

Consultation on UK implementation of the EU Trade Mark Directive 2015

The IP Federation represents the views of UK Industry in both IP policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed at the end of this paper. It has wide experience of how IP law, including patent litigation, works in practice in the UK, Europe and internationally.

The consultation

A [consultation](#) was launched on 19 February 2018 regarding the UK's implementation of the recast Trade Mark Directive ([Directive \(EU\) 2015/2436](#)). The Directive aims to support innovation and economic growth by making the trade mark legal framework across Europe more accessible and effective for business. The IPO is inviting comments on how these changes should be made and incorporated into UK legislation. It runs for eight weeks and closes at 11.45 p.m. on 16 April 2018.

Responses to questions

- 1. How do you think the removal of the graphical representation requirement will change the demand for unusual mark types? Would you or your clients be more likely to register an unusual mark? If so how will you/they benefit from this?**

Although initially there will be considerable interest in what might be registerable in the future, it is not anticipated that there will be any great change in the demand for unusual mark types as has been pointed out in the Impact Assessment. We note that in this regard, the General Court has recently stated in relation to Article 4 of Regulation 207/2009 as amended (now Article 4 of Regulation 2017/1001) that the new wording is intended to reinforce legal certainty and is more restrictive than the previous wording in so far as it expressly incorporates into the body of that provision the objectives identified in the CJEU's case law such as *Sieckmann* (C-273/00) and *Heidelberger Bauchemie* (C-49/02).¹

- 2. Are there any other mark types, other than those identified, which may benefit from the ability to file representations in a digital format? Which formats (apart from .mp3, .mp4, .jpg mentioned above), do you think applicants would like to be able to use to file their trade mark applications?**

The IPO should not artificially limit what marks can be registered through limiting the file formats which can be used to file the applications (.mp3, .mp4 and .jpg file formats are not appropriate for all types of marks, for example, smell marks).

¹ see paragraph 118, *Red Bull* (joined cases T-101/15 and T-102/15) decision under appeal

At present, in addition to .mp3, .mp4 and .jpg files, applicants use .gif and .mov files amongst others. This will change over time as further file formats are developed.

If there were to be a choice between:

- a system with a narrow definition of what digital formats can be used for filing trade mark applications but one which is easily accessible and can be harmonised across Member States; and
- a system allowing a wide set of file formats,

we would prefer the latter approach since applications sometimes have to be made in a hurry and converting formats can be difficult, time consuming and can affect the quality of an image. If necessary, such applications could be followed-up later with certain formats specified by the IPO.

3. What is your view on how we should treat the term ‘competent authorities’? Please explain your answer.

Referring to ‘the registrar’ instead of ‘competent authority’ would appear to be acceptable. It is important to refer to a UK body to prevent any suggestion that a body outside the territory of the UK may be the relevant touchstone. Further, referring to the registrar does not appear to exclude the jurisdiction of the courts.

4. If you support implementation of this optional article, please explain why and provide evidence of the advantage that implementation would provide.

The implementation of this optional article is not supported in the interests of clarity and certainty.

However, we would like to record that there would be advantages to applicants in implementing the optional article. There are instances where it would be beneficial to be able to file a mark before commencing use where, for example, there is a phased launch of a product in different geographies or where there is a desire on the part of the applicant to keep the name of a new product confidential until the moment of launch.

5. Do you agree with our conclusion that section 6(3) is contrary to the Directive? Please explain your answer.

Yes, for the reasons given in the consultation document.

6. Do you agree with our approach to dealing with the potential gap left by the repeal of section 6(3)? Please explain your answer.

Yes, but with the following amendment to the wording of Rule 37 (1A): Delete the words “the proprietor of the mark may not bring an action for infringement ...” and replace with “the proprietor of the mark may not invoke [his]/[their] rights ...”. This suggested wording follows article 104.6 of the Regulation and avoids the uncertainty which the current wording generates in that it does not make clear that the prohibition on an action for infringement only relates to the period between expiry and restoration of the mark.

7. Do you consider that the reference to “industrial property right” in this context might include rights other than a design right or registered designs? Please explain your answer.

If reference is not made to “industrial property rights” (which would be the preferred option as it follows the wording of the Directive), consideration should be given to adding a reference to unregistered designs as these rights are different to and not encompassed within the reference to “design rights or registered designs”. However, we note that the list of IP rights is stated to be non-exhaustive.

8. If you support implementation of this optional article, please provide evidence of the advantage that implementation would provide.

Implementation of this optional article is not supported.

9. Do you agree with our view that section 10(6) would serve no apparent purpose and can therefore be repealed? If not, please explain your answer.

Agreed.

10. Do you agree with our view that new section 10A should apply to goods originating outside the EU (rather than outside the EEA)? Please explain your answer.

Article 10.4 of the Directive refers to the goods coming from third countries. This has been correctly transposed in section 10A(1)(a) as goods from outside the EU.

The law on whether manufacturing goods for export is an infringement of a trade mark is, outside the EU, a matter for local law whereas in Member States, article 10(3)(c) of the Directive provides that “exporting the goods under the sign” is an infringing act.

It may therefore be possible for goods to be manufactured for export in an EEA country and not put on the market in that country. If these same goods are then transported through the UK and if they are the subject of customs transit procedures, they will not be put on the market there either. Article 10.4 seeks to enable action to be taken in the UK, if those goods, once they reach their final destination can be stopped from being placed on the market at that destination.

If there is a concern (which we do not share) that section 10A(1)(a) TMA [Trade Marks Act 1994] is inconsistent with the principles of EEA-wide exhaustion of rights, we would suggest that section 10A is made subject to section 12 TMA.

11. Do you agree with our proposal to implement Article 11 by, in effect, replacing section 10(5) with new provisions? Please explain your answer.

Agreed. However, instead of amending sections 9(1) and (2) and adding section 9(1A),² we suggest adding the words “under sections 10(1) to (3)” to the end of new section 10(3C)(b). This makes for simpler reading and is closer to the wording of the Directive.

² See additional point 4 below.

- 12. Will the changes made by Articles 10.4 (goods in transit) and 11 (preparatory acts), which are intended to help tackle counterfeit goods, allow your business or that of your clients to more effectively protect its products? If so, can you explain or quantify these benefits in more detail? Are there any associated costs? If so, can you explain or quantify these?**

The changes assist trade mark proprietors and close certain loopholes that previously existed.

- 13. What, if any, impact has the change in the 'goods in transit' rules for EU trade marks already had on the transit of legitimate goods to third countries?**

See above.

- 14. Do you agree that a specific enforcement mechanism is required, and that the mechanism proposed is the correct approach? Please explain your answer.**

The proposed approach, particularly the reference to destruction of copies of the work in section 99A(4)(b), is too heavy-handed. The reference in section 15 to destruction of goods only if the offending sign cannot be erased, removed or obliterated is a better solution and/or adding a catch-all along the lines of "or any other remedy that seems reasonably practicable in the interests of justice".

- 15. What are the**

a. cost implications and

b. consequences (negative or positive) for taking this approach in implementing Article 13?

The proposed approach appears to be correct. Rectification is preferred because it provides that the alteration has been made *ab initio* whereas an assignment does not necessarily have such retrospective effect and, unless it specifies otherwise, rights and remedies accruing to the proprietor for past infringements are not transferred to the assignee.

- 16. Do you agree that a specific enforcement mechanism is required, and that the mechanism proposed is the correct approach? Please explain your answer.**

See above.

- 17. The introduction of the non-use as a defence has been discussed in the impact assessment as having beneficial effects, by preventing trade mark owners from using old unused rights in infringement cases, and removing the need for use to be challenged by way of separate proceedings. Does this benefit yourself/ your business? If so, can you explain and/or quantify further?**

Nothing further to add.

- 18. Do you agree that our interpretation of this non-trade mark law means that we do not require specific reference in the TMA to levy of execution? Please explain your answer.**

Agreed for the reasons in the consultation paper.

19. Do you agree with our interpretation of the Directive which requires the removal of references in the TMA to proprietors being joined in infringement proceedings taken by licensees (and in the case of collective marks, authorised users)? Please explain your answer.

No, the Directive does not require repeal of sections 30(4) and (5).

Recital 9, last sentence, states that: "As regards procedures under national law, it is sufficient to lay down general principles, leaving the Member States free to establish more specific rules."

Since they contain "more specific rules" of procedure, sections 30(4) and (5) should remain. These provisions are important for a number of reasons. Firstly, including the proprietor in proceedings can prevent future abuses of process. The High Court has recently stated that the rule in *Henderson v Henderson* is a rule of procedure and contrasted it to the rule of law that is issue estoppel.³

Secondly, sections 30(4) and (5) are important from a practical point of view. Licences, some of them longer-term, have been drafted with the current wording of the Act in mind. If these sections were to be repealed, parties to licences would need to spend time and money in considering whether their licences need amending.

In passing it is noted that no suggestion is being made to repeal section 31(4).

20. What proportion of UK registered trade marks that you have, or deal with, are licensed to third parties on a non-exclusive basis? Of these, approximately how many have been subject to legal action?

We are not able to supply any data in the time frame provided.

21. Do you agree that the term 'legal persons governed by public law' cannot be meaningfully transposed into UK trade mark law? Please explain your answer.

Under English law, there appears to be no equivalent to, for example, the law in France, where the expression "personnes morales de droit public" has a specific meaning and includes the government, territorial authorities such as local authorities (city, region ...), public institutions like universities, museums etc.

It is agreed that the rather restrictive meaning given to "bodies governed by public law" in the Public Contract Regulation 2015 would not be suitable.⁴

However, without more, the definition of those who may apply for a collective mark in section 49(1A) is not wide enough to encompass public bodies,

³ *Illumina Inc v Premaitha Health Plc* [2018] EWHC 615 (Pat)

⁴ See *IVD GmbH & Co. KG v Ärztekammer Westfalen-Lippe* (C-526/11). This case refers to Directive 2004/18 which is the predecessor of the Directive which was transposed into UK law by SI 2015/102 (referred to in paragraph 56 of the consultation document).

collectives or associations which do not count “manufacturers, producers, suppliers of services or traders” amongst their members.

22. Is the reference to ‘association’ incorporated within section 49 (as amended by Regulation 24) sufficiently broad to cover all those organisations for whom a collective mark may be appropriate? Please explain your answer.

It is not sufficient to ignore the wording in article 29.2 of the Directive referring to “legal persons governed by public law” for the reasons stated above in answer to question 21. Collective marks are often held by societies, guilds, organisations, companies limited by guarantee, trusts etc. Not all of these organisations would comply with the definition of who can hold a collective mark as presently drafted.

23. Do you agree with our interpretation of the interplay between Articles 34.1 and 25.3, that an authorised user of a collective mark should be treated in the same way as a non-exclusive licensee, rather than an exclusive licensee? Please explain your answer.

We agree that the Directive provides that users of collective marks are, in relation to bringing infringement actions, in the same position as non-exclusive licensees.

24. Do you agree with our proposed approach -

- a. In relation to the treatment of licences, security interests, etc, and disclaimers for the new divisional registrations? (See paragraph 62)
- b. That a division of a registration cannot split the contested goods and/or services? (See paragraphs 63 and 64)
- c. That there is no need to specifically reference the division of international marks? (See paragraph 65)

Please explain your answers.

We consider the approach to be correct.

25. Our approach to restricting the ability to divide registrations is based upon Article 56.2 of the EUTM Regulation and the treatment of mergers in Rule 27(3A)(a). Are there any other circumstances, e.g. when a trade mark is the subject of infringement proceedings, in which it would be appropriate to add similar restrictions?

We consider the approach to be correct.

26. Do you agree that the ability to disclaim or limit part of a trade mark is a useful mechanism, and that it should therefore be retained? Please explain your answer.

The practice is a useful one and section 13 should be retained.

27. If disclaimers were removed what would be the impact of removing the ability to disclaim/limit the rights of a TM e.g. by restricting it to a particular locality?

The practice provides for a useful way of dealing with objections raised by the registrar or during opposition. Further, the practice allows marks to co-exist where otherwise there might be dispute.

28. a. How would your business familiarise itself with the implications of these changes? Would you use in-house legal support, request legal advice or neither?

b. How much time would it take for you/your staff/trade mark owners to familiarise yourself with the legal implications of the changes required by the Directive? To give us an indication of likely costs, could you indicate the job title or level of job of the members of staff who will be involved in this?

c. Are there any costs to you/your business beyond staff time? For example, preparation of guidance or amending existing licence agreements. Can you quantify these in monetary terms?

In relation to (a), amongst those companies of sufficient size to have trade mark support in-house, such support would be provided by the in-house team. The changes in the Directive are not radical and therefore it is unlikely to be a priority but, as and when any significant issues come up, which in this case seems unlikely, they will be considered and dealt with by the in-house team.

29. The IA identified costs and benefits associated with implementing the Directive, including retaining closer alignment with the EU trade mark system. Can you explain and/or quantify the benefits/costs you foresee?

There will be cost savings through the aligning of the TMA with the Regulation.

30. For IP/legal advisors, given the changes in the Directive, do you envisage any increases in work as trade mark owners try to explore the extent to which the current boundaries may have shifted slightly? This may be generally, or relate to specific changes, such as the removal of the need to graphically represent a mark. How much staff time do you think this might equate to, and in which roles?

We agree with the comments made in the IA as to the impact on IP advisors' work. There will be a small uptick in enquiries but since the purpose of the amendments is to align the TMA with the Regulation, advisors will already be familiar with the general principles.

Additional points

1. Regulation 4(4) SI inserting sections 3(4A) to 3(4C) TMA

The wording of sections 3(4A) to 3(4C) TMA all commence with "A trade mark is not to be registered ...". This is in contrast to the wording used in article 4.1 of the Directive and in sections 1(3) to 1(6) of the present TMA which both use the wording "A trade mark shall not be registered ...".

As a matter of consistency, the same introductory phrase throughout section 3 should be used. If different words are used, it raises the question of whether a different test is required.

2. Regulation 5(5) SI inserting section 5(4B) TMA

This provision only partly transposes article 5.3(c) of the Directive, that is, it only transposes sub-paragraph (i). There is no reference to sub-paragraph (ii). This should be remedied. If it is not, the requirement that "the designation of original or geographical indication confers on the person authorised under the relevant law to exercise the rights arising therefrom, the right to prohibit the use of a subsequent trade mark" is missing from the TMA. (See also the equivalent provision in Regulation in article 8.6.)

3. Regulation 5(5) SI inserting section 5(4C) TMA

It is unclear why this new section 5(4C) TMA, transposing article 39.7 of the Directive, is included in section 5. Article 39.7 is not confined to relative grounds for refusal of registration and is also relevant to the issue of infringement. It is suggested that the wording in article 39.7 would be better inserted in Part IV "Miscellaneous and General Provisions" of the Act.

If this change is adopted, the definition of the Nice Classification system which is presently contained in new section 5(7) TMA should also be moved.

4. Regulation 9 SI inserting amendments to section 9 TMA

The amendments to this section (with the exception of section 9(1B)) appear unnecessary.

The second paragraph of section 9(1) should explicitly refer to new section 10A TMA (right to prevent goods entering the UK without being released for free circulation). This is as much an infringing act as the acts in section 10.

5. Regulation 10 SI inserting section 10(3A) TMA

Insertion of this new sub-section 3A would also appear unnecessary.

6. Regulation 13 SI inserting section 11A TMA

New section 11A(4) refers to a "the semi-colon in section 46(3)"; rather, it should refer to "the colon in section 46(3)".

7. Article 17(3) of the Directive

Identical definitions of the "completion of the registration procedure" for international trade marks (EC) are included in section 6A(5A) and section 47(2DA). However, no such definition is included in section 46, where it is also needed. It is therefore suggested that section 6A(5A) and section 47(2DA) are deleted and a single definition included in Part IV "Miscellaneous and General Provisions" of the Act.

We further note that the delay of the start of the five year period provided for in articles 17(2) and (3) to take account opposition proceedings has not been transposed into the Act. This approach is agreed; articles 17(2) and (3) introduce complications (which are not included in the Regulation) and this would add to the administrative costs.

8. Article 39.2 of the Directive

We would suggest that the new rule 8(5) is amended slightly so that "economic operators" are defined as "... persons which, in the course of trade, manufacturers, supplies, imports or exports or otherwise deals in goods or services".

IP Federation
16 April 2018



IP Federation members 2018

The IP Federation represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. The CBI, although not a member, is represented on the Federation Council, and the Council is supported by a number of leading law firms which attend its meetings as observers. It is listed on the joint Transparency Register of the European Parliament and the Commission with identity No. 83549331760-12.

AGCO Ltd
Airbus
Arm Ltd
AstraZeneca plc
Babcock International Ltd
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
BTG plc
Caterpillar U.K. Ltd
Cummins Ltd.
Dyson Technology Ltd
Eisai Europe Limited
Eli Lilly & Co Ltd
Ericsson Limited
ExxonMobil Chemical Europe Inc.
Ford of Europe
GE Healthcare
GKN plc
GlaxoSmithKline plc
HP Inc UK Limited
IBM UK Ltd
Infineum UK Ltd
Johnson Matthey PLC
Merck Sharp & Dohme Ltd
Microsoft Limited
Nokia Technologies (UK) Limited
NEC Europe
Ocado Group plc
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
Renishaw plc
Rolls-Royce plc
Shell International Ltd
Siemens plc
Smith & Nephew
Syngenta Ltd
UCB Pharma plc
Unilever plc
Vectura Limited
Vodafone Group