

The Community Trade Mark and the Accession of New Countries to the EU

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Council Regulation 40/94 December 20, 1993 for the Community Trade Mark¹ created the first unitary form of industrial property in the European Union.

As a result of the running negotiations for accession of new countries to the EU there will be more countries in the EU when the Regulation for the Community Trade Mark (CTM) came into force. This means that the registration of CTMs, before the accession of the new countries, was the result of an examination that naturally had taken into account neither previous rights existing in these countries at the date of their accession, nor the problems connected with the languages of the registered CTMs.

The accession of new countries at a time when there are CTMs already registered raises the question for extension of registered trademarks to the territory of the most recently associated countries and the mechanism for this extension itself. This extension raises two kinds of problems:

— The unitary nature of the CTM presumes its validity throughout the territory of all the member states of the EU,

including the most recently associated countries.

— The extension of the already registered trademarks new countries will have to face the problem with new absolute and relative grounds for refusal of these trademarks, that exist only on the territory of the newly associated countries. In other words the question for the registrability of these marks will be raised from the point of view of the new countries.

No doubt the solution of these problems should start from the following bases:

— the unitary nature of the CTM is its most substantial characteristic in view of the integrated market of the EU;

— both the rights of the CTMs' owners and those of the owners of previous national trademarks in the new member states should be taken into account;

— the interests of the consumers from the EU should be considered, including the interests of the consumers from the new member states;

— the efficient functioning of the CTM system to a great extent depends on the

optimal determination of the problem with the new members.

Automatic extension of CTMs to new member states

The standpoint that is now being considered presumes 'automatic extension', which can be summarised as follows:

The principle of automatic extension.

This means that all CTMs registered or filed before the accession of a given country to the EU automatically extend their action to the territory of this same country – without any administrative intervention, without necessity of filing any requests or applications and without any additional fees – to cover the whole territory of the new member state from the date of its accession.² Administrative intervention is neither necessary for the automatic extension of CTMs, nor permissible in view of the registrability of the CTMs when it comes to the new member states of the EU.

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The effect of previous national trademark rights in new member states. For the purpose of extension, 'previous rights' in the new member states should mean:

- national registrations and national applications for registration of trademarks;
- registrations under the Madrid Agreement and Madrid Protocol, if they were registered or filed in this country before the date of the accession or when they were registered or filed after that date but with an earlier priority;
- well-known marks under Article 6bis of the Paris Convention and article 16(3) of the TRIPs Agreement;
- non-registered trademarks in the countries offering such protection;
- other previous rights – copyright, personal rights, other industrial property rights, if they were applicable before the date of extension of CTMs to the new member states.

In connection with automatic extension of CTMs that are registered or filed before the date of accession, 'previous rights' in the new member states:

- give their owners, according to the respective national laws, the right to exclude the use of an automatically extended CTM in their respective territories, in accordance with Articles 106 and 107 of the Council Regulation 40/94;
- do not give their owners the right to oppose any automatically extended pending CTM application or to request the invalidation of any automatically extended CTM registration.

Effect of the 'new absolute grounds' for refusal. The accession of new member states creates a new situation in relation to the absolute grounds for refusal of a CTM, pointed out in Article 7(1) and (2) of the Council Regulation 40/94. This new situation results from the following two circumstances:

- on the given territory the semantics of a CTM may have a meaning contradictory to the absolute grounds;
- in the language of the given country a CTM may have a semantics contradictory to the absolute grounds.

In the case of these two hypotheses some of the absolute grounds for refusal come into force just after the accession of the respective country. The presence of new absolute grounds in new member states:

- does not constitute a ground for refusal of automatically extended

CTM applications regardless of whether they have already been examined at the OHIM in Alicante or not;

- does not constitute a ground for invalidation or cancellation of CTMs registered before the date of the accession;
- where the new absolute grounds refer to the descriptive, non-distinctive or generic character of the CTM in new member states, anyone in those countries may take advantage of the restriction of rights provided for in Article 12 of the Council Regulation 40/94 in relation with the use of the trademark;
- where the new absolute grounds refer to misleading character or contradiction to public morality in the new member states, the use of the CTM might be prohibited on the territory of the respective member state if this is allowed by the national law; this opportunity exists according to the provisions of Article 106(2) of the Council Regulation 40/94.

Some reservations about automatic extension

In our opinion, if the mechanism for automatic extension of CTMs is accepted, there are certain reservations which need to be recognised. The more significant among them are the following:

- *Priority date and the date on which the CTMs come into force.* The date of the accession of the new member state will be considered as a priority date for all automatically extended CTMs on the territory of the respective country, and also as a date of coming into force of all registered up to that moment CTMs for this same territory.

- *Definition of previous rights.* According to Article 106 of the Council Regulation 40/94 the term "previous rights" will be used to indicate not only those in Article 8 and Article 52 of the Council Regulation 40/94, but also all national trademark registrations having priority earlier than the date of the accession of the new member state.

- *Seniority claim.* In case of national trademarks registered before the date of accession of the respective country, it will be possible for seniority claims to be included for identical CTMs registered before the date of accession, regardless of whether the national registration is earlier than the one of the CTM;

- *Conversion into national trademark*

applications. When converting applications or registrations of CTMs into national applications in the new member states, these national applications will use as a priority date the date on which the CTM comes into force for the respective territory (the date of the automatic extension).

- *Proof of use.* If proof of use in the territory of a new member state is necessary for the purpose of Article 50, p.1(a) of the Council Regulation 40/94, this use of the CTM will be taken into consideration if only it has occurred after the accession of the new member state;

- *Limitation in consequence of acquiescence.* In case of losing the right to prohibit the use of a CTM according to the provisions in Article 106 of the Council Regulation 40/94, as a consequence of acquiescence of the owner of an earlier national trademark in a new member state, the five-year term of acquiescence according to Article 53(2) of the Regulation will be taken into consideration just for that part which is after the date of the automatic extension of the CTM on the territory of the new member state;

- *Bad faith.* National trademarks filed in a new member state after the publication of the CTM in the *Bulletin of OHIM* will not be considered as filed in bad faith in case of conflict between the national trademark and the CTM, only because of the fact that the published applications have been made public before the date of filing of the national trademark application.

Problems with automatic extension

Adopting the principle of automatic extension requires a large number of questions to be considered carefully, particularly:

- to what extent the proposed system is compatible with the legislation in force in the new member state;

- to what extent the proposed system is in compliance with the interests of the owners of earlier national trademarks in new member states and, more particularly, that:

- where a new member state adopts this mechanism, its system for intellectual property protection, the system for trademark protection in partial, is put in the position of the so called registration system; at the same time, however, the already obtained previous rights in that country have

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been granted under another system – in the case of Bulgaria – the full examination system;

- the owners of trademarks, obtained under the conditions of the registration system, are acquainted with the value of the granted rights. In fact they do not guarantee the exclusive position of the owner, resulting from such a trademark, on the respective national market. Every country with a registration system is ready to grant the same rights regarding the same trademark at the request of every third party, interested in their obtaining. In such a situation the conflicts between the different owners of one and the same trademark are settled in the court;

- unlike the registration system, the full examination system guarantees that the person to whom the exclusive right over the registered trademark has been granted will be the only one to have such rights. This system assures the owner that the state will not grant anyone else the same right. This is what our national examination system has guaranteed to all registered up till this moment trademarks on the territory of Bulgaria;

- by the adoption of automatic extension, the conditions guaranteed to the owners of national trademarks will be changed unexpectedly, unilaterally and contrary to their interests;

- to what extent the proposed system gives an account for the influence it is going to have over the attractiveness of the Bulgarian market in the eyes of the foreign investors. The change in the guaranteed exclusive trademark rights is something that will undoubtedly influence foreign investors' attitude towards the market. While trademark owners from the EU have already solved to a great extent their mutual contradictions in connection with the registration of CTMs, things are different when it comes to the owners of national registrations from the countries outside the EU;

- to what extent the principle of efficient coexistence between the CTM and the national trademark systems is applicable with the principle of automatic extension. As mentioned, one of the main advantages of the CTM system is that it is optimally built into the existing national registration systems, giving the most efficient opportunity the prior rights of national trademarks in the EU to be taken into account in case of CTM protection. The problem with the prior national rights is solved in two different ways accord-

ing to whether it comes to member states of the EU at the date of coming into force of the Regulation or to the most recently associated countries. This means that a new judgment should be reached about the maximum efficient possibility for taking into consideration the existing previous rights in that second group of countries;

- to what extent automatic extension is inevitable so that the unitary character of the CTM be saved. The main argument in favour of automatic extension is to save the unitary character of the CTM which means that a CTM is valid in the whole territory of the EU. In the name of achieving this goal, national prior rights in the new member states should be applied according to the provisions of article 106 of Council Regulation 40/94. In other words they will be brought in the court by their owners, but not through the administrative procedure of the state authority that has granted

these rights. Nevertheless, the application of earlier national rights according to Article 106 will have as a result a prohibition for the use of a CTM in the respective territory of the member state, ie the result of applying this procedure is again a kind of loss of the unitary character of the CTM.

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- 1 Official Journal of the European Communities _ L 11/1994, p. 11-36.
- 2 Review over the system for trademark protection in the European Union- seminar of the Bulgarian Trade-Industrial Palace, September 4-5th, 2000, Sofia.