UNICE
Union of Industrial and Employers' Confederations of Europe
Union des Confédérations de l'Industrie et des Employeurs d'Europe

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THE EFFECT OF ENLARGEMENT ON THE COMMUNITY TRADEMARK SYSTEM

UNICE COMMENTS

UNICE is following closely the current discussions on the EU enlargement and would like to share with the Commission and OHIM its thoughts on the possible effect of this process on the Community trademark system.

I. GENERAL COMMENTS

UNICE reckons that by the year 2000, when the proposed negotiation with the new candidates for EU membership should be completed, there will be over one hundred thousand Community trademark registrations. In this context, enlargement will raise questions of a legal and an administrative nature.

UNICE understands that informal talks have already begun with the candidates for accession and that the following basic principles for the entry into force of the CTMR for the new Member States have already been proposed:

- there should be an automatic extension of existing Community trademarks and CTM applications to the new Member States;
- the unitary character of the Community trademark should not be affected by enlargement;
- the language regime under the CTMR should remain unchanged.

UNICE would like to comment further on the above points.

II. AUTOMATIC EXTENSION OF EXISTING CTM AND CTM APPLICATIONS TO THE NEW MEMBER STATES - ABSOLUTE GROUNDS FOR REFUSAL

One of the cornerstones of the CTM is its unitary character. As Article 1 of the CTMR states: “A Community trademark shall have a unitary character. It shall have equal effects throughout the Community…. This principle shall apply unless otherwise

provided in this Regulation." It follows from this Article that it is only possible to file a CTM application for the whole territory of the EU without the possibility of limiting the application to a specific number of Member States. Enlargement should in no way affect this basic CTM principle. Nevertheless, UNICE cannot deny that some problems might arise from automatic extension, for example:

- a candidate Member State may wish to invoke absolute grounds for refusal against the extension to its territory of a CTM. This could happen when a CTM consists of a word that is generic, immoral or otherwise objectionable in one of the languages of the candidate Member State. However, Member States have no power to refuse a CTM application on absolute grounds. They may only act when the CTM has been converted to a national application under Articles 108-110 of the CTMR. UNICE believes that if the same should apply to new Member States, an inequity may be committed, so a limited power of refusal, perhaps for a specified period of time, could be granted to the new Member States.

III. THE PROBLEM OF PRIOR RIGHTS - RELATIVE GROUNDS FOR REFUSAL

In a case where two conflicting trademarks – one national and one a CTM – have been obtained in good faith, there seems to be no reason why one of the two owners should be deprived of his rights solely on the ground that the relevant country has now become a member of the EU. It would be inequitable and morally wrong to remove unilaterally the valid rights of the holder of an earlier but conflicting prior national right. Under the current situation he would have had the possibility of opposing under Article 8.11c will still have the right to apply for the invalidity of the CTM under Article 52.

In order to ensure legal security, both for the CTM owner as well as for the owner of a confusingly similar prior national right, UNICE suggests that there should be a specific procedure which would allow the owners of prior conflicting earlier national rights to make their objections known to the OHIM. Subsequently, during a specific transition period, there should be an obligation upon the parties involved in the dispute to settle their differences with the CTM owner, either by agreeing to live and let live, or by an outright purchase by one of the other's trademark, or by cross-licenses, or by some other means. If no such amicable agreement can be reached in this time then the matter will have to be adjudicated, perhaps by the courts, perhaps by the Office, perhaps by the Boards of Appeal. One obvious solution already exists in Articles 106 and 107 of the CTMR.

Apart from any such specific cases, the new Member States should not have the power to prevent ex *officio* the extension of a CTM on relative grounds.

IV. PIRACY

UNICE believes that piracy could still be a problem, i.e. the deliberate filing of known CTMs in one or all of the new EU Member States with a view to selling the resulting registration back to its true owner when membership is assured and CTM system is extended to new candidates. UNICE believes that one solution might be to give the owner of national trademark that is identical to a CTM with an earlier filing publication or registration date, no rights against the CTM if the national trademarks was filed after a certain date, for example 1st January 1998 and unless it has been genuinely used in the country concerned.

V. LANGUAGE REGIME

The language regime of the Community trademark system has been discussed at length. It is working successfully and UNICE is adamant that no change should be made to it. None of the languages of the Member States should become a language of the Office.

VI. MAGNITUDE OF THE PROBLEMS

The magnitude of many of the problems which will arise from enlargement is considered difficult to assess by UNICE.

It would seem that SMEs are more likely to be affected than larger sized companies, as the latter will be more likely to be already trading in the accession candidate countries and so have their trademarks protected there. But this will probably only be the case for European Industry, and as thirty percent of CTM applicants are American UNICE is of the opinion that the specific position of US companies needs also to be assessed.

VII. CONCLUSIONS

The above comments are UNICE's preliminary views on the possible problems which will arise from enlargement. UNICE will continue its discussion on this subject and will remain in close contact with the Commission and OHIM to share any useful thinking or additional piece of information.

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