president of the Institute of Trade Mark Attorneys and a partner at Elkington and Fife @ITMAuk  
www.itma.org.uk

**T**rade marks in the EU are changing. On 23 March 2016 community trade marks (CTMs) are set to become EU trade marks (EUTMs).

In addition, the name of the body issuing trade marks is changing. The Office for Harmonization in the Internal Market will now be known by the more descriptive label EU Intellectual Property Office. It will remain based in Alicante in southern Spain.

However, most of the changes coming in are far more than cosmetic.

## Counterfeit goods

In my opinion, one of the most important changes, and a big boost to trade mark owners, is the strengthening of laws relating to goods in transit. Currently, a valid CTM registration is not enough to prevent counterfeit goods passing through the EU when the final destination is outside the jurisdiction of the CTM. So, under the current legislation, a consignment of counterfeit

mobile phones could be passing through a British port, destined for South America and coming from China, with a trade mark owner unable to take any action, meaning that the goods can freely pass through the EU.

Under the new legislation, these goods can be seized while in transit through the EU if they bear the trade mark of a valid EUTM, even if they are intended for distribution elsewhere in the world. It will now be much harder for EU states to be used as 'safe houses' for counterfeit goods, which gives more impetus to rights holders to enforce those rights.

The caveat is that if the counterfeit goods are genuinely in transit and the goods owner can prove that the registered trade mark owner would not be able to prevent the goods from being placed on the market in the country of final destination, much like now, the EUTM owner will be unable to prevent the goods from entering the EU.

Given that the onus is on the holders or shippers of the goods to prove that they would be free to distribute them in the final market, the new laws are considerably more favourable to trade mark owners, which will be welcomed in the fight against counterfeiters.

This raises some issues, one being the scope of the rights. Financial and logistical constraints may mean that it is not practical for an EUTM owner to have all their trade marks registered globally. For important marks, it is therefore advisable to consider a pre-

emptive strategy in this regard.

The second issue relates to the goods holders needing to prove that the EUTM owner has no rights in the final destination. The most obvious course of action would be to conduct a search of the local trade mark register – but not all trade mark registers are online and easily accessible, so delays are possible. Where national use-based rights exist, it would in theory be necessary to obtain a report confirming whether or not any such rights would be sufficient to prevent the marketing of the infringing goods.



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## Fee reductions

Another change is to the official fees for EUTMs. Out goes the flat rate for applications in up to three classes of goods, meaning that trade mark owners will now pay per class.

The fees will be €850 for one class, €900 for two, and €150 for each additional class for both renewals and original applications. Filing in one class will now be cheaper, filing in two classes will cost the same as now, and filing in three or more will be more expensive. One benefit to

this approach is that it may reduce the 'clutter' on the trade mark register arising from applications in unneeded classes.

The reduction in renewal fees will reflect the application fees and will save EUTM owners substantial sums on renewal – a welcome development.

## Unconventional marks

To date it has always been necessary to represent a mark graphically, which has made registering non-traditional trade marks problematic. Could this pave the way for the acceptance of sound, smell, moving image, and other unusual marks?

As expected, there is still a need for clarity when filing an application, and a mark must 'be represented on the register in a manner which enables the competent authorities and the public to determine the precise subject matter afforded to its proprietor'. So there will still be potential issues for smell marks, but moving images could be represented by digital files, which may make applications for such marks more common. These changes will not take place for a further year to allow national trade mark offices to update their systems.

Practitioners and trade mark owners will be waiting with bated breath to see what impact the full range of reforms will have, but they will undoubtedly have to wait a while, as national trade mark offices within the EU have three years to make most of the necessary changes to national laws. **SJ**