The New European Union Trademark Regulation

The EU Trademark Regulation (2015/2424/EU) amending the Community Trademark Regulation (207/2009/EC) entered into force on 23 March 2016 (the “new Regulation”). The new Regulation is part of the EU trademark reform legislative package that also includes the replacement of the existing EU Trademarks Directive (2015/2436/EU).

Some of the main changes brought about by the new rules are briefly outlined below.

Name Changes

In order to adapt the terminology to the Lisbon Treaty, Community Trademarks (CTM) are now called European Union Trademarks (EUTM), and the Office for Harmonization in the Internal Market (OHIM) has been re-named the European Union Intellectual Property Office (EUIPO).

New “One-Fee-per-Class” System for Applications

Until recently, the basic application fee covered up to three classes of goods or services. If the applicant wished to register the trademark in one class only, it still had to pay the basic fee. The new Regulation now introduced a new “one-class-per-fee” structure. Additional fees must be paid for each class beyond the first.

The basic fee for an electronic application covering up to three classes under the old rules amounted to EUR 900. The fee for each additional class was EUR 150. Under the new Regulation, the basic fee for one class is EUR 850. The fee for two classes corresponds to EUR 900, and for three classes, EUR 1,050. The fee for each subsequent class remains EUR 150.

These new fees also apply to the renewal of trademarks, which under the old rules amounted to EUR 1,350 up to three classes and EUR 400 for each subsequent class.

Opposition, cancellation and appeal fees have also been reduced.

New Scope of Protection for Class Heading Designations

It used to be common practice of trademark applicants to use class headings of the Nice Classification to designate the goods or services for which protection was sought. Class headings, in effect, were considered by the OHIM to protect all of the goods and services within a particular class (the so-called “class-heading-covers-all” approach).

A decision by the Court of Justice of the European Union (CJEU) dated 19 June 2012 changed this approach. The Court decided that an applicant using the general indications of a particular class heading must specify whether its application is intended to cover all of the goods or services included in the alphabetical list of the particular class, or only some of those goods or services (C-307/10, “IP Translator”, para. 61). This decision thus limited the “class heading-covers-all” approach to cases in which the applicant clearly expressed the intention to cover all of the goods or services in a particular class.

This principle has now been adopted by the new Regulation, according to which the use of class headings shall be interpreted as including only the goods or services clearly covered by the literal meaning of the indication or term used (Article 1 (28) No. 5 of the new Regulation, amending Article 28 No. 5 of the Regulation 207/2009/EC).

This new rule entered into force on 23 March 2016. However, owners of trademarks applied for before 22 June 2012 that utilize the entire class heading of at least one Nice class are given the opportunity to declare to the EUIPO by 24 September 2016 that they would like to add further goods and services to their registration in order to con-
serve the originally intended scope of protection. This may compensate for the narrowing of scope otherwise caused by the new interpretative practice. However, such declarations can only be made for specific goods or services contained within the alphabetical list and not covered by the literal meaning of the class heading. Upon receiving such a declaration, the EUIPO will amend the register accordingly. If no such declaration is filed, the registration will only cover the goods and services that fall within the literal meaning of the terms used.

Moreover, owners of EUTMs that amend the specification of goods or services of their trademarks in accordance with Article 1 (28) No. 9 of the new Regulation will not be able to prevent a third party from continuing to use a trademark if: i) the use of the trademark for these goods and services by such third party started before the register was amended; and ii) the use did not infringe the trademark owner’s rights based on the literal meaning of the recorded goods and services in the register at that time.

**The Transit of Goods Under the New Regulation**

Another important change brought about by the New Regulation concerns the transit of counterfeit trademark goods through the EU.

**The Old Rules**

The transit of goods was not specifically dealt with under the old Regulation. The latter contained only general provisions about the rights conferred by a Community Trademark, and what should be considered an infringement of a trademark. Article 9 para. 2 of the old rules listed infringement actions that could be prohibited by the trademark owner, including, for instance, affixing the sign to goods or to the packaging thereof, offering the goods, putting them on the market or stocking them for these purposes under that sign, among others. The transit of goods from countries outside the EU through the EU territory was not included in the list of infringement actions.

In light of the above, the CJEU decided in several judgments under the old rules that the mere transit of counterfeit goods through the territory of the EU did not per se constitute a trademark infringement (see inter alia, Case C-405/03 Class International/Colgate Palmolive and Case C-28/05 Montex/Diesel).

On 1 December 2011, in its highly anticipated judgment in the joined Cases C-446/09 Phillips and C-495/09 Nokia, the CJEU once again confirmed its position, that goods from non-member states placed under a suspensive customs procedure cannot, merely by the fact of being so placed, infringe intellectual property rights applicable in the EU. However, the CJEU found that those rights may be infringed, where it can be proven that during the placement of these goods under the transit procedure in the EU customs territory, they were intended to be made available for sale in the EU. In this regard the CJEU emphasized that such proof is provided, inter alia, where it turns out that the goods have been sold to a customer in the EU or offered for sale or advertised to consumers in the EU, or where it is apparent from documents or correspondence concerning the goods that their diversion to EU consumers is envisaged.

In this case, customs authorities were entitled to intervene to detain shipments of counterfeit goods. However, the trademark owner was still the one bearing the burden of proof that the counterfeit goods were in fact intended to enter the EU market.

**The New Regulation**

The new Regulation changed the rules on transit goods. The new Regulation introduced an express right to prevent infringing goods from entering the EU without being released for free circulation. Thus, the Philips/Nokia judgment no longer applies to prevent seizure of counterfeit goods in transit.

Under the new Regulation, trademark owners are now expressly allowed to oppose the transit of goods bearing without authorization the EU trademark or a sign essentially similar, even if the goods are not released for free circulation or intended to be put on the European market. This new rule is codified in Article 1 (11) No. 4 and also specifically addressed in Recital No. 16 of the new Regulation. Trademark owners may further contest other customs situations such as transhipment, warehousing, free zones, temporary storage, inward processing or temporary admission. Customs authorities are entitled to take the actions laid down in the Regulation (EC) No. 608/2013 on the customs enforcement of IP rights, such as detaining shipments suspected to infringe a EU trademark.

However, Article 9 para. 4 also establishes that such a right of the EU trademark owner shall cease to exist if, during
the proceedings to determine whether the trademark has been infringed according to the Regulation No. 608/2013, the shipper provides evidence that the trademark is not protected in the country of final destination. According to Recital No. 17 of the new Regulation, this rule is intended to strike a balance between fighting counterfeiting and the need to protect the free trade of legitimate goods.

New Challenges for Trademark Owners

At first glance, the new rules seem to strengthen the rights of trademark owners. However, the changes might also create difficulties, especially in cases in which the final destination of the goods is not declared in the customs declaration. In this case, in practice, the trademark owner will not know whether or not it is entitled to have the customs authority detain the shipment. If it decides to have the shipment seized and start infringement proceedings, it will run the risk that the shipper declares a country of destination in which the trademark is not protected. This might expose the trademark owner to the risk of liability towards the shipper.
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