

# Bulletin

OF THE EUROPEAN  
COMMUNITIES



Supplement 5/80

## **New trade-mark system for the Community**

**Proposed Directive and Regulation**

Commission  
of the European Communities

## Supplements 1980

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Bulletin  
of the European Communities

Supplement 5/80

Proposal for a first Council Directive  
to approximate the laws of the Member  
States relating to trade-marks

Proposal for a Council Regulation  
on the Community trade-mark

(presented by the Commission to the Council on 25 November 1980)

EUROPEAN COMMUNITIES

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Proposal for a first Council Directive  
to approximate the laws  
of the Member States relating to trade-marks

# The Directive

## *The Council of the European Communities*

Having regard to the Treaty establishing the European Economic Community, and in particular Article 100 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas:

The trade-mark laws at present applicable in the Member States contain disparities which may impede the free movement of goods and freedom to provide services, may distort competition within the common market and may therefore directly affect the establishment and functioning of that market.

It does not appear to be necessary at present to undertake full-scale harmonization of the trade-mark laws of the Member States. It will be sufficient if approximation is limited to those national provisions of law which most directly affect free movement of goods and services. It follows that this Directive does not deprive Member States of the right to continue to protect trade-marks acquired through use but takes them into account only in regard to the relationship between them and trade-marks acquired by registration, the only marks which it covers. It is, further, important not to disregard the solutions and advantages which the Community trade-mark system affords to undertakings wishing to acquire trade-marks. Under this system there is no point in requiring the Member States, *inter alia*, to authorize the registration of additional categories of signs or to recognize service marks. For the same reason, there is no justification for increasing the protection of marks which enjoy a particular reputation.

This Directive excludes the application to trade-marks of other rules of law of the Member States,

such as the provisions relating to fair competition. Moreover, as it only partially approximates the laws of the Member States, Article 36 of the Treaty continues to apply.

Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a trade-mark are, in general, identical in all Member States.

In order to reduce the total number of trade-marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential that the trade-marks be actually used.

The principal purpose of the Directive is to ensure that henceforth trade-marks enjoy uniform protection under the legal systems of all the Member States.

The protection afforded by the trade-mark is bound up with the concept of similarity of signs, similarity of goods and services and the possibility of confusion arising therefrom. The purpose of protection is to guarantee the trade-mark's function as an indicator of origin. It is essential to give strict interpretation to the above-mentioned concepts so as not to impede the free movement of goods and the freedom to provide services beyond the limits required for the protection of trade-marks. The current case-law in several of the Member States affords to trade-marks a degree of protection which is to some extent inconsistent with the specific purpose of trade-mark law. The Directive therefore requires that the case-law be examined. It is necessary, in particular, that by simultaneous comparison of signs, goods and services it be certain in each case that customers are likely to be confused as to the goods or services which are identified by the signs. Where a trade-mark consists of several elements it must be considered in its entirety in determining whether the sign which is alleged to infringe it is so similar to it that the sign may be confused with the trade-mark. It is no longer possible, in determining whether, in a particular Member State, two verbal signs are homophones or are, at any rate, phonetically similar, to disregard the existence of the Community and the fact that the public is increasingly aware of the correct pronunciation of words in the languages which are spoken therein.

The function of indicating origin which is fulfilled by a trade-mark implies that it is not, in principle, possible to prohibit its use by a third party in respect of goods marketed within or outside the Community under the trade-mark by the proprietor or with his consent, or to prohibit its use, for reasons based on trade-mark law, by a licensee supplying goods or providing services under the trade-mark outside the territory covered by the licence. It is necessary for the functioning of the common market to approximate national procedural rules only in so far as this will contribute to the settlement of disputes between the proprietors of trade-marks or between the latter and holders of other private rights. For the present, provision is made for an amicable settlement procedure only. It may, however, be proper at some later stage, depending in particular on the degree of integration then achieved by the Community, to contemplate new measures which would enable such conflicts to be resolved more easily.

*has adopted this Directive :*

#### *Article 1*

This Directive applies to every trade-mark in respect of goods or services which is the subject of an application in a Member State for registration as an individual trade-mark, a collective-mark or a guarantee-mark, or which is the subject of an international registration having effect in a Member State.

#### *Article 2*

(1) Trade-marks shall be refused registration or shall be invalidated if, on the date of application therefor, they consist of signs which, under the law of the Member State concerned, cannot constitute a trade-mark or be held as such by the applicant, or if, on that date, they are devoid of distinctive character in a Member State, and in particular:

(a) those which consist solely of signs or indications which in trade may be requisite for the purpose of showing the kind, quality, quantity, intended

purpose, value, geographical origin, the time of production of the goods or of rendering of the service or other characteristics of the goods or service, unless those marks have acquired distinctive character in consequence of the use made of them;

(b) those which consist solely of signs or indications which are customarily used to designate the goods or service in the current language of the trade or in the *bona fide* and established practices thereof.

(2) Trade-marks shall also be refused registration or shall be invalidated if, on the date of application therefor,

(a) they consist of a shape which is determined by the nature of the goods or which has some technical consequence, or they consist of the shape of the goods and this affects their intrinsic value, to the extent that, in the Member State concerned, a shape may constitute a trade-mark:

(b) they include signs or indications liable to mislead the public, particularly as to the nature, quality or geographical origin of the goods or services;

(c) they are contrary to public order or to accepted principles of morality or are covered by Article 6 ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the 'Paris Convention'.

(3) A trade-mark shall also be invalidated where the goods for which it is registered in the Member State concerned have been marketed in another Member State under another trade-mark by the proprietor or with his consent, unless there are legitimate grounds which justify the use of different marks for those goods in those Member States; but this provision shall not apply if the proprietor decides to surrender, in respect of the goods in question, the trade-mark that exists in the other Member State and furnishes proof, within the period laid down by the authority to which the application for invalidation is submitted, that the trade-mark has been properly surrendered.

(4) Trade-marks for which application has been made prior to the date laid down in Article 18(1)

or which are registered before that date shall be invalidated if any of the grounds specified in paragraphs 1 to 3 apply to them.

#### *Article 3*

(1) The trade-mark confers on the proprietor thereof an exclusive right. That right entitles him to prohibit any third party from using, without his consent, in the course of trade a sign which is identical with or similar to the trade-mark in relation to goods or services identical with or similar to those in respect of which application was made, where such use creates a serious likelihood of confusion on the part of the public;

(2) Where the conditions specified in paragraph 1 are satisfied, the following types of use, in particular, may be prohibited:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) putting the goods on the market under that sign, or supplying services thereunder;
- (c) using the sign on business correspondence or invoices.

(3) The Member States shall determine under what conditions compensation may be obtained for loss or damage caused by the acts mentioned in paragraph 1, and the rules of procedure which are to apply.

#### *Article 4*

(1) The publisher of a dictionary, encyclopaedia or similar work shall ensure that any reproduction of a trade-mark therein is accompanied by an indication that an application has been made for registration of the trade-mark.

(2) Where the publisher fails to comply with the requirements of paragraph 1 he shall, at the request of the proprietor of the trade-mark, correct the matter at his own expense in the next edition of the publication.

#### *Article 5*

The trade-mark shall not entitle the proprietor thereof to prohibit a third party from using, in the course of trade,

- (a) his surname or address;
- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service or other characteristics of the goods or service;
- (c) the trade-mark for the purpose of indicating the intended purpose of accessories or spare parts,

provided he does not use them as a trade-mark.

#### *Article 6*

(1) The trade-mark shall not entitle the proprietor thereof to prohibit its use in relating to goods which have been put on the market under that trade-mark by the proprietor or with his consent.

(2) Paragraph 1 shall not apply:

- (a) where there are legitimate grounds for opposing importation into the Community of goods put on the market outside it;
- (b) where the condition of the goods is changed or impaired after they have been put on the market;
- (c) where the goods are repackaged by a third party.

#### *Article 7*

The trade-mark may be invoked against a licensee only if he contravenes a limitation with regard to a part of the goods or services in respect of which application has been made for registration of the trade-mark, or contravenes the proprietor's instructions concerning the quality of the goods or services.

#### *Article 8*

(1) A trade-mark shall be refused registration or shall be invalidated:

- (a) on the ground that an earlier trade-mark exists where those marks are likely to create confusion within the meaning of Article 3(1);
- (b) on the ground that some other exclusive prior right exists, where there is a serious likelihood of confusion on the part of the public between the trade-mark and that right, unless the latter is a portrait, a surname or a work protected by copyright or by an industrial design or model.

(2) Paragraph 1(b) shall also apply to prohibition of the use of a trade-mark based on the existence of another exclusive prior right.

#### *Article 9*

(1) Where, in the course of proceedings to oppose registration of a trade-mark or to invalidate a trade-mark or to prohibit the use of a trade-mark, the authority seized of the matter considers that the conflict between that trade-mark and another trade-mark or other right is capable of being resolved amicably, it shall submit proposals to the parties for the purpose of imposing conditions on the use of the trade-mark or of the other right in such manner that there will be no serious likelihood of confusion on the part of the public.

(2) Where the proprietor of the trade-mark or of the other right is not party to the proceedings, the authority seized of the matter may order that he be summoned.

#### *Article 10*

(1) Where the proprietor of a trade-mark or other exclusive right has for three consecutive years acquiesced in the use in a Member State of a later trade-mark which is likely to create confusion with his trade-mark or right, he shall not be entitled to apply for invalidation of the later trade-mark or cause its use to be prohibited in that Member State or in another Member State except where the application for the later trade-mark was made in bad faith.

(2) Paragraph 1 shall be without prejudice to the right of the proprietor of a trade-mark which is well known in a Member State within the meaning of Article 6 bis of the Paris Convention to apply for the invalidation of a later trade-mark or to cause its use to be prohibited in that State, within five years after the date of registration of the later trade-mark.

#### *Article 11*

(1) A trade-mark shall be put to serious use in the Member State concerned, consistently with the terms of this Directive, in connection with the goods or services in respect of which it is registered, unless there exist legitimate reasons for not doing so.

(2) Circumstances arising independently of the will of the proprietor of a trade-mark are alone sufficient to constitute legitimate reasons for not using it.

(3) Use of a trade-mark by a licensee, by a person who is associated economically with the proprietor or by a person who is entitled to use a collective-mark or guarantee-mark shall be deemed to constitute use by the proprietor.

(4) In relation to trade-marks for which application was made in the Member State concerned before the date laid down in Article 18(1), the provisions of this Article shall apply with effect from that date only.

#### *Article 12*

Where the law of a Member State provides that the existence of a trade-mark may be averred in opposition to the registration of a later trade-mark, it shall provide that, at the request of the applicant for registration or the competent authority, the party opposing registration shall furnish proof that the earlier trade-mark has been used in the manner required by Article 11 during the five years preceding publication of the application for the later trade-mark, on condition that on that date the earlier trade-mark has been registered for not less

than five years. In the absence of such proof, the opposition shall be rejected. Where the earlier trade-mark has been used only in respect of part of the goods or services for which it was registered, it shall, for the purposes of examining the opposition, be deemed to be registered in respect only of that part of the goods or services.

#### *Article 13*

(1) Renewal of registration of a trade-mark shall be subject to the production of a declaration of user, indicating the goods or services in respect of which the trade-mark has been used in manner required by Article 11 during the five years preceding expiry of the registration.

(2) Where the declaration of user is produced in respect of only part of the goods or services for which the trade-mark is registered, registration shall be renewed only for that part of the goods or services.

(3) The laws of the Member States shall determine the procedure for presenting the declaration of user and the penalties applicable where a false declaration is made.

#### *Article 14*

(1) A trade-mark shall be invalidated if it has not been used in manner required by Article 11 for an unbroken period of five years; but a trade-mark is not to be invalidated where, between the expiry of that period and the date on which the validity of the trade-mark is contested, it has been used in good faith and in a manner required by Article 11.

(2) A trade-mark shall also be invalidated if, after the date on which it was registered,

(a) it has become, in consequence of acts of the proprietor, the common name for a product or service in respect whereof is registered;

(b) it is liable, in consequence of the use made of it in respect of the goods or services for which it is registered, to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

#### *Article 15*

Where a ground for refusal of registration or for invalidation of a trade-mark exists in respect of only part of the goods or services for which that mark has been applied for or registered, refusal of registration or invalidation shall cover only the goods or services concerned.

#### *Article 16*

Without prejudice to Article 8, Member States whose laws authorize the registration of collective marks or guarantee marks may provide that such marks be refused registration, or shall be invalidated, on other grounds than those specified in Articles 2 and 14 where the function of those marks so requires.

#### *Article 17*

The laws of the Member State shall determine the procedure for registration and for invalidation of trade-marks and the effects of invalidation. They may further provide that a trade-mark to which one of the grounds for invalidation mentioned in this Directive applies shall not be capable of defeating the claims of third parties.

#### *Article 18*

(1) The Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive not later than. . .

They shall immediately inform the Commission thereof.

(2) The Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field governed by this Directive.

#### *Article 19*

This Directive is addressed to the Member States.

## Explanatory memorandum

### Introduction

The proposal is designed to help bring about conditions of trade for marked goods within the Community similar to those existing in a national market. It seeks to reduce the legal obstacles to freedom of movement for marked goods and services and to the establishment of a system of undistorted competition in the common market, whilst acknowledging the existence of rights recognized by domestic legislation to the property in a trade-mark. Initially it is proposed to approximate those provisions of trade-mark law which currently have the strongest and most direct influence on the establishment and functioning of the common market in marked goods. These are the rules governing the scope of the protection afforded to trade-marks, use of trade-marks, amicable settlement of conflicts and the relative and absolute grounds for the refusal of registration or invalidation of trade-marks.

The widely advocated approximation of further major areas of national trade-mark law, such as the definition of registrable signs and the introduction of service, collective and guarantee-marks, and also the approximation of procedural rules, can in the Commission's opinion wait until a later Directive. As in the approximation of other areas of law, it is better to tackle trade-mark law in stages and to concentrate first on the most important legal obstacles to trade.

Another important reason for starting with this limited measure of approximation is the fact that, along with the Directive, a proposal is being submitted to establish a Community trade-mark. The proposal for a Regulation seeks the same ends as the Directive but by a different route: the Community trade-mark will bring us another, and indeed a much bigger, step closer to a common market for marked goods. The two proposals are complementary and must therefore be looked at and judged together. This is discussed at length in the introduction to the Explanatory memorandum accompanying the proposal for a Regulation on the Community trade-mark. To avoid unnecessary repetition, we therefore refer to that source for a general explanation of the reasons behind this proposal for a first Directive.

## Commentary on the Articles

### *Article 1*

This Article defines the scope of the Directive. Its provisions apply only to trade-marks which have been filed for registration or have actually been registered. The Directive does not apply to trade-marks established on the basis of mere use. It was decided not to include these in the scope of the Directive since to do so would make it difficult to draw the line in relation to other unregistered rights that are afforded similar protection to trade-marks (e.g. in the Federal Republic of Germany, the rights attaching to the get-up of products). An approximation covering all such rights would have overstretched the capacity of this Directive.

The Directive applies to service-marks and also covers collective and guarantee-marks in Member States in which marks of these types are protected. The Directive does not, however, oblige any Member State to introduce protection for such marks.

### *Article 2*

The absolute grounds for refusing registration listed in paragraphs 1 and 2 are similar to those laid down in Article 6 of the proposal for a Regulation. Reference is therefore made to the commentary on that Article in the Explanatory memorandum to the Regulation.

The list of absolute grounds for refusal is exhaustive. A check for the existence of such grounds must be made in opposition proceedings, where the Member State concerned provides for such, and in invalidity proceedings. As in Article 6 of the proposal for a Regulation, which refers to Article 4 thereof, disregard of the national provisions concerning the persons eligible to apply for registration of a trade-mark ('or be held as such by the applicant') constitutes an absolute ground for refusal.

The wording of paragraph 1 makes it clear that the Member States are not bound to check whether a sign is eligible for registration in another Member State. Nor are the Member States compelled by the Directive to change their registration procedure.

Paragraph 3 contains a further absolute ground for refusal, which can be invoked in invalidity proceedings. This provision seeks to remove obstacles to the free movement of goods where an undertaking registers and uses different trade-marks for the same products in different Member States without legitimate reasons for doing so. In such cases it would seem more appropriate to provide for one or more of these trade-marks to be declared invalid rather than allow a third party to replace the trade-mark affixed to the product by another mark of this own. To keep official intervention to reasonable proportions it is proposed to allow the trade-mark proprietor to decide which trade-mark he wishes to retain. The provision of this paragraph does not prevent an undertaking from using different trade-marks on the same products in a single Member State.

The principle laid down in paragraph 3 has been incorporated in Article 1(4) of the proposal for a Council Directive amending Directives 65/65/EEC and 75/319/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products.<sup>1</sup>

### *Article 3*

This provision is supplemented by Articles 4 to 7, and defines, on the same basis as the corresponding provisions of the proposal for a Regulation, the extent of the protection to be afforded to trade-marks (see the commentary on Article 8 in the Explanatory memorandum to the Regulation). Community and national trade-marks will thereby be entitled to the same degree of protection. The definition of the extent of the protection to be afforded to national trade-marks is of crucial importance. The principles which have been developed on this question in the Member States' legal systems, particularly with regard to the concepts of the likelihood of confusion between the signs and the similarity of the goods, have a direct effect on trade. If these concepts are given a broad interpretation, a considerable number of conflicts will arise in inter-State trade due to discrepancies between the trade-mark rights recognized inde-

pendently of one another in different Member States.

It is therefore one of the main aims of this Directive to align the national rules, which in practice lead to a differing and in some cases very wide degree of protection in different Member States, so that national trade-marks in all Member States confer the same degree of protection. This is to be based on the specific subject-matter of trade-mark rights. In particular, national courts are to have regard, in the criteria they use, to Article 30 of the EEC Treaty and to the Articles following it, as these have been interpreted by the Court of Justice. Restriction of trade is permissible only when a serious risk of confusion exists between two competing signs and the genuine requirements of protection for the trade-mark proprietor and consumers justifies a departure from the principle of the free movement of goods.

The Directive rules out protection of trade-marks except in respect of identical or similar goods, i.e. protection for trade-marks having wide reputation is excluded. As indicated in the preamble, such protection may be given neither under trade-mark law or any other branch of Member States' law, such as the law on fair competition. Owners of well-known trade-marks have the possibility under Article 8(1) (b) of the proposal for a Regulation, and subject to the conditions there specified, of obtaining wider protection, extending beyond the sphere of similar goods, by registering them as Community trade-marks.

### *Articles 4, 5, 6 and 7*

These provisions correspond to Articles 9, 10, 11 and 21(2) of the proposal for a Regulation. Reference is made to the commentary on these Articles in the Explanatory memorandum to the Regulation. As regards Article 6, it should be noted that paragraph 2(c) is to be applied in the light of established Community law.<sup>1</sup>

### *Article 8*

The provisions of this Article ensure that whenever in opposition or invalidity proceedings earlier

<sup>1</sup> OJ C 143 of 12. 6. 1980.

<sup>1</sup> Case 102/77 *Hoffmann-La Roche v Centrafarm* [1978] ECR 1139.



trade-marks or other prior rights are invoked against a trade-mark for which an application for registration has been made, the same criteria with regard to the likelihood of confusion between the signs and the similarity of the goods are to be applied as are applicable under Article 3(1) in infringement proceedings brought by the owner of a trade-mark applied for. Where the prior rights involved are those referred to in the latter half of paragraph 1(b), the existence of the likelihood of confusion is not required.

Paragraph 2 also makes it impossible to prohibit the use of a trade-mark for which an application for registration has been made, on the ground of a prior right of the type referred to in the first half of paragraph 1(b) unless the conditions specified in the paragraph for refusing registration declaring it invalid are satisfied.

This means that the use of a trade-mark whose registration has been applied for can be prohibited, on the ground of an opposing prior right, an action for unfair competition or passing off, only when there exists a serious danger of confusion within the meaning of the Directive.

Conflicts involving only other prior rights fall outside the scope of the Directive, as would be expected from the scope of application delimited in Article 1.

#### *Article 9*

In all cases of conflict between trade-marks or between a trade-mark and another right, the authorities or court before which the dispute is brought must explore the possibilities of an amicable settlement. The parties are not, however, bound to accept the settlement terms proposed. Paragraph 1 also applies when the conflict is confined within one Member State.

To enable an amicable settlement to be arrived at in cases where an action is brought not against the owner of a trade-mark or other right but, for example, against the person who imports the relevant product from another Member State, paragraph 2 provides that the proprietor of the trade-mark or other right can be summoned as a third party.

#### *Article 10*

In the interests of legal certainty the concept of limitation in consequence of acquiescence is included in the Directive as it is in the proposal for a Regulation (Article 44). Anyone who has used a trade-mark unchallenged in a Member State for three successive years will after this time no longer run the risk of losing it on account of an earlier trade-mark or other prior right. The provision does not unreasonably curtail the rights of the owner of the earlier trade-mark or other prior right. The exercise of those rights is not barred solely by expiry of a limitation period: the rights lapse only if for a considerable period he has acquiesced in the use of the later trade-mark.

Such acquiescence presupposes that he has been aware of the later trade-mark's existence. To avoid restrictions on trade it is also provided that the lapse of rights in one Member State shall also entail the lapse of those rights in another Member State in which the prior right is in conflict with the same later trade-mark.

The provisions of paragraph 2 are necessary to take account of the Member States' obligation under Article 6 bis (2) of the Paris Convention to protect well-known trade-marks.

#### *Articles 11, 12 and 13*

The introduction of a strict user requirement into Member States' law will further help to reduce the total number of protected trade-marks in existence in the nine Member States and the number of conflicts between them.

Article 11 contains the general rules on user requirement, which are in line with Article 13 of the proposal for a Regulation. Paragraph 4 makes it clear that the periods specified in Article 12, 13 and 14(1) begin to run only from the date referred to in Article 18(1).

Article 12, which corresponds to Article 35(2) of the proposal for a Regulation, only applies to Member States which have an oppositions procedure. A provision corresponding to Article 47(4) of the proposal for a Regulation has not been included in the Directive, since in all Member States, when the validity of a trade-mark is con-

tested before the courts, the owner of the trade-mark which has been challenged can rely upon the defence of the invalidity of the earlier trade-mark if it has not been used, or can bring a counterclaim for a declaration of invalidity of the earlier trade-mark on the same ground.

As in Article 37 of the proposal for a Regulation, in Article 13 renewal of the registration of a trade-mark in a Member State is made subject to production of a declaration of user. This will remove the dead wood from the national trade-mark registers and will thereby help to reduce the number of conflicts between national trade-marks and the adverse effects on trade these involve. It will also make it easier for applicants for Community trade-marks to establish to what extent their registration can be opposed on the grounds of the existence of genuinely used earlier trade-marks.

#### *Article 14*

This provides in the same way as Article 39 of the proposal for a Regulation for cases where after registration of a trade-mark special circumstances arise leading to its invalidity. These cases correspond to the grounds for revocation listed in the said Article of the proposal for a Regulation. Reference is therefore made to the commentary on this Article in the Explanatory memorandum to the Regulation.

#### *Article 15*

Where the conditions specified in Articles 2, 8 and 14 are not satisfied in respect of all the goods or services for which the trade-mark is registered, the trade-mark is not to be refused registration or invalidated outright. Registration is to be refused, or the trade-mark declared invalid, only in respect of the goods or services in respect of which these conditions are not satisfied.

#### *Article 16*

In view of the considerable differences in the Member States' laws regarding the filing of collec-

tive and guarantee-marks, the Member States are free to lay down such further absolute grounds for refusal of registration or for revocation as are appropriate in the context of their domestic law, as is done in relation to the Community trade-mark in Articles 91, 96 and 97 of the proposal for a Regulation. Such additional grounds must, however, be necessary to preserve the special character of these types of marks.

#### *Article 17*

This first Directive does not affect the national procedures for the registration, revocation or declaration of invalidity of trade-marks. It is also left to the Member States to determine from what point of time the revocation or invalidity of a trade-mark is to apply.

**Proposal for a Council Regulation  
on the Community trade-mark**

# The Regulation

## *The Council of the European Communities*

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Economic and Social Committee,

Whereas:

It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by establishing a common market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to create a market of this kind and make it increasingly a single market, not only must the barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services. For those purposes, trade-marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.

Action by the Community would appear to be necessary for the purpose of attaining the Community's said objectives. Such action involves the creation of Community arrangements for trade-marks whereby undertakings can by means of one system of procedure obtain Community trade-marks to which uniform protection is given and which produce their effects throughout the entire area of the Community.

The Treaty does not provide the requisite powers to create a legal instrument such as a Community trade-mark. The barrier of territoriality of the rights conferred on proprietors of trade-marks by the laws of the Member States cannot be removed by approximation of laws. In these circumstances the only appropriate way of opening up unrestricted economic activity in the whole of the common market for the benefit of undertakings is to create trade-marks which are governed solely by a law of the Community, that law being directly applicable in all Member States.

The Community law relating to trade-marks nevertheless does not replace the laws of the Member States on trade-marks, for at the stage to which the establishment of the common market has now advanced it would not appear to be proper to require undertakings to apply for registration of their trade-marks as Community trade-marks. National trade-marks do in fact continue to be necessary for those undertakings whose activities are such that protection of their trade-marks at Community level is of no use to them.

In order not to detract from the unity of the system of Community trade-marks and from the primacy of the Community law which governs them, such trade-marks must not be subject to the laws of the Member States, save in so far as this Regulation expressly provides.

The rights in a Community trade-mark are not to be capable of being obtained otherwise than by registration, and registration is to be refused if the trade-mark is not distinctive, is unlawful or is not available. In the latter case the Office should not withhold registration unless the prior right which conflicts with the trade-mark is a trade-mark which is registered and used in the common market, if the proprietor of the prior right has entered opposition to registration of the trade-mark as a Community trade-mark and all efforts to produce an amicable settlement between the parties have failed.

The interests of proprietors of prior private rights which have not been registered will also be protected, whatever those rights may be, for any proprietor of a prior right, whether registered or not, is entitled to claim that a Community trade-mark, once registered, is invalid. It may in due time be appropriate, depending particularly on the degree of integration then achieved by the Community, to

contemplate new measures for the purpose of settling conflicts between Community trade-marks and prior rights existing at national level.

The protection conferred by a Community trade-mark is bound up with the concept of similarity of signs, similarity of goods and services and the possibility of confusion arising therefrom. The purpose of protection is to guarantee the trade-mark's function as an indicator of origin. It is essential that the said concepts be interpreted strictly so that the freedom of action of persons who are in competition with each other is not needlessly restricted. It is necessary, in particular, that by simultaneous comparison of signs, goods and services it be certain in each case that customers are in reality likely to confuse products and services which are identified by those signs. For the purpose of determining whether a sign which is alleged to infringe a trade-mark which consists of a number of elements is so similar to it that confusion may arise between them, the trade-mark must be viewed as a whole. In order to determine whether a Community trade-mark and a sign consisting of words sound the same or are at any rate phonetically similar, it is not possible to disregard the fact that the Community exists and that the public is increasingly aware of the correct pronunciation of words in the languages which are spoken therein.

In view of the fact that the function of a Community trade-mark is to indicate origin, the proprietor must not be entitled to prohibit its use by a third party in relation to goods which have been put into circulation in the Community or outside it, under the trade-mark, by him or with his consent, nor to prohibit its use, for reasons based on trade-mark law, by a licensee who supplies the goods or services under the trade-mark outside the territory covered by the licence.

There is no justification for protecting Community trade-marks or, as against them, any trade-mark which has been registered before them, except where the trade-marks are actually used.

A Community trade-mark is to be regarded as an object of property which exists separately from the undertaking whose products or services are designated by it. Accordingly, a Community trade-mark must be capable of being, *inter alia*, transferred to, or charged as security in favour of, a third party and of being the subject-matter of licences. The

conditions applicable for revocation and invalidity of trade-marks must also be regulated in a uniform manner.

Decisions regarding the validity of Community trade-marks must have absolute effect and cover the entire area of the common market, for this is the only way of preventing inconsistent decisions on the part of the courts and the Office and of ensuring that the unitary character of Community trade-marks is not undermined. The rules contained in the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters apply to all actions at law relating to Community trade-marks, save where this Regulation derogates from those rules.

Administrative measures are necessary at Community level for implementing in relation to every trade-mark the trade-mark law created by this Regulation. It is therefore essential, while retaining the Community's existing institutional structure and balance of powers, to establish a Community Trade-marks Office which is independent in relation to technical matters and has legal, administrative and financial autonomy. To this end it is necessary and appropriate that it should be a body of the Community having legal personality and exercising the precisely delimited implementing powers which are conferred on it by this Regulation, and that it should operate within the framework of Community law without detracting from the competences exercised by the Community's institutions.

In order to ensure that parties who are affected by decisions made by the Office are protected by the law in a manner which is entirely suited to the special character of trade-mark law, it is necessary to establish, within the Office, boards of appeal composed of three independent members who are qualified in law and who will be responsible for examining, from the point of view of both substance and law, the decisions made by the Office's divisions.

In order to ensure that in interpreting and applying this Regulation the law is observed, the decisions made by the boards of appeal must be open to appeal to the Court of Justice. This judicial control must be available even in cases where none of the parties appeals against an erroneous decision made by a board of appeal. The Commission must in

such cases be enabled to enter an appeal in the Court of Justice in the interest of the law.

The institutional structure of the Community, the balance of powers and the democratic control of the Office's budget can only be maintained if the Assembly and the Council adopt the Office's budget in conformity with the provisions contained in the Treaty which relate to the adoption of the budget of the European Communities, and utilize, in relation to the Office's revenue and expenditure, together with the Court of Auditors, the powers of control which are conferred by the Treaty.

*has adopted this Regulation :*

## *Title I*

### **General provisions**

#### *Article 1*

##### *[Community trade-mark]*

(1) A trade-mark for goods or services which conforms with the conditions contained in this Regulation and is registered in manner herein provided is hereinafter referred to as a 'Community trade-mark'.

(2) A Community trade-mark shall have identical effect throughout the Community. No trade-mark shall be registered as a Community trade-mark otherwise than for the entire area of the Community; a Community trade-mark shall not be transferred or surrendered or be the subject of a decision revoking the rights of the proprietor or declaring it invalid, nor shall its use be prohibited, save in respect of the entire area of the Community.

#### *Article 2*

##### *[Community Trade-marks Office]*

For the purposes of the application of this Regulation a Community Trade-marks Office, hereinafter referred to as the 'Office', is hereby established.

## Title II

# The law relating to trade-marks

### Section I

#### Definition of a Community trade-mark Obtaining a Community trade-mark

##### Article 3

*[Signs of which a Community trade-mark may consist]*

A Community trade-mark may consist of words (including surnames), designs, letters, numerals, combinations of colours, the shape of goods or of their packaging, or of any other signs which are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

##### Article 4

*[Persons who can be proprietors of Community trade-marks]*

- (1) The following persons may be proprietors of Community trade-marks:
  - (a) nationals of any Member State, and nationals of any non-Member State who are habitually resident in the Community or who have a real and effective industrial or commercial place of business in the Community;
  - (b) nationals of any State which is party to the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the Paris Convention, and persons who are deemed to be such by the operation of Article 3 thereof;
  - (c) nationals of any other State which accords to nationals of the Member States the same trade-mark protection as it accords to its own nationals.
- (2) Legal persons, including those companies and associations which under the law that governs them

are regarded as legal persons, shall be treated as nationals within the meaning of paragraph 1.

##### Article 5

*[Means whereby the rights in a Community trade-mark are obtained]*

The rights in a Community trade-mark are obtained by registration.

##### Article 6

*[Absolute grounds for refusal]*

(1) Trade-marks which do not conform to the requirements of Article 3 or 4, and trade-marks which are not distinctive, shall not be registered; in particular the following trade-marks shall not be registered:

- (a) those which consist solely of signs or indications which in trade-marks may be requisite for the purpose of showing the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
  - (b) those which consist solely of signs or indications which are customarily used to designate the goods or service in the current language of the trade or in the *bona fide* and established practices thereof.
- (2) In addition, the following shall not be registered:
- (a) the shape which results from the nature of the goods themselves, or which has some technical consequence; also the shape of the goods where this affects their intrinsic value;
  - (b) trade-marks which include signs or indications liable to mislead the public, particularly as to the nature, quality or geographical origin of the goods or service;
  - (c) trade-marks which are contrary to public policy or to accepted principles of morality, and those which fall within the provisions of Article 6 ter of the Paris Convention.

(3) Paragraphs 1 and 2 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the common market.

(4) Paragraph 1(a) shall not apply if the trade-mark has become distinctive in consequence of the use which has been made of it.

#### Article 7

##### *[Relative grounds for refusal]*

(1) A trade-mark shall not be registered if it is identical with or similar to an earlier trade-mark, and the goods or services designated by each of the trade-marks are identical with or similar to each other, with the result that there arises a serious likelihood of confusion on the part of the public in the territory in which the earlier trade-mark has effect.

(2) Earlier trade-marks are trade-marks of the following kinds in respect of which the date of application for registration preceded the date of application for registration of the Community trade-mark, taking account, where appropriate, of the priorities claimed in respect of those trade-marks:

- (a) Community trade-marks,
- (b) trade-marks registered in a Member State, including those registered in the Benelux countries,
- (c) trade-marks registered under international arrangements which have effect in a Member State;

and trade-marks which, on the date on which application is made for registration of them as Community trade-marks are well known in a Member State, in the sense in which the words 'well known' are used in Article 6 bis of the Paris Convention.

(3) Where an agent or representative of the rightful proprietor of a trade-mark applies for registration thereof in his own name without the proprietor's consent, registration shall be refused unless the agent or representative justifies his action.

(4) This Article applies only where the proprietor of the earlier trade-mark, or of a trade-mark to which paragraph 3 applies, has been successful in opposing registration of the Community trade-mark, his opposition having been in conformity with the provisions of this Regulation.

#### Section 2

### Effects of Community trade-marks

#### Article 8

##### *[Rights conferred by a Community trade-mark]*

(1) A Community trade-mark confers on the proprietor exclusive rights therein. The proprietor shall be entitled to prohibit any third party from using in the course of trade, save with his consent:

- (a) any sign which is identical with or similar to the Community trade-mark in relation to goods or services which are identical with or similar to those for which the Community trade-mark is registered, where such use involves a serious likelihood of confusion on the part of the public;
- (b) any sign which is identical with or similar to the Community trade-mark in relation to goods or services which are not similar to those for which the Community trade-mark is registered, where the Community trade-mark is of wide repute and use of that sign is detrimental to that repute.

(2) Use of the following kinds, *inter alia*, may be prohibited under paragraph 1:

- (a) affixing the sign to the goods or to the packaging thereof;
- (b) putting the goods on the market under that sign, or supplying services thereunder;
- (c) using the sign on business correspondence or invoices.

(3) The rights conferred by a Community trade-mark shall prevail against third parties from the



date of publication of registration of the trade-mark. Reasonable compensation may however be claimed in respect of matters arising after the date of publication of a Community trade-mark application, which matters would, after publication of registration of the trade-mark, be prohibited by virtue of that publication. The court seized of the case shall stay the proceedings until the registration has been published.

#### Article 9

##### *[Reproduction of Community trade-marks in dictionaries]*

(1) The publisher of a dictionary, encyclopaedia or similar work shall ensure that any reproduction of a Community trade-mark therein is accompanied by an indication that the trade-mark is registered.

(2) Where the publisher fails to comply with the requirements of paragraph 1 he shall, at the request of the proprietor of the Community trade-mark, correct the matter at his own expense in the next edition of the publication.

#### Article 10

##### *[Limitation of the effects of a Community trade-mark]*

A Community trade-mark does not entitle the proprietor to prohibit a third party from using in the course of trade:

- (a) his own surname and address;
- (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (c) the trade-mark for the purpose of indicating the intended purpose of accessories or spare parts,

provided he does not use them as a trade-mark.

#### Article 11

##### *[Limits of the rights conferred by a Community trade-mark]*

(1) A Community trade-mark does not entitle the proprietor to prohibit its use in relation to goods which have been put on the market under that trade-mark by the proprietor or with his consent.

(2) Paragraph 1 shall not apply:

- (a) where, the goods having been put on the market outside the Community, the proprietor is legally entitled to oppose their importation into the Community;
- (b) where the condition of the goods is changed or impaired after they have been put on the market;
- (c) where the goods are repackaged by a third party; but this provision shall not apply where the third party proves that the use made of the trade-mark by the proprietor, taking into consideration his system of marketing, tends to fragment the markets artificially and that the repackaging could not affect the original condition of the goods, if the third party informs the proprietor beforehand that the repackaged goods are to be put on the market and the new packaging indicates that the goods have been repackaged by the third party.

#### Article 12

##### *[Supplementary application of national law relating to infringement]*

(1) The effects of Community trade-marks shall be governed solely by the provisions of this Regulation. Save as otherwise herein provided, the civil sanctions for infringement of a Community trade-mark shall be governed by the law on civil sanctions for infringement of a national trade-mark which applies in the Member State in which the court hearing the action is located.

(2) The rules of procedure to be applied shall be determined in accordance with Article 76 and the Articles which follow it.

### Section 3

## Use of Community trade-marks

### Article 13

(1) A Community trade-mark shall be put to serious use in the common market, consistently with the terms of this Regulation, in connection with the goods or services in respect of which it is registered, unless there exist legitimate reasons for not doing so.

(2) Circumstances arising independently of the will of the proprietor of a Community trade-mark are alone sufficient to constitute legitimate reasons for not using it.

(3) Use of a Community trade-mark by a licensee or by a person who is associated economically with the proprietor shall be deemed to constitute use by the proprietor.

### Section 4

## Duration and alteration of Community trade-marks

### Article 14

#### *[Duration of registration]*

Community trade-marks shall be registered for a period of ten years from the date of filing of the application. Without prejudice to the application of Article 37, registration may be renewed for further periods of ten years.

### Article 15

#### *[Alteration]*

(1) No alteration of a Community trade-mark shall be allowed during the period of registration or on renewal thereof.

(2) Where, however, a Community trade-mark includes the name and address of the proprietor, these may be altered, provided the alteration does not substantially change the trade-mark. Any alteration shall be registered.

### Section 5

## Community trade-marks as objects of property

### Article 16

#### *[Dealing with Community trade-marks as national trade-marks]*

(1) Unless Article 17 to 22 otherwise provide, a Community trade-mark as an object of property shall be regarded in all respects, including its geographical coverage of the entire area of the Community, as a trade-mark registered in the Member State in which, according to the Register of Community Trade-marks, the applicant had his habitual residence or principal place of business or, failing either of these, a place of business, on the date of filing of the Community trade-mark application.

(2) In cases which are not provided for by paragraph 1 the Member State referred to in that paragraph shall be the Member State in which the headquarters of the Office is situated.

### Article 17

#### *[Transfer]*

(1) A Community trade-mark may be transferred, separately from any transfer of the undertaking, in respect of some or all of the goods or services for which it is registered.

(2) A transfer of the whole of the undertaking shall, unless some other intention appears, have effect to transfer any Community trade-mark of the undertaking.

(3) Without prejudice to paragraph 2, an assignment of a Community trade-mark shall be made in writing; otherwise it shall be void.

(4) Where it is clear from the transfer documents that because of the transfer the Community trade-mark will mislead the public concerning the nature, quality or geographical origin of the goods or services in respect of which it is registered, the Office shall not register the transfer.

(5) A transfer shall not affect rights acquired by third parties before the date of transfer.

(6) A transfer shall not take effect *vis-à-vis* the Office or third parties until it has been registered, and then only to the extent that the transfer documents require. A transfer shall nevertheless take effect before registration *vis-à-vis* third parties who have acquired rights in the trade-mark after the date of transfer but who knew of the transfer at the date on which they acquired those rights.

#### Article 18

##### [Rights 'in rem']

(1) A Community trade-mark may be charged as security or otherwise be the subject security rights *in rem*, separately from the undertaking.

(2) Security rights *in rem* which are created over a Community trade-mark, and any transfer of those rights, shall not have effect *vis-à-vis* third parties until the rights have been registered, or until the transfer has been registered, as the case may be.

#### Article 19

##### [Levy of execution]

(1) A Community trade-mark be levied in execution and be the subject of enforcement measures following thereon, separately from the undertaking.

(2) As regards the procedure for enforcement measures in respect of a Community trade-mark,

the courts and authorities of the Member State which is relevant for the purposes of Article 16 shall have exclusive jurisdiction.

#### Article 20

##### [Insolvency and similar proceedings]

Until such time as common rules are in operation between the Member States, the only Member State in which a Community trade-mark may form part of the assets in an insolvency or in similar proceedings shall be the Member State in which those proceedings are first opened.

#### Article 21

##### [Licensing]

(1) Licences may be granted in respect of a Community trade-mark for some or all of the goods or services for which it is registered.

(2) The rights conferred by a Community trade-mark shall not be asserted *vis-à-vis* a licensee unless he operates his licence beyond the period of time for which it was granted or uses the trade-mark in relation to goods or services for which it has not been registered or does not comply with the proprietor's instructions concerning the quality of the goods or services.

(3) The proprietor of a Community trade-mark shall ensure that the quality of the goods manufactured or of the services provided by the licensee is the same as that of the goods manufactured or of the services provided by the proprietor.

(4) Paragraphs 5 and 6 of Article 17 apply to licences.

#### Article 22

##### [The right of property in an application for a Community trade-mark]

Articles 16 to 21 apply to applications for Community trade-marks.

## Title III

# Applications for Community trade-marks

### Section 1

## Filing of applications and the conditions which govern them

### Article 23

#### [Filing of applications]

An application for a Community trade-mark shall be filed at the Office.

### Article 24

#### [Conditions governing applications]

(1) The following, *inter alia*, shall be included in an application for a Community trade-mark :

- (a) particulars identifying the applicant ;
- (b) a list of the goods or services ;
- (c) a representation of the trade-mark ;
- (d) where paragraph 2 of Article 72 applies, the relevant power of attorney.

(2) The fees shall be paid upon filing of the application.

### Article 25

#### [Date of filing]

The date of filing of a Community trade-mark application shall be the date on which the documents specified in Article 24 are received, provided the minimum fees have at that date been received by the Office.

### Section 2

## Priority

### Article 26

#### [Right of priority]

(1) A person who has duly filed an application for a trade-mark in or for any State which is a party to the Paris Convention, or his successors in title, shall, for the purpose of filing a Community trade-mark application for the same trade-mark in respect of goods or services which are identical with those for which the application has been filed, be entitled to a right of priority for a period of six months following the date of filing of the first application.

(2) Every filing which is equivalent to a regular national filing under the national law of the State where it was made or under bilateral or multilateral agreements shall be recognized as giving rise to a right of priority.

(3) Regular national filing means any filing which is sufficient to establish the date on which the application was made, whatever the outcome of the application.

(4) A subsequent application for a trade-mark which was the subject of a previous first application in respect of the same goods or services, and which is filed in or for the same State, shall, for the purpose of determining priority, be considered as first application, provided that, at the date of filing of the subsequent application, the previous application has been withdrawn, abandoned or refused, without leaving any rights outstanding, and no right of priority has been claimed in respect of it. No right of priority shall thereafter be claimed in respect of the previous application.

(5) If the first filing has been made in a State which is not a party to the Paris Convention, paragraphs 1 to 4 shall apply only in so far as that State grants on the basis of a first filing made at the Office a right of priority which is subject to conditions equivalent to those laid down in the Paris Convention and which has equivalent effect.

#### Article 27

##### *[Claiming priority]*

An applicant who wishes to take advantage of the priority of a previous application shall file a declaration of priority. The Office may require production of a copy of the previous application and, if necessary, a translation of it in the Office's procedural language.

#### Article 28

##### *[Right of priority]*

The right of priority shall operate so that the date of first filing shall be treated as the date of filing of the Community trade-mark application, save for purposes of the application of Article 14.

#### Article 29

##### *[Equivalence of Community filing and national filing]*

For purposes of the application of Article 4 of the Paris Convention, a Community trade-mark application which has been accorded a date of filing shall in the Member States be equivalent to a regular national filing.

## Title IV

### Registration procedure

#### Section 1

##### Examination of applications

#### Article 30

##### *[Examination as to whether the application satisfies the relevant substantive conditions]*

(1) A Community trade-mark application shall be rejected if it cannot be accorded a date of filing because the relevant conditions have not been satisfied.

(2) A Community trade-mark application which is irregular as to form, or in respect whereof the amount of fees paid is equal to the minimum fee chargeable but less than the prescribed fee, shall be rejected. No rights of priority may be claimed in respect of an application where the priority provisions contained in this Regulation have not been complied with.

(3) Paragraph 2 shall not apply until the applicant has been requested to correct the irregularities or to pay the prescribed amount of fees.

#### Article 31

##### *[Examination as to absolute grounds for refusal]*

(1) Where, under Article 6, a trade-mark is ineligible for registration in respect of some or all of the goods or services covered by the Community trade-mark application, the application shall be rejected as regards those goods or services.

(2) Where the trade-mark includes an element which is not distinctive, registration of the trade-mark may be subject to the applicant's agreeing, if

the Office requests him to do so, that his rights in the trade-mark are not exclusive.

(3) The application shall not be rejected before the applicant has been allowed the opportunity of withdrawing or amending the application or of submitting his observations on the matter.

(4) The application shall be published in respect of the goods or services for which it is not ineligible for registration.

(5) Where, after publication, the application is rejected under paragraph 1 or 2, the decision that it has been rejected shall, upon becoming final, be published.

#### *Article 32*

##### *[Amendment of application]*

A Community trade-mark application may upon request be amended by restricting the list of goods or services, or by rectifying the name and address of the applicant, errors of wording or of copying, or other obvious mistakes, provided that such rectification does not substantially change the trade-mark.

#### *Section 2*

### **Observations by third parties and opposition**

#### *Article 33*

##### *[Observations by third parties]*

Any natural or legal person and any group or body representing manufacturers, producers, traders or consumers may, after publication of a Community trade-mark application, submit to the Office written observations explaining on which grounds, under Article 6, the trade-mark is ineligible for registration.

#### *Article 34*

##### *[Opposition]*

(1) Proprietors of trade-marks of the kinds referred to in Article 7 may within three months following publication of a Community trade-mark application enter opposition to registration of the trade-mark. Registration may be opposed only on grounds of ineligibility under Article 7.

(2) Opposition shall be expressed in writing and shall specify the grounds on which it is made. It shall not be treated as duly entered until the opposition fee has been paid.

(3) If the opposing party has no habitual residence or place of business within the Community he shall, if the applicant so requests, provide security for the costs of the proceedings. The amount of security and the date by which it must be provided shall be determined by the Office. If security is not provided, the opposition shall be treated as having been withdrawn.

#### *Article 35*

##### *[Examination of opposition]*

(1) When examining the opposition the Office shall invite the parties to submit their observations.

(2) If the applicant so requests or the Office so requires, the proprietor of an earlier Community trade-mark who has entered an opposition shall furnish proof that that trade-mark has been used in manner required by Article 13 during the period of five years preceding the date of publication of the Community trade-mark application, provided the earlier Community trade-mark has at that date been registered for not less than five years. In the absence of proof to this effect, the opposition shall be rejected. If the earlier Community trade-mark has been used in relation to part only of the goods or services for which it is registered it shall, for purposes of the examination of the opposition, be deemed to be registered in respect only of that part. This provision shall apply where the earlier trade-mark is a trade-mark of the kind described in

subparagraph (b) or (c) of paragraph 2 of Article 7.

(3) The Office shall, if it thinks fit, invite the parties to make a friendly settlement. The Office shall make proposals to them for this purpose if it considers that conditions can be imposed on the prospective use of the trade-mark applied for and of the earlier trade-mark in such manner that there will be no serious likelihood of confusion on the part of the public.

(4) If examination of the opposition reveals that the trade-mark is not eligible for registration in respect of some or all of the goods or services for which the Community trade-mark application has been made, the application shall be rejected in respect of those goods or services. Otherwise the opposition shall be rejected.

(5) Where a final decision is taken to refuse the application the decision shall be published.

### *Section 3*

## **Registration**

### *Article 36*

Where an application meets the requirements of this Regulation and the registration fee has been paid in due time, the trade-mark shall be registered as a Community trade-mark. If the fee is not paid within the period prescribed the application shall be deemed to have been withdrawn.

## *Title V*

## **Renewal**

### *Article 37*

(1) Where it is desired to renew the registration of a Community trade-mark an application shall be made. A declaration of user shall be produced and fees shall be paid.

(2) The declaration of user shall specify the goods or services in respect of which the Community trade-mark has been used in manner required by Article 13 during the period of five years prior to expiry of the registration.

(3) The application shall be submitted, the declaration of user produced and the fees paid not earlier than six months before expiry of the registration. Failing this, they may validly be submitted, filed and paid within six months following the date of expiry of the registration, but on payment of an additional fee.

(4) Where the application is submitted, the declaration of user produced and the fees paid in respect of part only of the goods or services for which the Community trade-mark is registered, registration shall be renewed only for that part of the goods or services.

(5) Renewal shall take effect from the date on which the existing registration expires. The renewal shall be registered.

## Title VI

# Surrender, revocation and invalidity

## Section 1

### Surrender

#### Article 38

(1) A Community trade-mark may be surrendered in respect of some or all of the goods or services for which it is registered.

(2) Surrender shall be effected by the proprietor of the trade-mark by means of writing delivered to the Office. The surrender shall not have effect until it is recorded in the Register.

(3) Surrender shall be registered only with the consent of any third party who has a right *in rem* which is recorded in the Register. If a licence is recorded in the Register, the surrender shall be recorded only if the proprietor of the trade-mark proves that he has previously informed the licensee of his intention to surrender it.

## Section 2

### Grounds for and consequences of revocation

#### Article 39

##### [Grounds for revocation]

(1) The rights of the proprietor of a Community trade-mark shall be revoked:

(a) if the trade-mark has not been used in manner required by Article 13 during an unbroken period of five years; but no person may claim that the proprietor's rights in a Community trade-mark should be revoked where, during the interval between expiry of the five-year

period and filing of the application for revocation, the trade-mark has been used in manner required by Article 13 and this use was made in good faith;

(b) if, in consequence of acts of the proprietor, the trade-mark has become the common name for a product or service in respect whereof it is registered;

(c) if, in consequence of the use made of it in respect of the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

(2) Where the grounds for revocation of rights exist in respect of part only of the goods or services for which the Community trade-mark is registered, the rights of the proprietor shall be revoked in respect only of that part of the goods or services.

#### Article 40

##### [Consequences of revocation]

(1) Revocation shall be declared by a decision adopted in conformity with the terms of this Regulation.

(2) The Community trade-mark shall, within the tenor of the decision revoking it, be deemed not to have had the effects provided for in this Regulation from the time when any of the grounds for revocation existed.

(3) Subject to the provisions contained in the laws of the Member States relating to actions for compensation for damage caused by negligence or by lack of good faith on the part of the proprietor of the trade-mark, or relating to unjust enrichment, the retroactive effect of revocation shall not affect:

(a) any decision on infringement which has acquired the authority of a final decision and has been executed before the decision revoking the rights of the proprietor was adopted;

(b) any contract concluded before the decision revoking the rights of the proprietor was adopted,



in so far as the contract has been performed before the adoption of that decision; but restitution of sums paid under the contract may be claimed on grounds of equity to the extent justified by the circumstances.

### *Section 3*

## **Grounds for and consequences of invalidity**

### *Article 41*

#### *[Absolute grounds of invalidity]*

(1) A Community trade-mark which is registered in breach of the provisions of Article 6 shall be invalid.

(2) Where subparagraph (a) of paragraph 1 of Article 6 has been contravened, the Community trade-mark shall nevertheless not be declared invalid if it has become distinctive after registration.

(3) Where the ground of invalidity exists in respect of part only of the goods or services for which the Community trade-mark is registered, the trade-mark shall be invalid as regards only that part of the goods or services.

### *Article 42*

#### *[Relative grounds of invalidity]*

(1) A Community trade-mark shall be invalid:

(a) where a trade-mark of the kind described in Article 7 exists in opposition to it and the conditions set out in paragraph 1 or 3 of that Article obtain;

(b) where some other prior right exists in opposition to it and there is a serious likelihood of confusion on the part of the public between the trade-mark and that right; but this provision shall not apply if the right subsists only in a

particular locality. The expression 'some other prior right' means any sign used in the course of trade before filing of the Community trade-mark application which, under the law of the Member State which governs the sign, entitles the proprietor to prohibit the use of any later trade-mark.

(2) A Community trade-mark shall also be invalid if it contains:

(a) a work protected by copyright or by an industrial design or model;

(b) a portrait;

(c) a surname, where use of the trade-mark in relation to the goods or services for which it is registered is liable to cause serious detriment to the honour, reputation or credit of the person whose surname it is.

(3) A Community trade-mark shall not be declared invalid where the proprietor of any such right as is mentioned in paragraph 1 or 2 has consented to registration of that trade-mark.

(4) Where the proprietor of any such right as is mentioned in paragraph 1 or 2 applies for a declaration that a Community trade-mark is invalid, he shall not enter a new application for that purpose on the basis of another such right which he could have averred in support of the first application.

(5) Paragraph 3 of Article 41 shall apply.

### *Article 43*

#### *[Consequences of invalidity]*

(1) Where a decision is adopted declaring a Community trade-mark invalid, the trade-mark shall, within the tenor of the decision declaring it invalid, be deemed never to have had the effects provided for in this Regulation from the time when the trade-mark came into existence.

(2) Paragraph 1 and 3 of Article 40 shall apply to invalidity of Community trade-marks.

#### Article 44

##### *[Limitation in consequence of acquiescence]*

(1) Where the proprietor of any such right as is mentioned in paragraph 1 or 2 of Article 42 has acquiesced in the use of a Community trade-mark for a period of three successive years, he shall not be entitled to apply for a declaration that the trade-mark is invalid on the ground that that right, or some other right of his, exists; but this provision shall not apply if the Community trade-mark was applied for in bad faith.

(2) Paragraph 1 shall not affect the right of the proprietor of a well-known trade-mark, as defined in paragraph 2 of Article 7, to apply for a declaration that a Community trade-mark is invalid, provided he makes the application within the period of five years following registration of the Community trade-mark.

(3) The proprietor of a Community trade-mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though the proprietor of that right is no longer entitled to apply for a declaration that the Community trade-mark is invalid.

#### Article 45

##### *[Prior rights subsisting in particular localities]*

(1) The proprietor of a prior right subsisting in a particular locality may oppose use of the Community trade-mark in the territory where his right is valid.

(2) Paragraph 1 shall cease to apply if the proprietor of the prior right has acquiesced in the use of the Community trade-mark for a period of three successive years; but this provision shall not apply if the Community trade-mark was applied for in bad faith.

(3) The proprietor of the Community trade-mark shall not be entitled to oppose use of the right referred to in paragraph 1 even if that provision has ceased to apply.

#### Section 4

### **Proceedings in the Office in relation to revocation or invalidity**

#### Article 46

##### *[Application for revocation or for a declaration of invalidity]*

(1) An application for revocation of the rights of the proprietor of a Community trade-mark or for a declaration that the trade-mark is invalid may be submitted to the Office:

- (a) where Articles 39 and 41 apply, by any natural or legal person and any group or body which has the capacity to be a party to proceedings in court, whether as plaintiff or defendant, for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers.
- (b) where paragraph 1 of Article 42 applies, by the proprietor of the trade-mark or other prior right;
- (c) where paragraph 2 of Article 42 applies, by the owner of the copyright, the proprietor of the design or model, the owner of the relevant surname, the person who is the subject of the portrait, or the persons who are entitled under the laws of the Member States to exercise the rights in question.

(2) The application shall be submitted in writing and shall specify the grounds on which it is made. Before the fee has been paid the application shall be treated as not having been submitted.

(3) Paragraph 3 of Article 34 shall apply.

(4) An application for revocation or for a declaration of invalidity shall not lie if an application relating to the same subject-matter and cause of action, and involving the same parties, has been adjudicated on by a court in a Member State.

*Article 47*

*[Examination of the application]*

(1) The Office may stay the proceedings of its own motion or at the request of any of the parties if, under paragraph 1 of Article 78, a counterclaim for revocation of the rights of the proprietor of the Community trade-mark or for a declaration that the Community trade-mark is invalid has been filed with a court in a Member State.

(2) When the Office examines the application for revocation of rights or for a declaration of invalidity, it shall as often as necessary invite the parties to file observations on communications from third parties or issued by itself.

(3) The Office may of its own motion contend that the Community trade-mark, having been registered in breach of Article 3, Article 4 or subparagraphs (b) and (c) of paragraph 2 of Article 6, is invalid.

(4) If the proprietor of the Community trade-mark so requests or the Office so requires, the proprietor of an earlier Community trade-mark, being a party to the invalidity proceedings, shall furnish proof that that trade-mark has been used in manner required by Article 13 during the period of five years preceding the date of the application for a declaration of invalidity, provided that at that date the earlier Community trade-mark has been registered for not less than five years. If, at the date on which the Community trade-mark application was published, the earlier Community trade-mark has been registered for not less than five years, the proprietor of the earlier Community trade-mark shall furnish proof that, in addition, the conditions contained in paragraph 2 of Article 35 were satisfied at that date. In the absence of such proof the application for a declaration of invalidity shall be rejected. Where the earlier Community trade-mark has been used in relation to part only of the goods or services for which it is registered it shall, for the purposes of examining the application for a declaration of invalidity, be deemed to be registered in respect only of that part of the goods or services. This provision shall apply where the earlier Community trade is a trade-mark of the kind

described in subparagraph (b) or (c) of paragraph 2 of Article 7.

(5) In the course of the invalidity proceedings the Office shall, if it thinks fit, invite the parties to make a friendly settlement. The Office shall make proposals to them for this purpose if it considers that conditions can be imposed on the prospective use of the Community trade-mark, of the earlier trade-mark or of the prior right in such manner that there will be no serious likelihood of confusion on the part of the public.

(6) Where a final decision is taken revoking the rights of the proprietor of the Community trade-mark or declaring it invalid, it shall be removed from the register.

## Title VII

### Appeals

#### Article 48

*[Decisions from which an appeal will lie]*

(1) An appeal shall lie from decisions of the Office. It shall have suspensive effect.

(2) An appeal against a decision which does not terminate proceedings as regards one of the parties may only be made in conjunction with an appeal against the final decision, unless the latter contemplates separate appeal.

#### Article 49

*[Persons entitled to appeal and to be parties to proceedings on appeal]*

Any party to proceedings who is adversely affected by a decision may appeal. The other parties to those proceedings shall automatically be parties to the appeal proceedings.

#### Article 50

*[Time-limit and form of appeal]*

Notice of appeal shall be filed in writing at the Office within two months after notification of the decision from which the appeal is made. Until such time as the fee for appeal has been paid the notice shall be treated as not having been filed. Within four months after notification of the decision a written statement setting out the grounds of appeal shall be filed.

#### Article 51

*[Interlocutory revision]*

(1) If the department whose decision is contested considers that the appeal properly lies and is well

founded, it shall rectify its decision. This shall not apply where the appellant is in the proceedings opposed by another party.

(2) If the appeal is not allowed within one month after receipt of the statement of grounds, the appeal shall forthwith be remitted to the Board of Appeal without comment on the merits.

#### Article 52

*[Examination of appeals]*

If the appeal properly lies, the Board of Appeal shall as often as necessary invite the parties to file observations on communications from another party or issued by itself.

#### Article 53

*[Decision on appeal]*

In deciding the appeal the Board of Appeal may exercise any power which lies within the competence of the department whose decision is the subject of the appeal, or it may remit the case to that department for further action. In the latter case the department shall, in so far as the facts are the same, be bound by the decision of the Board of Appeal and by the grounds on which it is based.

#### Article 54

*[Further appeal by the parties]*

(1) A further appeal to the Court of Justice of the European Communities shall lie from decisions of the Boards of Appeal. Such further appeals shall have suspensive effect.

(2) The further appeal may be lodged on grounds of want of jurisdiction, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application, in so far as that rule of law is not a provision of national law, or misuse of power. The Court of Justice shall not question the facts as

found by and recorded in the decision of the Board of Appeal.

(3) The further appeal may be made by any party to the proceedings before the Board of Appeal who is adversely affected by its decision.

(4) The further appeal shall be lodged with the Court of Justice within two months after notification of the decision of the Board of Appeal.

(5) If the Court of Justice remits the case for further action to the Board of Appeal, the Board shall, in so far as the facts are the same, be bound by the decision of the Court of Justice and by the grounds on which it is based.

#### *Article 55*

*[Further appeal in the interest of the law]*

(1) The Commission may in the interest of the law lodge a further appeal to the Court of Justice against a decision of the Board of Appeal. The further appeal may be lodged on grounds of want of jurisdiction, infringement of an essential procedural requirement, infringement of the Treaty, of this Regulation or of any rule of law relating to their application, in so far as that rule of law is not a provision of national law, or misuse of power. The provisions contained in this paragraph shall apply to final decisions only.

(2) Where the decision is reversed, the parties shall not be entitled to plead this fact.

(3) The Registrar of the Court of Justice shall notify the Member States and the Council that the further appeal has been lodged, and they shall be entitled to file memoranda or observations in writing with the Court within two months after receipt of notification.

(4) No costs or expenses shall be charged or reimbursed in connection with such proceedings as are provided for in this Article.

## *Title VIII*

### **Procedure**

#### *Section 1*

### **General provisions**

#### *Article 56*

*[Statement of grounds on which decisions are based]*

Decisions of the Office shall state the grounds on which they are based. They shall be based only on grounds or on evidence on which the parties involved have had the opportunity of presenting their observations.

#### *Article 57*

*[Examination of the facts by the Office of its own motion]*

In proceedings before it the Office shall examine the facts of its own motion. It may disregard facts or items of evidence which have not been submitted in due time by the parties involved.

#### *Article 58*

*[Oral proceedings]*

(1) If the Office considers that oral proceedings would be useful they shall be held either on motion of the Office itself or at the request of any of the parties to the proceedings.

(2) Oral proceedings before the Examining Division, Opposition Division or Administration Division shall not be public.

(3) Oral proceedings, including delivery of the decision, shall, as regards the Cancellation Division and the Board of Appeal, be public, in so far as the department before which the proceedings

are taking place does not decide otherwise in circumstances where serious and unwarranted disadvantages could arise from admitting the public, particularly for any of the parties to the proceedings. In derogation from paragraph 2, this present paragraph shall apply to oral proceedings before the Opposition Division in cases where Article 91 applies.

#### *Article 59*

##### *[Taking of evidence]*

(1) In any proceedings before the Office, the means of giving or obtaining evidence shall include the following:

- (a) hearing the parties;
- (b) requests for information;
- (c) production of documents;
- (d) hearing the witnesses;
- (e) opinions by experts;
- (f) inspection;
- (g) sworn statements in writing.

(2) The relevant department may commission one of its members to examine the evidence adduced.

(3) If the Office considers it necessary that a party, witness or expert give evidence orally, it shall either:

- (a) issue a summons requiring the relevant person to appear before it, or
- (b) request the competent judicial authority in the country of residence of the relevant person to take the evidence, as provided in paragraph 3 of Article 70.

(4) A party, witness or expert who is summoned before the Office may request it to allow his evidence to be heard by the competent judicial authority in his country of residence. On receipt of such request, or if there is no response to the summons, the Office may, in accordance with the provisions of paragraph 3 of Article 70, request the

competent judicial authority to take the evidence of that person.

(5) If a party, witness or expert gives evidence before the Office, the Office may, if it considers it advisable that the evidence be given in solemn form, request the competent authority in the country of residence of the relevant person to hear his evidence under the requisite conditions.

(6) When the Office requests a competent judicial authority to take evidence, it may request it to take the evidence in solemn form and to permit a member of the relevant department to attend the hearing and question the party, witness or expert either through the intermediary of that judicial authority or directly.

#### *Article 60*

##### *[Service]*

The Office shall effect service of all decisions and summonses, and of notices which cause time-limits to run or which are required to be served either in pursuance of other provisions of this Regulation or by order of the President of the Office.

#### *Article 61*

##### *[Restitutio in integrum]*

(1) Where, in spite of having taken all due care in the particular circumstances, the applicant for or proprietor of a Community trade-mark or any other party to proceedings before the Office has been unable to observe a time-limit *vis-à-vis* the Office, his rights shall, upon application, be restored if his failure to respect the time-limit has resulted directly, by virtue of the provisions of this Regulation, in the loss of any right or means of redress.

(2) Applications shall be filed in writing within two months after the cause of non-compliance with the time-limit has ceased to operate. The act omitted shall be completed within this period. Application may be made only within the period of one

year following the expiry of the time-limit which has not been observed. Where the formalities for renewal have not been complied with, the period specified in paragraph 3 of Article 37 shall be deducted from the one-year period.

(3) An application shall state the grounds on which it is based and the facts on which it relies. It shall not be regarded as duly filed until the fee for restoration of rights has been paid.

(4) The decision on the application shall be determined by the department which is competent in relation to the omitted act.

(5) The provisions of this Article shall not apply to the time-limits referred to in paragraph 2 of this Article nor to the time-limit specified in paragraph 1 of Article 26.

(6) The applicant for or proprietor of a Community trade-mark shall not oppose the use of a sign in good faith by a third party during the period between the time when the rights in the application or in the trade-mark are lost and the restoration of those rights.

#### *Article 62*

##### *[Reference to general principles]*

In the absence of procedural provisions in this Regulation, the Office shall take into account the principles of procedural law which are generally recognized in the Member States.

#### *Article 63*

##### *[Termination of financial obligations]*

(1) The Office's right to require payment of fees shall be extinguished after four years from the end of the calendar year in which the fees become due for payment.

(2) Rights against the Office for the refunding of fees or of sums overcharged by the Office shall be extinguished after four years from the end of the calendar year in which the rights arose.

(3) A request for payment of a fee shall have effect to interrupt the period specified in paragraph 1, and a written claim for refund, stating the grounds on which it is made, shall have effect to interrupt the period specified in paragraph 2. After interruption the period shall begin to run again immediately and shall terminate at the latest six years after the end of the calendar year in which it originally commenced, unless in the meantime judicial proceedings to enforce the right have been instituted; in this case the period shall end not earlier than one year after the judgment has acquired the authority of a final decision.

#### *Section 2*

##### **Costs**

#### *Article 64*

##### *[Costs]*

(1) Each party to opposition proceedings or to proceedings for revocation or for a declaration of invalidity shall pay the costs incurred by him unless the Opposition Division or Cancellation Division decides that it would be equitable that the costs of oral proceedings or of certain stages in the examination be borne in some other manner. A decision concerning division of costs may, if applied for, be adopted where a Community trade-mark application, an opposition, an application for revocation of rights or an application for a declaration of invalidity is withdrawn, or where registration of a Community trade-mark is not renewed or where the proprietor of a Community trade-mark surrenders it.

(2) Paragraph 1 shall also apply to the costs incurred by each of the parties to appeal proceedings. A Board of Appeal decision on division of costs may cover all essential items including travel and subsistence and the remuneration of an agent, adviser or advocate.

(3) The Registrar of the Opposition Division or Cancellation Division shall upon application determine the amount of costs to be paid where a

decision is taken to divide them. The amount so determined may upon application be amended if the Opposition Division or Cancellation Division so decides.

#### *Article 65*

##### *[Enforcement of decisions which determine the amount of costs]*

(1) Final decisions of the Office which determine the amount of costs shall be enforceable.

(2) Enforcement shall be governed by the rules of civil procedure applicable in the State in which it takes place. Subject only to verification that the relevant document is authentic, the enforcement clause or endorsement shall be appended by the national authority appointed for that purpose by the government of each Member State; the governments shall inform the Office and the Court of Justice of the identity of each such national authority.

(3) When, upon application by the person concerned, these formalities have been completed, he shall be entitled to proceed to enforcement by bringing the matter before the competent body designated by national law.

(4) Enforcement shall not be suspended except by decision of the Court of Justice. Control as to the regularity of enforcement measures shall, however, reside with the national courts.

#### *Section 3*

### **Information of the public and of the official authorities of the Member States**

#### *Article 66*

##### *[Register of Community Trade-marks]*

The Office shall keep a register which shall be known as the Register of Community Trade-

marks, wherein shall be recorded the particulars whose registration is required by this Regulation. The Register shall be open to public inspection.

#### *Article 67*

##### *[Inspection of files]*

(1) The files relating to Community trade-mark applications which are awaiting publication shall not be made available for inspection without the consent of the applicant.

(2) Any person who proves that the applicant for a Community trade-mark has stated, directly or indirectly, that after the trade-mark has been registered he will invoke it against that person may, without the applicant's consent, inspect the file before the application is published.

(3) After publication of a Community trade-mark application the files relating to the application and to the trade-mark itself may be inspected on request. Certain documents in the file may, however, be withheld from inspection.

#### *Article 68*

##### *[Community Trade-marks Bulletin]*

The Office shall publish periodically a Community Trade-marks Bulletin containing entries made in the Register of Community Trade-marks and all other particulars of which publication is required under this Regulation.

#### *Article 69*

##### *[Classification of Community trade-marks]*

Goods and services for which Community trade-marks are applied for shall be classified in conformity with the Office's system of classification.



## Article 70

### *[Administrative and legal cooperation]*

(1) Unless this Regulation otherwise provides, the Office and the courts or authorities of the Member States shall on request give assistance to each other by supplying information or sending files for inspection. Where the Office sends files for inspection to courts, Public Prosecutors' Offices or central industrial property offices, the restrictions laid down in Article 67 shall not apply.

(2) Information received in pursuance of paragraph 1 shall be used only for the purpose for which it was requested. The Office and the courts or authorities of the Member States, and the officials and other employees thereof, shall not disclose information received by them in pursuance of paragraph 1 if that information is of a confidential nature.

(3) Upon receipt of letters rogatory from the Office, the courts or other competent authorities of the Member States shall undertake on its behalf any inquiries or other judicial measures to the extent that they have power to do so.

## Article 71

### *[Exchange of publications]*

The Office and the central industrial property offices of the Member States shall on request dispatch to each other for their own use, free of charge, one or more copies of their respective publications.

## Section 4

### **Representation**

## Article 72

### *[General principles applicable to representation]*

(1) No person shall be compelled to be represented before the Office by a professional representative.

(2) However, any natural or legal person whose place of habitual residence or principal place of business is not in the Community shall be represented before the Office by a professional representative.

(3) Natural or legal persons whose place of habitual residence or principal place of business is in the Community may act *vis-à-vis* the Office through one of their employees; due authority shall be conferred for this purpose on such employee. An employee of a legal person to which this paragraph applies may, in derogation from paragraph 2 in appropriate cases, also represent other legal persons which are economically associated with that legal person.

## Article 73

### *[Professional representatives]*

(1) Professional representation of natural or legal persons before the Office may be undertaken by any advocate who is authorized to practice in a Member State and whose place of business is in the Community, to the extent that he can act in that State as a representative in trade-mark matters; or by those professional representatives whose names appear on the list maintained for this purpose by the Office.

(2) Any natural person who fulfils the following conditions may be entered on the list of professional representatives:

- (a) he must be a national of one of the Member States;
- (b) his place of business or employment must be in the Community;
- (c) he must be entitled to represent natural or legal persons in trade-mark matters before the competent departments in the Member State where he practises or is employed. Where, in that State, the right to act is not conditional on the obtaining of a particular professional qualification, any person who acts in trade-mark matters before the competent departments of that State and who applies for his name to be entered on the list must have practised continuously for not less than five years.

(3) Entry on the list shall be effected upon request, provided it is accompanied by a certificate issued by the central industrial property office showing that the conditions laid down in paragraph 2 are satisfied.

## *Title IX*

### **Jurisdiction and procedure in legal actions relating to Community trade-marks**

#### *Section 1*

#### **Jurisdiction**

#### *Article 74*

*[Jurisdiction of national courts to hear actions for infringement of Community trade-marks]*

(1) Actions for infringement of a Community trade-mark shall be heard by the courts of the Member State in which the defendant has his habitual residence or, if he has no habitual residence in the Community, in which he has a place of business. If the defendant has neither habitual residence nor place of business in one of the Member States, such actions shall be heard by a court in the Member State in which the plaintiff has his habitual residence or, if he has no habitual residence in the Community, in which he has a place of business. If neither the defendant nor the plaintiff has his habitual residence or a place of business in the Community, the action shall be heard by a court in the State in which the seat of the Office is situated. The court hearing the action shall have jurisdiction in respect of acts of infringement alleged to have been committed in any Member State.

(2) Actions for infringement of a Community trade-mark may also be heard by a court in the Member State in which an act of infringement has been committed. The court hearing the action shall have jurisdiction only in respect of acts of infringement alleged to have been committed in that State.

(3) If the court hearing the action finds that the Community trade-mark has been infringed by use of another Community trade-mark it shall order that the latter shall not be used anywhere in the

Community; in any other case the order prohibiting the use of the Community trade-mark shall have effect only in the Member State in which an act of infringement occurred.

#### Article 75

##### *[Supplementary provisions]*

Each Member State shall arrange that actions for infringement of Community trade-marks which are brought at first instance shall be heard by a court which has jurisdiction for the whole of that State or for several jurisdictional districts therein.

#### Section 2

#### **Procedure**

#### Article 76

##### *[Rules applicable]*

Unless this Regulation otherwise provides, actions for infringement of Community trade-marks shall be subject to those rules of procedure applicable in the laws of the Member States to actions for infringement of national trade-marks.

#### Article 77

##### *[Persons who are entitled to bring an action for infringement]*

(1) Actions for infringement may be brought by the proprietor of a Community trade-mark. A licensee may bring such actions only if the proprietor consents thereto.

(2) A licensee shall, for the purpose of obtaining compensation for damage suffered by him, be entitled to intervene in an infringement action brought by the proprietor of the Community trade-mark.

#### Article 78

##### *[Counterclaims for declaration of revocation or invalidity]*

(1) The court which is hearing an action for infringement of a Community trade-mark shall have jurisdiction to give judgment on a counterclaim made by the original defendant for a declaration that the rights of the proprietor are revoked or that the trade-mark is invalid.

(2) No such counterclaim as aforesaid may be made if an application or counterclaim relating to the same subject-matter and cause of action, and involving the same parties, has been determined by the Office.

(3) Article 47, paragraphs 2 to 5, shall apply.

(4) If the court declares that the rights of the proprietor are revoked or that the Community trade-mark is invalid, it shall of its own motion order that the trade-mark be removed from the Register. When the judgment has acquired the authority of a final decision, the Office shall remove the trade-mark from the Register upon application by whichever of the parties first requests it.

#### Article 79

##### *[Stay of proceedings]*

(1) The court which is hearing a counterclaim under paragraph 1 of Article 78 for a declaration that the rights of the proprietor of a Community trade-mark are revoked or that the trade-mark is invalid may, of its own motion or on application by any of the parties, stay the proceedings and invite the original defendant to present to the Office, within such time as the court determines, an application for a declaration of revocation or for a declaration of invalidity.

(2) The court which is hearing any action relating to a Community trade-mark may also, of its own motion or on application by any of the parties, stay the proceedings where an application for a declaration that the rights of the proprietor of a Commu-

nity trade-mark shall be revoked or that such trade-mark is invalid has been submitted to the Office.

*Article 80*

*[Defences as to the merits]*

In proceedings concerning a Community trade-mark, the fact that the proprietor's rights therein have been revoked or that the trade-mark is invalid shall not be pleaded by way of defence as to the merits.

*Title X*

**Effect on the laws of the Member States**

*Section 1*

**Cumulative protection prohibited**

*Article 81*

(1) Where the proprietor of a Community trade-mark is also the proprietor in a Member State of a national trade-mark which is identical with or similar to the Community trade-mark and is for goods or services for which the Community trade-mark is registered, the effects of the national trade-mark shall, upon publication of the registration of the Community trade-mark, be suspended for so long as the Community trade-mark produces its effects.

(2) The proprietor of the Community trade-mark shall however be entitled to claim that in the Member State in which the national trade-mark exists, or continues to be registered, his rights in the Community trade-mark are effective from the date on which he acquired the national trade-mark.

(3) In derogation from paragraph 1, the effects of the national trade-mark shall not revive if the Community trade-mark is removed from the Register following a declaration that the proprietor's rights therein are revoked on the ground of non-user.

*Section 2*

**Prohibition on application of the national laws of the Member States to Community trade-marks**

*Article 82*

Without prejudice to Article 45, the national laws of the Member States shall not apply in relation to the validity or use of Community trade-marks.

Section 3

**Conversion into a national trade-mark application**

*Article 83*

*[Request for the application of national procedure]*

(1) The central industrial property offices in the Member States shall not apply the procedure for registration of a national trade-mark on the basis of a Community trade-mark application or Community trade-mark, save where the applicant or proprietor of the trade-mark so requests and the following circumstances obtain:

- (a) the Community trade-mark application has been refused, withdrawn or deemed to have been withdrawn;
- (b) the Community trade-mark ceases to have effect, but this provision shall not apply where the trade-mark has been removed from the Register following a declaration that the proprietor's rights are revoked on the grounds of non-user.

(2) Paragraph 1 shall apply only in those Member States where the Office or a national court has not decided that grounds for refusal of registration or grounds of invalidity exist under this Regulation in connection with the Community trade-mark application or in connection with the Community trade-mark itself.

(3) A request for conversion shall be filed within three months after the application has been refused or withdrawn or within three months after the Community trade-mark ceases to have effect. An applicant or proprietor who does not file within the said period of three months shall lose the right to claim priority for the national trade-mark from the date of filing of the application or from the date of the Community trade-mark.

*Article 84*

*[Submission of the request for conversion]*

(1) The Member States shall determine the conditions which are to apply to the submission of requests for conversion.

(2) The Office shall, if so requested, and provided the fee is paid, make available to the applicant or proprietor a copy of the file relating to the Community trade-mark application or Community trade-mark.

*Article 85*

*[Communication and publication]*

(1) The central industrial property offices in the Member States shall inform the Office of all requests for conversion which they receive.

(2) Receipt of any such request shall be recorded in the Register of Community Trade-marks. If the Community trade-mark application has been published, the request for conversion shall be published also.

## Title XI

### Community guarantee-marks and Community collective-marks

#### Article 86

##### *[Community guarantee-marks]*

(1) Community guarantee-marks may consist of any sign which is described as such when the guarantee-mark is applied for, if its purpose is to guarantee the quality, method of manufacture or other common characteristics of goods or services of different undertakings which use the guarantee-mark under the proprietor's control.

(2) Community guarantee-marks shall not be used in respect of goods or services produced or supplied by the proprietor himself or by a person who is economically associated with him.

#### Article 87

##### *[Community collective-marks]*

Representative groups or bodies of manufacturers, producers, suppliers of services, or traders may, if they have legal personality, apply for Community collective-marks which are described as such in the application and are capable of distinguishing the goods or services of their members from those of other undertakings.

#### Article 88

##### *[Application of provisions]*

The provisions of this Regulation shall apply to Community guarantee-marks and to Community collective-marks, unless Articles 86 to 98 provide otherwise.

#### Article 89

##### *[Rules relating to the mark]*

(1) Applications for Community guarantee-marks or Community collective-marks shall be accompanied by regulations relating to them.

(2) The regulations governing a Community guarantee-mark shall set out the common characteristics of the goods or services which the mark is intended to guarantee and shall specify the detailed arrangements for real and effective supervision of the use of the mark, and suitable sanctions.

#### Article 90

##### *[Refusal of application]*

(1) An application for a Community guarantee-mark or Community collective-mark shall be refused where the provisions of Articles 86, 87 or 89 are not satisfied, or where the regulations are contrary to public policy or to accepted principles of morality.

(2) An application for a Community guarantee-mark shall also be refused if the public is liable to be misled as regards the nature of the mark.

#### Article 91

##### *[Opposition of Community guarantee-marks on absolute grounds for refusal]*

(1) Any natural or legal person and any group or body which has the capacity to be a party to proceedings in court, whether as plaintiff or defendant, for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers may, within a period of three months after publication of an application for a Community guarantee-mark, file opposition at the Office, on any of the following grounds, against registration of the mark:

(a) that under Article 6 or 86 the mark is ineligible for registration,.

(b) that the regulations do not comply with the requirements of paragraph 2 of Article 89 or are contrary to public policy or to accepted principles of morality;

(c) that the public is liable to be misled as regards the nature of the mark.

(2) The opposition shall be expressed in writing and shall specify the grounds on which it is based. It shall not be treated as duly entered until the opposition fee has been paid.

#### *Article 92*

##### *[Observations by third parties]*

Article 33 shall apply in the cases described in Article 90.

#### *Article 93*

##### *[Use of marks]*

The use made of a Community guarantee-mark or of a Community collective-mark by a person entitled to use it shall be in conformity with the provisions of this Regulation and with the conditions which it imposes as regards such use.

#### *Article 94*

##### *[Amendment of the regulations governing the mark]*

(1) The proprietor of a Community guarantee-mark or of a Community collective-mark shall inform the Office of any amendment to the regulations governing it.

(2) Amendments shall not be accepted if they are inconsistent with the provisions of Article 89 or are contrary to public policy or to accepted principles of morality, or, where they relate to Community guarantee-marks, are liable to mislead the public as regards the nature of the mark or the guarantees provided by the regulations.

(3) The Office shall publish the amendments to regulations governing Community guarantee-marks or Community collective marks, or shall publish the fact that the regulations have been amended. Where the amendments are published in full, Articles 91 and 92 shall apply.

(4) Amendments to regulations shall not take effect until they have been registered.

#### *Article 95*

##### *[Persons who are entitled to bring an action for infringement]*

(1) The provisions of Article 77 concerning the rights of licensees shall apply to every person who has authority to use a Community guarantee-mark or Community collective-mark.

(2) The proprietor of a Community guarantee-mark or Community collective-mark shall also be entitled to claim compensation for damage sustained by persons who have authority to use the mark, if the damage arises in consequence of an unauthorized use of the mark.

#### *Article 96*

##### *[Grounds for revocation]*

The rights of the proprietor of a Community guarantee-mark or of a Community collective-mark shall be revoked if:

- (a) he uses the mark in a manner which is inconsistent with the provisions of paragraph 2 of Article 86, or
- (b) he authorizes or acquiesces in the use of the mark on terms which are different from those prescribed by this Regulation.

#### *Article 97*

##### *[Grounds for and consequences of invalidity]*

(1) A Community guarantee-mark or a Community collective-mark which is registered in

breach of the provisions of Article 90 shall be invalid. Such mark shall also be invalid if an amendment to the regulations governing it is registered in breach of paragraph 2 of Article 94. The provisions of this Article shall not apply, however, if the proprietor of the mark, by further amending the regulations, complies with the requirements of those Articles.

(2) Where a Community guarantee-mark or Community collective-mark is invalid in consequence of amendment of the regulations governing it, it shall be deemed not to have had the effects provided for in this Regulation from the time when the amendment was registered.

#### *Article 98*

*[No applications to be made for registration of Community guarantee-marks or Community collective-marks which have been removed from the Register, and such marks are not to be used]*

(1) Where a Community guarantee-mark or a Community collective-mark has not been renewed, or the proprietor's rights therein have been revoked, or the mark has been declared invalid or has been surrendered, no fresh application shall be made for registration thereof and it shall not be used on any ground whatsoever for goods or services which are similar to those in respect of which it was registered until three years have elapsed since the relevant non-renewal, revocation, surrender or declaration of invalidity.

(2) Without prejudice to the application of subparagraph (b) of paragraph 1 of Article 83, paragraph 1 of this Article shall not apply to the former proprietor of the mark or to his successors in title thereto.

## *Title XII*

### **The Community Trade-marks Office**

#### *Section 1*

#### **General provisions**

##### *Article 99*

*[Legal status]*

(1) The Office is a body of the Community and has legal personality.

(2) In each of the Member States the Office shall enjoy the most extensive legal capacity accorded to legal persons under their laws; it may, in particular, acquire or dispose of movable and immovable property and may be a party to legal proceedings. For these purposes the Office shall be represented by its President.

(3) The seat of the Office shall be located at ...

##### *Article 100*

*[Staff]*

(1) The Staff Regulations of Officials of the European Communities, the Conditions of Employment of Other Servants of the European Communities, and the rules adopted jointly by the institutions of the European Communities for purposes of the application of those Staff Regulations and Conditions of Employment shall apply to the staff of the Office, but without prejudice to the application of Article 118 to the members of the Boards of Appeal.

(2) Without prejudice to Article 105, the powers conferred on each institution by the Staff Regulations, and by the Conditions of Employment of



Other Servants, shall be exercised by the Office in relation to its staff.

#### Article 101

##### *[Privileges and immunities]*

The Protocol on the Privileges and Immunities of the European Communities shall apply to the Office.

#### Article 102

##### *[Liability]*

- (1) The contractual liability of the Office shall be governed by the law applicable to the relevant contract.
- (2) The Court of Justice of the European Communities shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by the Office.
- (3) As regards non-contractual liability, the Office shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by its departments or servants in the performance of their duties.
- (4) The Court of Justice shall have jurisdiction in disputes relating to compensation for any such damage as is referred to in paragraph 3.
- (5) The personal liability of servants towards the Office shall be governed by the provisions laid down in its Staff Regulations or in the conditions of employment applicable to its staff.

#### Article 103

##### *[Language]*

The language of the Office for procedural purposes is ...

#### Section 2

### **Administration of the Office**

#### Article 104

##### *[Powers of the President]*

- (1) The Office shall be administered by the President.
- (2) To this end the President shall have *inter alia* the following functions and powers:
  - (a) he shall take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office;
  - (b) he may, after consulting the Advisory Committee, place before the Commission any proposal to amend this Regulation, the implementing Regulation, the rules of procedure of the Boards of Appeal, the fees regulations or the financial rules;
  - (c) he shall draw up the estimates of revenues and expenditure of the Office and shall implement the budget;
  - (d) he shall submit a management report to the Commission and Advisory Committee each year;
  - (e) he shall exercise the powers conferred by paragraph 2 of Article 100;
- (3) The President shall be assisted by a number of Vice-Presidents. If the President is unable to act, one of the Vice-Presidents shall act in place of him.

#### Article 105

##### *[Appointment of senior officials]*

- (1) The President of the Office shall be selected from a list of three candidates which shall be prepared by the Advisory Committee, and shall be appointed by the Commission. Power to dismiss

the President shall lie with the Commission after consulting the Advisory Committee.

(2) The Vice-President of the Office and the members of the Boards of Appeal shall be appointed or dismissed as in paragraph 1.

(3) Without prejudice to paragraph 1 of Article 118, the Commission shall exercise disciplinary authority over the employees referred to in paragraphs 1 and 2 of this Article.

#### *Article 106*

##### *[Control of legality]*

(1) The Commission shall be responsible for legal supervision of the acts of the President.

(2) It shall require that any unlawful act of the President be altered or annulled.

(3) Any Member State, or any third party who is directly and personally concerned, may refer to the Commission any act of the President, whether express or implied, so that the Commission will examine the legality of that act.

#### *Section 3*

### **Advisory Committee**

#### *Article 107*

##### *[Creation and powers]*

(1) An Advisory Committee to the Office is hereby established and is hereinafter referred to as the 'Committee'.

(2) It shall settle the list of candidates provided for in Article 105.

(3) It shall advise the President concerning matters for which the Office is responsible.

(4) It shall be consulted in the cases provided for in this Regulation.

(5) It may deliver Opinions to the Commission and to the President where it considers that this is necessary.

#### *Article 108*

##### *[Composition]*

(1) The Committee shall be composed of one representative of the Government of each Member State and one representative of the Commission, and their alternates.

(2) The members who represent the Governments of the Member States, and the alternates of those members, shall be appointed by the Council. The member who represents the Commission, and his alternate, shall be appointed by the Commission.

(3) The term of office of members and of their alternates shall be three years. It shall be renewable.

#### *Article 109*

##### *[Presidency]*

The Committee shall elect a President and Vice-President from among its members. If the President is unable to act the Vice-President shall act in place of him.

#### *Article 110*

##### *[Meetings]*

(1) Meetings of the Committee shall be convened by the President.

(2) The President of the Office may take part in the deliberations

(3) The Committee shall hold an ordinary meeting once a year; it shall also meet at the request of its President or of the Commission or of one-third of its members.

(4) It shall adopt rules of procedure.

(5) Its decisions shall be taken by simple majority vote. Where, however, the Committee has to take a decision under paragraph 1 or 2 of Article 105 or paragraph 1 of Article 121, a majority of not less than three-quarters of the votes shall be required.

#### Article 111

##### *[Duties of office]*

The members of the Committee shall be bound, even after cessation of their appointment, not to disclose or make use of information which is of a confidential nature.

#### Section 4

### Arrangement of departments

#### Article 112

##### *[Departments responsible for procedure]*

For the purposes of implementing the procedures laid down in this Regulation, there shall be established within the Office:

- (a) an Examining Division;
- (b) an Opposition Division;
- (c) an Administration of Trade-marks Division;
- (d) a Cancellation Division;
- (e) Boards of Appeal.

#### Article 113

##### *[Examining Division]*

(1) The Examining Division shall be responsible for examining Community trade-mark applications and for deciding whether trade-marks applied for are to be registered.

(2) Decisions of the Examining Division shall be taken by one of its members.

#### Article 114

##### *[Opposition Division]*

(1) The Opposition Division shall be responsible for deciding whether a trade-mark is to be registered as a Community trade-mark in cases where observations are submitted or opposition is entered.

(2) Decisions of the Opposition Division shall be taken by three of its members, of whom two shall not have taken part in examining the application. One of the deciding members must be qualified in law.

(3) Examination of the opposition may be conducted by one of those three members.

#### Article 115

##### *[Administration of Trade-marks Division]*

(1) The Administration of Trade-marks Division shall be responsible for doing all such acts of the Office in relation to Community trade-marks as lie outside the competence of other departments thereof. It shall be responsible *inter alia* for deciding what particulars are to be recorded in or are to be deleted from the Register of Community Trade-marks.

(2) Decisions of the Administration of Trade-marks Division shall be taken by one of its members.

#### Article 116

##### *[Cancellation Division]*

(1) The Cancellation Division shall be responsible for examining applications for revocation or for declarations of invalidity of Community trade-marks.

(2) Decisions of the Cancellation Division shall be taken by three members who are qualified in law.

(3) Examination of applications may be conducted by one of those three members.

#### *Article 117*

##### *[Boards of Appeal]*

(1) The Boards of Appeal shall be responsible for examining appeals from decisions of the Examining Division, Opposition Division, Cancellation Division and Administration of Trade-marks Division.

(2) Each Board of Appeal shall be composed of three members who are qualified in law.

#### *Article 118*

##### *[Independence of members of Boards of Appeal]*

(1) The members of the Boards of Appeal shall be appointed for a term of five years and may not be removed from office during that term, except where there are serious grounds for removing them and the Court of Justice, having been seized by the Commission, decides that the member in question shall be removed.

(2) The members of the Boards of Appeal shall be independent. In making their decisions they shall not be bound by any instructions they may have received.

(3) The members of the Boards of Appeal shall not be members of the Examining Division, Opposition Division, Administration of Trade-marks Division or Cancellation Division.

#### *Article 119*

##### *[Exclusion and objection]*

(1) Members of the Cancellation Division or of the Boards of Appeal shall not take part in deter-

mining any matter in which they have a personal interest, or in which they have previously been involved as representatives of any of the parties, or in relation to which they participated in taking the final decision in the course of the registration procedure. Members of the Boards of Appeal shall not take part in appeal proceedings if they participated in making the decision under appeal.

(2) If, for any of the reasons mentioned in paragraph 1, or for any other reason, a member of the Cancellation Division or of a Board of Appeal considers that he should not take part in determining a matter, he shall inform the Division or Board accordingly.

(3) Members of the Cancellation Division or of a Board of Appeal may be objected to by any party for any of the reasons mentioned in paragraph 1, or if suspected of partiality. An objection shall not lie if, while being aware of a reason for objecting, the relevant party has taken any procedural steps. No objection shall be based upon the nationality of members.

(4) In the situations mentioned in paragraphs 2 and 3 the Cancellation Division and the Boards of Appeal shall decide, without the participation of the member concerned, as to the action to be taken. For the purposes of making the decision the member objected to shall be replaced in the Division or Board of Appeal by his alternate.

#### *Section 5*

### **Budget and financial control**

#### *Article 120*

##### *[Budget]*

(1) Estimates of all the Office's revenue and expenditure shall be prepared for each financial year and shall be shown in the Office's budget, and each financial year shall correspond with the calendar year.

(2) The revenue and expenditure shown in the budget shall be in balance.

(3) Revenue means (without prejudice to other types of income) total fees payable under the fees regulations, and to the extent that it is necessary a subvention recorded under a specific heading of the budget of the European Communities, Commission Section.

#### *Article 121*

##### *[Preparation of the budget]*

(1) The President shall draw up each year an estimate of the Office's revenue and expenditure for the following year and shall send it to the Commission not later than 31 March in each year, together with an establishment plan and an opinion from the Committee.

(2) The Commission shall annex the estimate to the preliminary draft budget of the European Communities. The Commission may attach an opinion on the estimate along with an alternative estimate. If a subvention under paragraph 3 of Article 120 is necessary, the Commission may propose such amendment of the estimate as it considers requisite.

(3) The Office's budget shall be adopted by the budget authority in accordance with the same procedure as the general budget.

#### *Article 122*

##### *Control*

(1) Not later than 31 March in each year the President shall transmit to the Commission and to the Court of Auditors accounts of the Office's total revenue and expenditure for the preceding financial year. The Court of Auditors shall examine them in accordance with Article 206a of the Treaty.

(2) The European Parliament shall give a discharge to the President of the Office in accordance

with the procedure laid down in Article 206b of the Treaty.

(3) Control of commitment and payment of all expenditure and control of the existence and recovery of all revenue of the Office shall be carried out by the Financial Controller of the Commission.

#### *Article 123*

##### *Financial provisions*

The Financial Regulation applicable to the general budget of the European Communities shall apply to the Office without prejudice to the provisions contained in this Regulation or to special provisions determined by regulation adopted by the Council in accordance with the conditions laid down in Article 209 of the Treaty.

#### *Article 124*

##### *[Fees regulations]*

(1) The fees regulations shall determine in particular the amounts of the fees and the ways in which they are to be paid.

(2) The amounts of the fees shall be fixed in such manner that the Office's revenue covers its expenditure.

(3) The fees regulations shall be adopted on a proposal from the Commission by qualified majority vote of the Council after obtaining the opinion of the European Parliament.

## *Title XIII*

### **Final provisions**

#### *Article 125*

##### *[Community implementing provisions]*

(1) The rules implementing this Regulation, particularly as regards the calculation and extension of periods of time to which a time-limit applies, shall be adopted in an implementing regulation.

(2) The implementing regulation and the rules of procedure of the Boards of Appeal shall be adopted by the Council, by qualified majority vote, on a proposal from the Commission.

#### *Article 126*

##### *[National implementing provisions]*

The Member States shall within twelve months following the adoption of this Regulation bring into operation the measures which are requisite for the purpose of implementing Articles 75 and 84 hereof and shall forthwith inform the Commission of those measures.

#### *Article 127*

Save as regards Articles 75 and 84, this Regulation shall enter into force twelve months after it has been published in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

# Explanatory memorandum

## Introduction

The reasons why the Commission is proposing action in the field of trade-marks are as follows. The common market in marked goods is extremely underdeveloped compared with the internal markets in other products. Even today, the only trade-marks in existence are national ones. The extent to which they are protected is determined by national law and the protection available is effective only within the area over which the relevant national law operates. The protection afforded to trade-marks in one Member State does not extend over the frontiers of the other Member States. Conversely, from the standpoint of any given national law, the protection of marks which is available abroad does not extend into the area of jurisdiction of that law. Identical or similar trade-marks can therefore be protected in more than one Member State for the benefit of different proprietors. Conflicts therefore inevitably arise at the Community's internal frontiers. Each proprietor has exclusive rights. Consumers in the neighbouring country may be misled as to the origin of the product. A trade-mark is, after all, protected not for its own sake but for the purpose of identifying goods and services. Importation of goods and services may thus be impeded by trade-mark rights, and free trade and competition between Member States can be adversely affected thereby.

Consequently, ever since the EEC Treaty entered into force a solution has been sought to the problem of overcoming the barriers created by national trade-mark rights. Certain judgments of the Court of Justice of the European Communities have in the meantime removed some of the rules which inhibited trade. In particular, the proprietor of a trade-mark is no longer entitled to prohibit a third party from using the mark in respect of goods which have been marketed under it in another Member State by the proprietor himself or with his consent. In the absence of legislation at Community level the Court of Justice felt it necessary to pronounce further judgments supporting the free movement of marked goods. Trade-mark protec-

tion will be at risk if the Community does not adopt legislation forthwith.

Most of the obstacles to the free movement of goods which are created by trade-mark laws are with us still. This can be seen quite clearly in cases in which identical or similar trade-marks which have developed independently of one another in different Member States are owned by undertakings which have no business connection with each other. It is estimated that such conflicting marks form about a quarter of the total number of trade-marks registered in the Community (about 1.8 million), and in any event not less than several hundred thousand.

It is essential, therefore, to harmonize those provisions of national trade-mark law which directly affect the free movement of goods and services and freedom of competition in the Community. These are for the most part rules concerning the extent of the protection afforded to trade-marks, use of trade-marks, amicable settlement of disputes arising out of conflict between trade-marks, and grounds for cancellation. Approximation of trade-mark laws is the subject of a draft proposal for a first Directive.

The harmonization of national laws can deduce the number of trade-mark conflicts, which are prejudicial to the common market, but it cannot eliminate their underlying cause. Harmonization of the national systems of trade-mark protection cannot in any way affect the restrictions on free movement which arise because the national systems of law are autonomous and because the laws of the Member States are founded on the principle of territoriality. So long as national trade-mark laws exist their geographical area of application will remain limited to each Member State, with the result that, even after harmonization, numerous sources of conflict, both old and new, between identical or similar trade-marks governed by different legal systems, will continue to exist. Notwithstanding an approximation of national trade-mark laws, persons who are independent of each other will be able to obtain protection of the same mark, or of similar marks, in different Member States and thereby prevent the importation of the relevant goods into their country.

These conflicts are an impediment to the free movement of goods and to competition, and they

are detrimental to the proprietors of trade-marks and to consumers. The only way in which they can be eliminated is by making trade-mark protection co-extensive with the area of the common market. It will have to be possible to obtain a mark which is entirely independent of national laws on trade-marks and which is valid throughout the Community. Since national trade-mark protection cannot be abolished or compulsorily changed into Community protection, the creation of a Community trade-mark existing alongside national rights is the only means whereby a common market in marked goods can eventually be achieved. The conflicts and hence the obstacles to the free movement of goods and services and to competition will diminish as more and more existing national trade-marks are converted into Community trade-marks and as new marks are increasingly registered as Community trade-marks. The objectives of the Community can be attained much more readily by this means than by approximation of national laws alone. Approximation of national trade-mark laws cannot achieve those specific aspects of the said objectives of the Community which the creation of a Community trade-mark law can progressively achieve. Approximation of national trade-mark laws and the creation of a directly applicable Community trade-mark law are therefore complementary means of attaining the same objectives.

This is not all, however, The aim of the Regulation on the Community trade-mark is not only the mutual opening-up of national markets but also the creation of conditions which are consistent with a European internal market in marked goods. At the present time, trade-mark cover for the whole of the Community can only be obtained by making application for registration of the same mark to a number of trade-marks offices whose procedures are different and which apply domestic law, the law in each Member State being different from that in the others. This would still be the case even after the national laws had been approximated. The Community system of trade-marks will make it possible, however, to obtain *one* trade-mark for *one* territory comprising all the Member States by means of *one* application submitted to *one* trade-marks office under *one* procedure governed by *one* law. In this way, economic activity and cross-frontier competition within the Community will no longer be burdened with and distorted by a mul-

titude of applications, offices, procedures, laws, territorially limited protection and sevenfold administrative intervention plus all the fees and expenses that these things entail. There will be legal, administrative and financial arrangements at Community level in the same way as in the Member States. Without a Community-wide system of this kind it will not be possible to achieve a common market in marked goods, i.e. it will not develop into an internal market. Fragmentation of trade-mark law inside the Community, with the legal, administrative and financial consequences that this entails, will be unavoidable.

Furthermore, the Community trade-mark regime will promote economic expansion, since the introduction of the mark at Community level will open up new and extended channels of economic activity. It will enable industrial and commercial undertakings to market their products and services throughout the Community under a single trade-mark which enjoys Community-wide, uniform protection. This will also be of benefit to the consumer. The Community trade-mark is therefore a new method, and an additional method, of developing new European markets for new products and services and of expanding existing national markets into European ones. Looked at in this light it is a first-class instrument of economic integration. It will also make it easier to exploit the advantages of mass production. Intra-Community trade will be simplified, extended and rationalized.

Throughout the world national trade-mark law has proved to be an essential factor in promoting trade and industry. All the indications are that a Community trade-mark system will provide the same impetus and produce the same consequences. The production of and trade in marked goods account for a large part of the Community's economic activity. Business development, economic expansion and the standard of living of consumers in the Community depend to a great extent on the profitability, capital expenditure, growth and international competitiveness of commerce and industry.

The Commission draws attention to the general principles set out in its Memorandum on the Creation of an EEC Trade-mark. <sup>1</sup> In that document <sup>2</sup>

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<sup>1</sup> Supplement 8/76—Bull. EC, points 8 to 35.

<sup>2</sup> Points 44 to 48.



and elsewhere <sup>1</sup> the Commission explains why it has chosen Articles 235 and 100 as the legal bases, and a Regulation and a Directive as the legal instruments to be used. Further reference is made to the Memorandum and to the working document later in this Explanatory memorandum.

## Commentary on the Articles

### *Title I*

#### *General provisions*

##### *Article 1*

This Regulation applies to trade-marks for goods or services. In conformity with the most modern legislation on the subject, trade-marks for goods and trade-marks for services are governed by the same rules.

A uniform Community trade-mark is an essential requirement for the achievement of a common market in marked goods and services. A Community trade-mark must therefore be valid throughout the common market. The same concept must also apply to cesser of validity, whatever the grounds for cesser may be, if this fundamental principle of the Regulation is not to be undermined. Derogations may therefore be permitted only in exceptional cases. The sole exception to the uniform nature of a Community trade-mark is dealt with in Article 45.

##### *Article 2*

It would be impossible to implement a Community trade-mark system, and to make it uniform and effective, without setting up a Community Trade-marks Office. The departments responsible for the registration of trade-marks in the Member States are unable to determine whether, for example, a Community trade-mark may be validly registered throughout the Community and remain so registered. These tasks must be entrusted to a central body. Title XII of this Regulation contains the provisions which regulate that body's legal status.

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<sup>1</sup> Commission of the European Communities, 'Competence of the Community to create a European trade-mark system and the need for such action'. Working document, October 1979, published in *1980 International Review of Industrial Property and Copyright Law*, 57-87 and 174-201.

## Title II

### The law relating to trade-marks

#### Section 1

#### Definition of a Community trade-mark Obtaining a Community trade-mark

##### Article 3

This provision defines the types of signs of which Community trade-marks may consist. It is geared particularly to the question whether the relevant sign is capable of performing the basic function of a trade-mark. That function, in economic and legal terms, is to indicate the origin of goods or services and to distinguish them from those of other undertakings.

No type of sign is automatically excluded from registration as a Community trade-mark. Article 3 lists the types of signs used most frequently by undertakings to identify their goods or services, but it is not an exhaustive list. It is designed to simplify the adaptation of administrative practices and court judgments to business requirements and to encourage undertakings to apply for Community trade-marks.

Depending on the circumstances, therefore, the Trade-marks Office, the national courts or, in the last resort, the Court of Justice will be responsible for determining whether, for example, solid colours or shades of colours, and signs denoting sound, smell or taste may constitute Community trade-marks.

##### Article 4

The right to apply for and to own a Community trade-mark is to be available to as many persons as possible.

It is not confined to nationals of Member States. The range of persons who are entitled to own Community trade-marks is very wide and includes nationals of many non-member States, either because they may be treated as Community

nationals, or by virtue of the Paris Convention for the Protection of Industrial Property, or by application of the reciprocity rule.

Moreover, natural persons are not the only persons who may be the proprietors of Community trade-marks. The regulation expressly confers the right upon legal persons and upon companies which have no legal personality but are treated as legal persons, such as the German *Offene Handelsgesellschaft*.

In addition, except for the nationality requirement, no other requirement relating directly to the proprietor must be met. He is not required to be the proprietor of an undertaking, nor, where he does actually own one, is there any requirement that the Community trade-mark be intended to identify the goods or services of that undertaking. This is clear from the wording of Article 3. Thus, so far as Community trade-mark law is concerned, there is nothing to prevent a *société de participation financière* from owning a Community trade-mark, nor, to put it more broadly, is there anything to prevent one member of a group of companies from owning a Community trade-mark which covers all the companies in the group.

##### Article 5

Proprietorship of a Community trade-mark is conferred only by registration. Contrary to the accepted practice in some Member States, it cannot be acquired through use, for obvious reasons of legal certainty, since it involves a document of title which is valid throughout the Community.

##### Article 6

Failure to meet the validity requirements laid down in Articles 3 and 4 will result in non-registration, but there are also certain grounds of public interest which stand in the way of the registration of a sign as a Community trade-mark. Such grounds would include the fact that the sign is devoid of distinctive character, that it is misleading in relation to the goods or services it denotes, that it is contrary to public order or to accepted principles of morality, or that it includes a State emblem, an official inspection sign or the emblem of an

international organization to which Article 6 ter of the Paris Convention for the Protection of Industrial Property applies. Also, the shape of goods will not be refused registration unless the fact of registration would make it possible for an undertaking to monopolize that shape to the detriment of its competitors and of consumers.

The list of absolute grounds of refusal is based to a large extent on Article 6 quinquies of the Paris Convention and the laws in force in the Member States. Only in exceptional cases has it been found convenient to refer back to the text of the Paris Convention.

There is one exception to the applicability of Article 6. The Office may not refuse to register a trade-mark which has eventually come to distinguish the applicant's goods or services, even where the mark itself denotes a non-distinctive characteristic. It is obvious that this rule applies only to descriptive trade-marks and that the use of a trade-mark must not have effect to eliminate grounds of illegality such as the misleading character thereof.

The existence of one of the absolute grounds in any part of the Community, which may be an area either larger or smaller than a Member State, is sufficient reason for refusing Community registration. When examining applications for trade-marks, the Office is responsible for ensuring that the application of this rule does not complicate unnecessarily the registration of Community trade-marks.

#### *Article 7*

Another requirement for the validity of a Community trade-mark is that the mark is actually available: a trade-mark must not come into conflict with any relative grounds for refusal, namely, a prior right vested in a third party.

At the stage of registration, several requirements must be met before an application for a Community trade-mark may be refused on the ground that there exists a prior right. The Commission has already set forth the reasons for these conditions in its Memorandum on the Creation of an EEC Trade-mark (points 77 to 79 and 94 to 98).<sup>1</sup>

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<sup>1</sup> Supplement 8/76 — Bull. EC.

First, the prior right must be a trade-mark which is registered in the Community or whose registration is effective within the Community. There is nothing to prevent the proprietor of a trade-mark for which an application has been filed from opposing the registration of a later Community trade-mark, but the Office must wait until the first trade-mark has been registered before making its decision on the opposition.

Only two exceptions are permitted. The first concerns trade-marks that are well known in a Member State, within the meaning of Article 6 bis of the Paris Convention for the Protection of Industrial Property. This means trade-marks whose reputation extends to the territory of a State in which they are not filed, registered or used. This exception affects two types of trade-mark: those which are acquired through use in a Member State, provided they are marks which are well known in another Member State; and those which exist in a non-member State and have become well known within the Community's frontiers. This provision does not apply, however, to trade-marks acquired through use in a Member State and which are well known only in that State.

The second exception is laid down in paragraph 3. It is based on Article 6 septies of the Paris Convention. Its aim is to protect trade-mark proprietors, including those established in non-member States, from fraudulent filing of their trade-marks by their agents or representatives.

Secondly, there must be a real likelihood of confusion between the earlier trade-mark and the trade-mark for which application has been filed. The concept of serious likelihood of confusion is a Community law concept. The criteria which apply are the same as those which determine whether an infringement action brought by the proprietor of a Community trade-mark under Article 8 is well founded. In the present instance, however, the likelihood of confusion must be assessed by reference only to the public in the territory in which the earlier trade-mark has effect. The aim is to avoid giving the proprietor of the earlier trade-mark more extensive rights than he in fact possesses. Thus, where an earlier trade-mark is registered only in one Member State and there is no real risk that customers in that State will confuse it with the Community trade-mark for which application has

been filed, the fact that the situation is different in another Member State is of little importance.

Thirdly, the proprietor of the earlier trade-mark must enter opposition in the Office against registration of the Community trade-mark applied for. In no circumstances may the Office refuse an application for a Community trade-mark because of the existence of relative grounds of refusal, if the proprietor of the earlier trade-mark has not entered an opposition or has withdrawn his opposition.

Other formal and substantive requirements, in particular the actual use of the earlier trade-mark, must be met in order for the opposition to succeed. These requirements are examined in the Articles relating to the registration procedure.

## *Section 2*

### **Effects of Community trade-marks**

#### *Article 8*

This provision defines the extent of the protection given to Community trade-marks. Together with Articles 9 to 11, which lay down certain exceptions to the exercise of the right conferred by the Community trade-mark, it forms the cornerstone of the Regulation. The relationship between Community trade-marks and later signs is not governed by national law, any more than is the relationship between Community trade-marks and prior rights. If it were otherwise the unitary character of a Community trade-mark would remain a dead letter since it would not have identical effects throughout the Community.

The exclusive right conferred by a Community trade-mark in trade is defined as a right on the part of the proprietor to exclude third parties. But there are several conditions to be met. As to the principle involved, the trade-mark and the sign used by a third party must be identical or at least similar, and the goods and services they designate must be identical or similar and be in competition with each other. But this is not all. There must also be a serious likelihood of confusion on the part of the

public as a result of the co-existence of the trade-mark and the other sign.

The Commission has deliberately held to this general criterion in the body of the Regulation since the specific cases are so varied. Indications are given, in the recitals, of the guidelines to be followed by the national courts in deciding whether infringement actions brought by proprietors of Community trade-marks are well founded. Their attention is thus drawn to the need to relinquish any lax interpretation of the extent of the rights in the trade-mark and, in the interests of trade-mark proprietors, who may be either plaintiffs or defendants in infringement actions, their competitors and consumers, not to rely on a theoretical likelihood of confusion between a Community trade-mark and another sign.

Article 3 also defines the function of a Community trade-mark, and this definition cannot be ignored in deciding whether there is a serious likelihood of confusion.

The Regulation authorizes the extension of Community trade-mark protection to non-competitive products only in respect of trade-marks which have a wide reputation throughout the common market. This derogation thus applies only to exceptional cases, and it would be wrong to confuse them with well-known Community trade-marks. In accordance with Article 6 bis of the Paris Convention for the Protection of Industrial Property, well-known marks do not benefit from more extensive protection against infringements than other Community trade-marks.

A logical prerequisite for the granting of this special protection, the reason for which is the wide reputation of the trade-mark, is that damage has been caused, not to the trade-mark's proprietor, but to its reputation. This in turn presupposes that the actual use of the trade-mark and of the sign conflict. Understandably, then, the proprietor of a Community trade-mark which has a wide reputation does not enjoy this special protection where he opposes the registration or requests the cancellation of a later Community trade-mark.

The nature of the sign which is alleged to have infringed the Community trade-mark is not important. It may be a Community or national mark or, for example, a trade name, business sign or the name of a newspaper.

Paragraph 2 gives only an indication of the types of use which may be prohibited. It should be noted that a Community trade-mark be protected even before a product bearing a sign in infringement of that trade-mark is offered for sale. Also, a Community trade-mark may be protected against use by a third party in advertising, though this situation is not specifically mentioned in the text, but not in comparative advertising where this is allowed under the proposal for a Directive on misleading and unfair advertising presented by the Commission to the Council on 10 July 1979.<sup>1</sup>

Since the right to a Community trade-mark is obtained by registration it is proper that, in general, the right cannot be invoked against third parties until the registration has been published. The rigid application of this principle would, however, leave proprietors of Community trade-marks without defence during the registration procedure. It is thus possible to obtain damages retrospectively for any of the acts referred to in paragraph 1 which occurred during that period.

Article 74(3) specifies the territorial effect of the prohibition decision.

#### *Article 9*

The right which a trade-mark traditionally confers in the course of trade is supplemented by the right of the proprietor of a Community trade-mark to intervene to stop it from being used as the generic name of a product in dictionaries and like works.

This is because there is a real danger that such use will entail the irremediable degeneration of the trade-mark, particularly as it has the backing of a scientific work. Such degeneration would not, of course, be due to any action or omission on the part of the proprietor, who would not, therefore, run the risk of having his rights revoked under Article 39(1)(b). But this does not make the protection conferred on the proprietor by Article 9 superfluous.

Of all the possible methods of reparation available, correcting the next edition of the work would seem to be the most satisfactory.

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<sup>1</sup> OJ C 194 of 4 of 1. 8. 1979.

#### *Article 10*

The exceptions allowed by Article 10 to the exercise of the exclusive right conferred by a Community trade-mark are also found in the laws applicable in a large number of countries.

The proprietor of a Community trade-mark may not use it to deprive a third party of the right to use his own name or address, to describe his goods or services or to indicate the marked goods, such as motor vehicles, for which the accessories or spare parts he provides are intended.

Article 8 again becomes applicable if a third party abuses these indications and uses them to indicate the origin of goods or services.

It is possible that, without using these indications as a trade-mark, an unscrupulous third party may intentionally make them resemble a Community trade-mark and unduly profit from the reputation of that trade-mark. Where the national law on civil liability and fair competition allows actions against such parasitic conduct, Article 10 does not prevent the proprietor of a Community trade-mark from bringing such an action.

#### *Article 11*

The second type of exception which the Regulation makes to the exercise of the right to a Community trade-mark is also found in the legislation or decided cases of most countries. The rule under which the right to a trade-mark is exhausted with the first use of the mark effected or authorized by the proprietor is a direct consequence of its function as an indicator of origin. The place where the marked product is put on the market is not important in this respect. The principle laid down in Article 11 thus applies regardless of whether the product bearing the Community trade-mark was put on the market inside or outside the Community.

Moreover, the application of the principle of the exhaustion of the right to the trade-mark ties in with the attaining of two tasks which are entrusted to the Community by the Treaty: the removal, as between Member States, of obstacles to freedom of movement for goods and services, and the institution of a system ensuring that competition in

the common market is not distorted. The latter obligation could clearly not be observed if the Commission were to propose rules laying down the principle that the proprietor of a Community trade-mark had the right to use it in order to compartmentalize the world market. There is a real danger that undertakings whose principal place of business could well be in a non-member country would prevent their products from being imported into the Community at more favourable prices, which would be detrimental to Community consumers.

It is only in particular cases, therefore, that the rule relating to the exhaustion of the right to a Community trade-mark may be varied. These are listed in paragraph 2. One of the legitimate grounds which a proprietor may invoke under paragraph 2(a) to oppose the importation into the common market of goods marketed in a non-member country with his consent is the fact that he has been prevented by the authorities of the exporting country from controlling the quality of the goods produced there by his licensee.

Since paragraph 2(b) refers expressly to the condition of the goods, this provision does not apply where their packaging is modified or impaired.

The repackaging of the goods by a third party is governed exclusively by paragraph 2(c). The proprietor of a Community trade-mark may therefore not oppose the repackaging of his goods by a third party where the latter meets the various requirements laid down by the Court of Justice in its judgment of 23 May 1978 in *Hoffmann-La Roche v Centrafarm*.<sup>1</sup>

#### *Article 12*

The application of national law to Community trade-marks is only subsidiary. Since the Regulation fully defines the effects of a Community trade-mark, they are clearly not governed by national law. The concurrent application of the Regulation and national law in such a case would call into question the primacy of Community law. In order to avoid any uncertainty about the applicability of national law, it was considered desirable to indi-

cate expressly that the extent of the protection afforded to Community trade-marks is governed exclusively by the Regulation.

Reference is made to national law only in respect of the penalties for infringement of Community trade-marks, namely, the law of the Member State in which the court hearing the infringement action is located, in accordance with Articles 74 and 75.

The law of the Member State in which the court hearing the action is located naturally includes the private international law of that State.

Since Article 12 refers expressly to the civil sanctions applicable in the Member States, it rules out the possibility of penal sanctions for infringement of Community trade-marks, even where this possibility exists for the infringements of national trade-marks in a given Member State.

Some Member States protect trade-marks for goods only. But the infringement of Community trade-marks for services will not remain unsanctioned in those States. The civil sanctions which apply for the infringement of national trade-marks in respect of goods will apply: There is no disadvantage in this, because trade-marks for goods and services alike are subject to the same rules under the Regulation.

### *Section 3*

#### **Use of Community trade-marks**

#### *Article 13*

One of the basic ideas in Community trade-mark law is that ownership can be maintained only by using the trade-mark. The obligation to use the trade-mark is part of the price paid for the right to obtain a trade-mark simply by registration. There is no justification nowadays, when it is becoming increasingly difficult to find an attractive trade-mark, for allowing a proprietor to monopolize a trade-mark that he neither uses himself nor allows to be used by others. The provision in paragraph 3 corroborates the remarks made in the commentary on Article 4: it is proper that the proprietor of a Community trade-mark, who is not obliged to use

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<sup>1</sup> [1978] ECR 1139.

the trade-mark himself, may invoke the use made of the trade-mark by third parties, and in particular (where the proprietor is a company) by the other members of the group of companies involved. If the Community trade-mark is used by a licensee, the proprietor of the trade-mark may invoke this use even if the licensing contract has not been registered and, for that reason, cannot be pleaded, under Article 21(4), to defeat third parties.

The Article specifies that a Community trade-mark must be put to serious use, and it will be for the appropriate Community or national authorities (depending on the procedure) to interpret this expression when applying it to the specific circumstances of each case.

These authorities will also have to decide whether a Community trade-mark registered in respect of a product manufactured in the Community but intended solely for export to non-Community countries is being used in the common market. There is no justification for a strict interpretation of the relevant provision of Article 13, which does not require that the trade-mark should be used in one or more Member States; this omission is deliberate. For one thing, the territories of the Member States vary considerably in area; and for another, it would be paradoxical to use national frontiers as a criterion for applying one of the basic provisions of a Regulation designed to overcome barriers to trade at national frontiers.

It would be an impossible task to list all the circumstances in which the proprietor of a Community trade-mark can properly say that he is justified in not using it. Moreover, it is clearly stated that only circumstances arising independently of the will of the proprietor constitute legitimate reasons; the proprietor cannot successfully claim that he has not used the trade-mark because, for example, he lacked adequate resources. However, a manufacturer of pharmaceutical products, for example, might be prevented from using a Community trade-mark that he had registered several years previously because the marketing of the product concerned was subject to a number of constraints; in this case the proprietor would not be liable for the consequences of not using the Community trade-mark.

Failure to use a Community trade-mark is sanctioned by forfeiture of the rights of the proprietor, the dismissal of his opposition, if any, against the

subsequent registration of a Community trade-mark, the dismissal of any application he may make for a declaration of invalidity of such mark, or non-renewal of registration of the mark concerned. The conditions under which these sanctions are applied are set out in the articles concerning the various procedures.

#### *Section 4*

### **Duration and alteration of Community trade-marks**

#### *Article 14*

In proposing a ten-year period of registration computed from the date of filing the application, the Commission has adopted the rule already applicable in many of the Member States.

Renewal is subject to the conditions laid down at Article 37, but it is not equivalent to a new application: in particular, there is no re-examination of the trade-mark under (*inter alia*) Article 6, which covers the absolute grounds for refusal.

#### *Article 15*

The principle is that the proprietor of a Community trade-mark who wishes to change the mark must apply for registration of a new mark. This is because uncontrolled changes in trade-marks can be a source of abuse and of problems for third parties, in particular the proprietors of earlier trade-marks, as well as for the Office.

The only exception to this rule is that the name and address of the proprietor, which are sometimes part of a composite trade-mark, may be altered.

It would probably be too severe to require the proprietor to make a new application for registration of a Community trade-mark if his name or, more probably, his address, changed. But altering the name or the address of the proprietor may be as dangerous as altering any other part of the trade-mark, particularly when the trade-mark consists entirely of his name, or when his name is the major element.

The derogation provided for in Article 15 (2) therefore applies only when the change does not substantially affect the trade-mark, and this reservation is to be interpreted strictly.

## Section 5

### **Community trade-marks as objects of property**

#### *Article 16*

The unitary character of a Community trade-mark can be maintained only if the law which governs it, *qua* object of property, is identical throughout the Community. But this does not mean that Community rules on the subject are required. That is why the rules of law applicable are determined by *renvoi* to the law of a given Member State. The conflict rules contained in paragraphs 1 and 2 determine which system of national law applies. These rules were chosen so that the Community trade-mark would be governed in all respects throughout its duration by the law of the same country.

A certain number of uniform rules of substance were, however, required. In some of the Member States, trade-marks are not regarded as objects of property which are independent of the undertaking producing the goods or services they designate. In these countries, therefore, trade-marks cannot be assigned, charged as security or levied in execution along with goodwill. The Community trade-mark, however, is an object of property quite independent of the undertaking, as are trade-marks governed by the laws recently adopted in many countries. It was decided to make the Community trade-mark an independent object of property because this is consistent with the needs of business life. It would moreover have been paradoxical not to treat the trade-mark in this way given that the proprietor is not required, as we have seen, to own an undertaking or to use the trade-mark for his own purposes. Provisions had accordingly to be drawn up to ensure that the legal regime applying to Community trade-marks as objects of property was complete, even in the Member States where

trade-marks are not at present treated as independent. These provisions are set out in Articles 17 to 22.

#### *Article 17*

This Article covers not only the assignment *inter vivos* of trade-mark rights but any kind of transfer of them to a third party.

For the reasons stated in the commentary on Article 16, the principle that trade-marks may be transferred separately is essential.

This principle is supplemented by rules intended, first, to remove any uncertainty about who is the proprietor of the trade-mark, and secondly, to ensure that transfers do not prejudice third parties, particularly consumers.

Thus, when no reference to the ownership of the Community trade-mark is made in the documents transferring an undertaking, the trade-mark is regarded as having been transferred with the undertaking. This rule does not apply when only part of the undertaking is transferred, nor when the undertaking using the trade-mark is not its proprietor.

For reasons of legal security of the parties any assignment of a Community trade-mark is to be effected in writing; and this is a condition precedent to the validity of the assignment as between the parties, not merely of its effectiveness *vis-à-vis* third parties.

The interests of third parties are considered in paragraphs 4, 5 and 6. In the first place, these provisions are designed to avoid as far as possible the transfer of Community trade-marks without the undertaking when this would render the mark objectively misleading. For example, a trade-mark which includes references to the geographical origin of the goods would become misleading if it were assigned to an undertaking which had no establishment producing the goods in the geographical area referred to and which were to use the mark for goods originating elsewhere.

The most effective way of dissuading the proprietors of Community trade-marks from transferring their rights prejudicially to consumers is to empower the Office to examine all applications for



transfer, allowing it the further power to refuse registration of a transfer when it is clear that the transfer would render the trade-mark misleading. This provision will not render the administrative procedure more cumbersome for the Office or for the contracting parties, since sanctions are applied only when the deception is evident and certain, from the terms of the document of transfer. Indeed, the Office could not perform its tasks properly in the interests of the public if it was obliged to register transfers which will have the effect of misleading the public, while being expected to refuse registration of misleading trade-marks.

If the Office refuses to register a transfer, the transfer will still be valid between the contracting parties, but will not be effective *vis-à-vis* third parties. The validity of the trade-mark itself may in any case be questioned via an application for revocation if the new proprietor uses it in such a way as to mislead the public.

Secondly, the legal security of third parties requires an explicit guarantee that rights acquired by them before the date of the transfer will not be affected. Paragraph 5 provides a guarantee for, among other things, the rights resulting from licensing contracts. It also provides that transfers will not be effective *vis-à-vis* third parties unless they are registered. The same rule applies *vis-à-vis* the Office, so as to simplify and clarify the procedures in which it is involved. However, transfers are valid as between the contracting parties whether or not they have been registered.

#### Articles 18, 19 and 20

The provisions dealing with rights *in rem* or other security rights in Article 18(1) and Article 19(1) reflect the fact that a trade-mark is an object of property distinct from the proprietor's undertaking.

Like transfers of Community trade-marks, and for the same reasons, the creation or transfer of rights *in rem* over such trade-marks must be registered if they are to be effective against third parties, irrespective of the relevant rules of the national law designated by Article 16. Like all other registrations provided for in the Regulation, the registration provided for in Article 18(2) is to be made in the Register of Community Trade-Marks.

Article 19(2) and Article 20 have the same purpose: to prevent Community trade-marks from being seized in execution and from being the subject of enforcement measures following upon seizure, or, in the present state of the law, from forming part of the assets in insolvency proceedings conducted in several Member States, for this would not be consistent with the unitary character of a Community trade-mark. Neither Article 16 of the Regulation nor the provision in the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters<sup>1</sup> can prevent such situations arising. Article 16(5) of the Convention does not debar parallel levying of execution, for the exclusive jurisdiction which it confers applies only in relation to proceedings concerned with actual enforcement of judgments. As for insolvency and similar proceedings, they are not within the scope of the Convention. The provisions of Article 20 of the Regulation are thus necessary if the authorities in one Member State are to be obliged to recognize insolvency proceedings involving a Community trade-mark opened in another Member State.

#### Article 21

On grounds which are similar to those which justify the provisions allowing marks to be transferred, charged as security or levied in execution, Article 21(1) authorizes the granting of licences in respect of Community trade-marks.

Article 21(2) lists the obligations that can be imposed on a licensee by the proprietor of a Community trade-mark by virtue of his exclusive right over the mark. These obligations concern the duration of the contract, the products or services in respect of which the licensee is authorized to use the trade-mark, and the quality of those products or services. These are the only obligations relating specifically to the rights in the trade-mark; if they are not fulfilled, infringement proceedings may be brought against the licensee.

Article 21 does not restrict freedom of contract. The parties may therefore agree to limit the territorial scope of the licence, or they may agree that

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<sup>1</sup> OJ L 304 of 30. 10. 1978.

the licence is exclusive. These are examples only. It is for the parties to ensure that these obligations are fulfilled, and to bring legal proceedings for breach of contract if necessary. However, the proprietor of the trade-mark cannot bring infringement proceedings against the licensee who fails to respect these obligations, for they do not relate to the function of a trade-mark, which is to indicate the origin of the product or service.

The clauses agreed must not infringe national or Community competition rules. Such clauses can never be exempt from those rules, because the clauses deal with other matters than trade-mark rights pure and simple.

The proprietor of a Community trade-mark may require a licensee in the Community to provide goods of a specific quality, and he is in fact under an obligation to do so, by virtue of Article 21(3), if he himself supplies the same goods or services as the licensee. This provision helps to protect consumers by preventing the supply of goods or services in the Community of an inferior quality to goods or services legitimately offered under the same trade-mark. An action in tort may be instituted against the proprietor of a trade-mark who fails to respect the provisions of Article 21(3) if a licensee supplies goods or services of inferior quality and a third party suffers damage because of this.

The proprietor of the trade-mark is not prevented under Article 21(3) from changing the composition of products so as to adapt them to local consumption habits.

The effects of a licence agreement *vis-à-vis* third parties are identical to those produced by transfer of the trade-mark. Although the proprietor cannot grant greater rights under a licence than he himself possesses, it is worth ensuring that third parties do not lose rights they acquired before the licence was granted. Thus, the proprietor of a trade-mark who has concluded a delimitation agreement with the proprietor of a Community trade-mark can be sure that the licensee will comply with the conditions attached to the use of the Community trade-mark.

Licences are registered for the same reasons as transfers. Article 17(6), to which Article 21 refers, means that only licences granted in writing may be registered and will be effective against third parties.

Unlike transfers, orally agreed licences are valid as between the contracting parties. Moreover, the proprietor of a Community trade-mark may rely under Article 13(3) on the use made of this trade-mark by the beneficiary of an oral licence and allow him to bring infringement proceedings under Article 77(1).

#### *Article 22*

In order to guarantee the unitary character of Community trade-marks from the time when application for registration is made, the provisions concerning trade-marks as objects of property apply to applications for Community trade-marks.

### *Title III*

## *Applications for Community trade-marks*

#### *Section 1*

### **Filing of applications and the conditions which govern them**

#### *Article 23*

The procedure for registering Community trade-marks should be simplified as far as possible, in the interests of the Office and, especially, in the interests of applicants.

As with all procedures involving Community institutions, it is more reasonable to require applications for Community trade-marks to be filed directly at the Community Trade-marks Office, since the registration procedure is carried out by this body alone, and since it collects the fees.

This provision is bound to shorten the time required for registration, and reduce the risk that

documents will be lost or delayed before arrival at the Office, which would inevitably mean a delay in filing and adversely affect applicants. This provision also obviates the problems that would inevitably arise if firms could file Community trade-marks with national authorities, and if they decided to file a trade-mark application with the authorities of a Member State other than that in which they were established.

#### *Articles 24 and 25*

The date of filing of a Community trade-mark application received by the Office depends on when the applicant or his representative has supplied certain information and documents, and when he has paid the fees.

The information listed in Article 24(1), and that information only, must be supplied in order for a date of filing to be granted. The implementing regulation will supplement this list if necessary, and specify how the application is to be made. It will probably require, for example, that the goods and services in respect of which the application is filed be grouped into classes. However, since Article 24 does not require such classification, it is not one of the conditions for determining the date of filing set out in Article 25.

The payment of fees is also required. The principles governing this are set out in the Regulation. The type of fees that must be paid upon filing the application are to be defined in the implementing regulation, the amount and the method of collection will be laid down in the fees regulations.

Article 25 clearly implies that the entire sum due in fees does not have to be paid by the date of filing; minimum fees must, however, have been received, and these will be defined by the fees regulations. Applicants will therefore have some latitude as regard payment of fees, if only to take into consideration the adjustments made by the Office to the classification of goods and services in respect of which the application has been filed.

An attempt has been made here to avoid too great a divergence between the proposal for a Regulation and the Treaty rules on the registration of trade-marks.

## *Section 2*

### **Priority**

#### *Articles 26, 27, 28 and 29*

A person who has duly filed an application for a trade-mark in a State which is a party to the Paris Convention is entitled to a right of priority for a period of six months for the purpose of filing an application for a Community trade-mark which is identical in all respects with the one for which the application has been filed. This provision also applies to applications filed in other third countries, so long as they grant the same right.

The form and content of the provisions governing priority are largely based on Article 4 of the Paris Convention. There is no reason at this stage why the proposal for a Regulation should be different from the Paris Convention.

Although the Paris Convention authorizes States which are parties to it to require a copy of the earlier application from anyone claiming a right of priority, the proposal for a Regulation does not insist upon compliance with this formality in every case. It is left to the Office to decide whether to require a copy of the earlier application and a translation into an official language.

Recognition of the right of priority means that the date of the earlier application for the trade-mark is considered to be the date on which the application for a Community trade-mark was filed. There is one exception to this rule, and it relates to the duration of registration of the Community trade-mark. The period of registration always begins on the date on which the application for a Community trade-mark is filed at the Office.

Article 29 is intended to ensure that a person who makes an application for a Community trade-mark will enjoy the right of priority in States that are parties to the Paris Convention, in particular non-Community countries. Article 4(A)(2) of the Paris Convention extends the right of priority to applications that are equivalent to duly filed national applications by virtue of multilateral treaties concluded between the States parties to the convention.

The creation of a Community trade-mark is undoubtedly based on such a multilateral treaty: the EEC Treaty, which is the legal basis for this proposal for a Regulation to set up a Community trade-mark. For Article 4 of the Paris Convention to apply to applications for Community trade-marks, it is sufficient that the Regulation recognize Community trade-mark applications as being equivalent to applications duly filed in any of the Member States of the Community.

## *Title IV*

### *Registration procedure*

#### *Section 1*

#### **Examination of applications**

##### *Article 30*

Article 30 distinguishes between Community trade-mark applications that are to be rejected and Community trade-mark applications that are irregular in form; the distinction depends on which conditions have not been satisfied.

The application must be rejected if one of the essential conditions for granting a date of filing has not been satisfied, either because the application does not include an item of information required under Article 24, or because minimum fees have not been paid by the time the Office receives the application. The implementing regulation will certainly provide that applicants are to be informed if their applications have been rejected. An applicant who wishes to maintain his application will therefore have to see to it that the Office can apply Article 25, i.e. he will have to send a complete application or pay minimum fees. There is no time-limit for doing this, since the Office has not officially received the application concerned.

Rejection is not as strict a measure as might be thought at first sight, for applications are rejected only when the applicant does not comply with the minimum requirements that a serious applicant would discharge. The requirements are informa-

tion about the identity of the applicant and of the trade-mark itself, and funds to cover procedural costs in the first stages.

Once a date of filing has been granted, the Office examines the application to see whether it has been drawn up in accordance with the provisions of the implementing regulation, whether the fees paid by the applicant are sufficient, and whether the right of priority of an earlier application has been properly claimed by the applicant.

As is usual in an administrative procedure that may lead to a decision which is prejudicial to the applicant, the Office must allow the applicant to correct any irregularities within a specific time-limit. The applicant runs the risk that his application will be refused, or that he will lose the right of priority conferred by an earlier application, if he has not properly claimed that right.

##### *Article 31*

The order in which the different stages of examining the application are described in the text of the Regulation has no binding effect on the order in which the Office will actually proceed. Procedure in the Office will depend on its internal organization and the approach of its President. For example, in order to avoid slowing down the registration procedure, the application could be considered for absolute grounds for refusal at the same time as for formal regularity. At all events, the Regulation must be flexible.

It will be noted that Article 31 applies throughout the registration procedure, and not simply up to the publication of the application for the Community trade-mark. This is clear from paragraph 5, which deals explicitly with the case where absolute grounds for rejection are found, and a decision stating that the application has been rejected must then be published.

It should be added that after the application has been published the Office may, if it wishes, continue to check whether there are absolute grounds for refusing to register the trade-mark; there is no requirement that it should be requested to do so by a third party.

Examination as to absolute grounds for refusal under Article 31 involves checking whether the

trade-mark conforms to the rules in Article 6 and in Articles 3 and 4, which are referred to in Article 6(1).

The procedure provided for at Article 31 is special in that, first, if the Office finds absolute grounds for refusal, it must allow the applicant the choice of submitting observations, withdrawing the application or amending it.

Secondly, so that the Office will not reject his application, the applicant may renounce his claim to have an exclusive right in the non-distinctive elements in a mark which, as a whole, is distinctive and therefore worthy of protection. Flexible application of this provision will make for clarity in determining how far the exclusive right conferred by a Community trade-mark does actually extend.

Thirdly, it would certainly be useful for the Office, in carrying out the investigations under Article 31, to be able to obtain all the requisite information, and especially to be able to consult the authorities in the Member States and national or international professional bodies. It should be borne in mind that the Office will be concerned with, and will have to consider, the languages and trade practices obtaining or used in the Community.

#### *Article 32*

While Article 15 relates to alterations to a registered trade-mark, Article 32 deals with the conditions under which amendments may be made to a Community trade-mark application without this leading to a loss of priority.

#### *Section 2*

### **Observations by third parties and opposition**

#### *Article 33*

Any third party, including the groups or bodies referred to in this provision, may draw the Office's attention to any absolute grounds for refusal and thereby assist the Office in determining whether, for example, a trade-mark for which an application

has been filed contains indications which are customarily used to designate the goods in trade practice (Article 6(1)(b)), or whether the trade-mark for which an application has been filed is liable to mislead the public as to the quality or geographical origin of the goods (Article 6(2) (b)). Such observations are not subject to any time-limit but may be submitted at any time during the registration process as the Office can take account of absolute grounds for refusal at any time prior to registration. No fees are payable by third parties.

If the Office disregards the observations and concludes the registration, no appeal may be lodged. Third parties remain free, however, to apply to the Office for a declaration that the trade-mark is invalid.

#### *Article 34*

Only proprietors of the earlier trade-marks referred to in Article 7(2) or the agent or representative referred to in Article 7(3) may enter opposition to the registration of a Community trade-mark. A licensee is not entitled to enter opposition unless expressly authorized to do so by the proprietor of the mark. The aim is to ensure that the proprietor of the mark retains full power of disposal over the mark and that the procedure under Article 35(3) does not become more cumbersome.

#### *Article 35*

This provision merely outlines the opposition procedure. The implementing regulation will deal with necessary details (e.g. notification of the applicant that opposition has been filed, details of proof furnished under paragraph 2).

In paragraph 2, the principle is laid down that opposition may be entered against a Community trade-mark only on the basis of a mark that is used. This simplifies considerably the obtaining of a Community trade-mark. At the same time, conflicts are avoided which would arise from a rejection of the application at national level.

Proof of use must be furnished by the proprietor of the earlier mark only if a request is made to that effect. As a rule, such a request will be made by the applicant.

In order to counteract, in particular, agreements between undertakings not to raise the objection of non-user, the Office is empowered to require proof of use on its own initiative. The opposition of the proprietor of an earlier trade-mark may be rejected on the ground of lack of use only if, on the date of publication of the Community trade-mark application, the earlier mark has been registered for five years and if, during a period of five years preceding such publication, it has not been used at any time in the manner required by Article 13. Paragraph 2 does not apply to well-known marks within the meaning of Article 6 bis of the Paris Convention.

As we are not proceeding with the idea of having an arbitration body because of the effect it would have of making proceedings longer and more costly, the Office must examine pursuant to paragraph 3 whether a conflict between the parties can be settled amicably. It may make suitable proposals for a settlement, although these are not binding on the parties. Despite the fact that no pressure is brought to bear on the parties under the proposed rule, it is to be expected that, in many cases, agreement will be reached between them, with the Office's assistance, on conditions of use which rule out any serious likelihood of confusion on the part of the public.

A rule corresponding to paragraph 3 is contained in the articles on invalidity proceedings (Article 47(5); Article 78(3), in so far as national courts are seized of a counterclaim for a declaration of invalidity).

When concluding agreements the parties must comply with the Treaty rules on competition.

### *Section 3*

## **Registration**

### *Article 36*

If an examination of the application shows that there are not absolute or relative grounds for refusal, the Community trade-mark is registered, after payment of the prescribed fee, and published

pursuant to Article 68 in the Community Trade-marks Bulletin.

## *Title V*

### *Renewal*

#### *Article 37*

Renewal of a Community trade-mark for a period of ten years as provided for in Article 14 is obtained by application. Justification for the application may be provided by persons other than the proprietor of the trade-mark. Renewal is dependent upon production of a declaration of user and payment of a renewal fee.

The application may be submitted within a period of six months before expiry and six months after expiry of the registration. In the latter case, however, an additional fee is payable. Registration covers only the goods or services referred to in the declaration of user. This should obviate lengthy lists of goods and services.

If a false declaration of user is produced, the Community trade-mark may be declared wholly or partly void.

## *Title VI*

### *Surrender, revocation and invalidity*

#### *Section 1*

## **Surrender**

#### *Article 38*

The principle embodied in the second sentence of Article 1(2) that a Community trade-mark may be surrendered only in respect of the entire area of the Community applies also to partial surrender in

respect of the goods or services for which the mark is registered. The surrender does not take effect until it is recorded in the Register of Community Trade-marks Article 66).

To protect the rights *in rem* of third parties it is provided that a surrender cannot be registered, and hence cannot have effect, without their consent. The interest of a registered licensee in the continued existence of a Community trade-mark is taken into account by obliging the proprietor of the mark to inform his licensee beforehand.

## Section 2

### Grounds for and consequences of revocation

#### Article 39

This provision sets out the grounds which, in the light of circumstances which do not arise until after registration of the Community trade-mark, lead to its being revoked.

The most important ground for revocation, namely non-user, is dealt with in paragraph 1(a). A Community trade-mark may be revoked where it has not been used during an unbroken period of five years. The five-year period commences not earlier than the date of registration, but it may start to run at any subsequent date. A single instance of use, which nevertheless must fulfil the conditions laid down in Article 13, is enough to cause a new five-year period to run. The period is interrupted for so long as legitimate grounds for non-user exist.

Revocation of a Community trade-mark can no longer be sought, however, where its proprietor began use in good faith before the application for revocation was filed. Where, for example, revocation of a Community trade-mark is threatened by a third party because of five years' non-user, the use is not in good faith if it is made subsequent to the threat.

According to subparagraph (b), a trade-mark is also revoked if it has become a generic term owing to the conduct of the proprietor. In the interests of the proprietor of the mark, revocation does not take place as long as he resists use of his mark by third parties as a generic term.

A further ground for revocation is stated in subparagraph (c), namely if, in consequence of the use made of the mark, it is liable to mislead the public. Whereas Article 6(2)(b) refers to the time of registration, subparagraph (c) deals with cases in which, subsequent to registration, special circumstances occur in the light of which the trade-mark must be considered misleading.

#### Article 40

Paragraph 1 makes it clear that revocation does not take place automatically but is declared by a decision of the Office (Article 47) or of a national court (Article 78).

According to paragraph 2, revocation is deemed to take place at the time when any of the grounds for revocation existed. This does not prevent a third party from applying for a declaration of revocation of the mark at the time of the application or decision.

Complete enforcement of the rule that revocation has retroactive effect could, however, have implications in practice which are unacceptable in the interests of legal certainty. Subparagraph (a) and (c) of paragraph 3 therefore contain two exceptions in which the retroactive effect is limited.

## Section 3

### Grounds for and consequences of invalidity

#### Article 41

If a Community trade-mark is registered in breach of the provisions of Article 6, which deals with absolute grounds for refusal, it can be declared invalid. According to paragraph 2 the exception provided for in Article 6(4) applies even where the trade-mark has become distinctive only after registration.

#### Article 42

All earlier trade-marks which justify the entering of opposition and all other prior rights, with the

exception of local rights, for which Article 45 makes special provision, rank as relative grounds of invalidity. It follows from the definition of prior rights contained in subparagraph 1(b) that their proprietors are in the same legal position regarding any later Community trade-mark as they are *vis-à-vis* any later national mark.

The rights referred to in paragraph 2 are listed separately as they may be exercised irrespective of whether there is any likelihood of confusion. Paragraph 4 obliges the proprietor of several prior rights to exercise all such rights simultaneously.

#### *Article 43*

As in the case of revocation, the invalidity of a Community trade-mark must be established by a decision to that effect. The declaration of invalidity takes effect retroactively. The retroactive effect of invalidity is subject to the restrictions provided for in Article 40(3).

#### *Article 44*

This provision takes account of objections to the rule originally envisaged whereby, after a certain period, a Community trade-mark was to become incontestable *vis-à-vis* all proprietors of prior rights, even where they had no knowledge of the existence of the mark. However, it is necessary for reasons of legal certainty to protect the proprietor of a Community trade-mark against his mark being declared invalid by the proprietor of a prior right after several years' use. For this reason, Article 44 lays down the principle that a person who has acquiesced in the use of a later Community trade-mark for a period of three successive years, which presupposes knowledge of the existence of that mark, forfeits the right to apply for a declaration that the later mark is invalid. Paragraph 1 deals solely with forfeiture of the right to apply for a declaration of invalidity, since proprietors of prior national rights are not entitled under Article 82 to prohibit use of a Community trade-mark on the basis of national laws.

Limitation in consequence of acquiescence extends to all prior rights of the person who has acquiesced

in the use of the Community trade-mark. It does not take effect where the proprietor of that trade-mark submitted his application in bad faith.

Under paragraph 3 the rule as to limitation in consequence of acquiescence leads to co-existence between the later Community trade-mark and the prior right.

#### *Article 45*

Paragraph 1 contains an exception to the principle laid down in Article 1(2) concerning the uniform effect of a Community trade-mark. The proprietor of a prior right subsisting only in a particular locality is authorized to prohibit use of the Community trade-mark in the territory where his right is valid. This exception is allowed because it affects the uniform character of the Community trade-mark only to a limited extent and because the grant of a Community trade-mark would be made considerably more difficult if the proprietor of such local right was also entitled to apply for a declaration that the Community trade-mark is invalid.

Paragraph 2 states that, like other prior rights, local rights are subject to the rule as to limitation in consequence of acquiescence provided for in Article 44.

#### *Section 4*

### **Proceedings in the Office in relation to revocation or invalidity**

#### *Article 46*

Grounds for revocation and absolute grounds for invalidity may be put forward by any person in the form of an application for revocation or for a declaration of invalidity submitted to the Office. In view of the interest of the public in the revocation of a Community trade-mark or the invalidity thereof due to an absolute ground of invalidity, the applicant need not prove that he has a valid interest in the matter. In contrast to Article 33, however, only groups or bodies which have the capacity to be a party to proceedings in court may submit



an application. On the other hand, entitlement to submit a relative ground of invalidity is restricted to the proprietors of the rights in question and, in the cases provided for in paragraph 1(c), to the persons who are entitled under the laws of the Member States.

In order to avoid conflicts between decisions of the Office and of courts of the Member States (see Article 78), an application for revocation or for a declaration of invalidity does not lie if the conditions laid down in paragraph 4 are satisfied.

#### *Article 47*

This provision contains the basic rules governing proceedings before the Cancellation Division, which are to be supplemented by the implementing regulation.

According to paragraph 1 the Office may stay proceedings if a counterclaim for revocation of the rights of the proprietor of a Community trade-mark or for a declaration that the Community trade-mark is invalid has been filed with a national court.

Paragraph 3 authorizes the Cancellation Division to establish invalidity of its own motion in especially serious cases. If, for example, a relative ground of invalidity is put forward, the Cancellation Division may, of its own motion, declare invalid a mark which is contrary to public policy or to accepted principles of morality.

As in the case of opposition proceedings, paragraph 4 lays down that, in proceedings before the Cancellation Division, the proprietor of an earlier trade-mark may be required to furnish proof that he has used his mark in the manner required by Article 13 during a period of five years preceding the date of the application for revocation or for a declaration of invalidity, provided that at that date the mark has been registered for not less than five years. The second sentence of this paragraph prevents the proprietor of an earlier trade-mark who has not entered an opposition to the registration for the later Community trade-mark because of non-user of his mark from being placed, as a result of subsequent resumption of user, in the position of having a mark which has been registered in the

meantime declared invalid. This rule does not conflict with Article 39 (1) (a) as the present provision merely states that, as a result of the resumption of user, a trade-mark is no longer subject to cancellation. The proprietor of the earlier mark must therefore furnish dual proof if, at the date of publication of the application for the Community trade-mark, his mark has been registered for not less than five years.

Paragraph 5 contains the same rule as Article 35 (3). Paragraph 6 provides that trade-marks which have been revoked or declared invalid are to be removed from the Register.

### *Title VII*

#### *Appeals*

##### *Article 48*

The decisions of the Office from which an appeal lies include decisions of the departments referred to in Article 112 (a) to (d). These comprise not only decisions concerning the registration of Community trade-marks but also, for example, decisions concerning the inspection of files (Article 67). In order to avoid delays in the proceedings, an appeal against so-called interim decisions may normally be made only in conjunction with an appeal against the final decision.

##### *Article 49*

All parties to the main proceedings are automatically parties to appeal proceedings even if they do not actually participate. As a result of this, decisions of the appeal body, e.g. as to costs, are binding on all parties. An appeal may not be lodged, however, unless the appellant is adversely affected by the decision in the main proceedings.

##### *Article 51*

In order to reduce as far as possible the number of appeal proceedings, the department whose de-

cision is contested is given an opportunity to review its decision and to rectify it if, for example, an error has occurred. Otherwise, it must remit the appeal to the Board of Appeal within one month. No appeal is allowed if, in addition to the appellant, a third party participated in the main proceedings. This applies particularly in the case of opposition proceedings and to proceedings in relation to revocation or invalidity.

#### *Article 52*

The details of proceedings before the Board of Appeal will be dealt with in the implementing regulation.

#### *Article 53*

The Board of Appeal may either reach a decision on the matter itself, instead of the competent department whose decision is contested, or remit the case to that department for further action.

#### *Article 54*

In order to ensure that the law is complied with when this Regulation is being applied and interpreted, the decisions of the Boards of Appeal are subject to further appeal to the Court of Justice. The first sentence of paragraph 2 sets out the grounds on which a further appeal may be based. They are word-for-word the same as those referred to in the first paragraph of Article 173 of the Treaty. The Court therefore deals only with questions of law and does not re-examine the facts as established by the Board of Appeal in its capacity as the final body dealing with questions of fact. The powers of the Court are therefore comparable to those of a court hearing appeals on a point of law. Since such concepts as the likelihood of confusion between trade-marks and the similarity of goods are legal concepts in the context of this Regulation, they are subject to review by the Court of Justice.

Article 54(4) merely lays down the period within which the further appeal must be lodged before the Court. The Rules of Procedure of the Court apply to proceedings before it.

#### *Article 55*

The purpose of this provision is to ensure that the law is correctly established even in cases in which none of the parties has lodged a further appeal against a decision of the Board of Appeal which is wrong in point of law. The right to lodge a further appeal in the interest of the law exists in most Member States and was also provided for in the Protocol on the interpretation of the Judgments Convention.

The Commission is given the right to bring such appeals, since one of its tasks is to ensure that the Treaties and measures taken pursuant to them are applied (first paragraph of Article 155 of the Treaty). Under the second sentence of paragraph 1 the admissibility of the further appeal is subject to the same conditions as are laid down in the first sentence of Article 54(2).

It follows from the special character of the further appeal in the interest of the law that it may be lodged only against those decisions of the Boards of Appeal that have become conclusive. It has no effect on the decision pronounced and does not entitle the parties to resume the proceedings before the Board of Appeal. It is therefore of no interest to the parties to the original appeal proceedings to participate in the proceedings before the Court of Justice.

The importance of decisions of the Court of Justice in proceedings under Article 55 therefore lies solely in the fact that they constitute essential precedents on matters of principle.

### *Title VIII*

#### *Procedure*

##### *Section 1*

#### **General provisions**

##### *Article 56*

This article, on the grounds for decisions by the Office, is similar to Article 113(1) of the European

Patent Convention (EPC) but is slightly broader in following the usual Community rule — as in Article 190 of the Treaty — that decisions must state the reasons on which they are based.

#### *Article 57*

This article, which allows the Office to examine the facts of its own motion, is similar to Article 114 of the EPC, except that there is no reference (as there is in the EPC) to the right of the Office to consider facts, evidence and arguments other than those submitted by the parties. It appears to the Commission that this article is adequately balanced by the provision of Article 47(3), as regards absolute grounds of refusal; and that it is up to the parties to submit the relevant facts, evidence and arguments in cases of relative grounds of refusal.

#### *Article 58*

This article concerns two matters: the extent to which proceedings before the Office should be conducted orally and the extent to which oral proceedings should be public. Paragraph 1, which regulates the first of these matters, gives the Office the power in effect to refuse a request for oral proceedings where these would serve no useful purpose; and, in view of this, a provision corresponding to that contained in Article 116 of the EPC, on the rejection of requests for oral proceedings before the same department where the parties and the subject of the proceedings are the same, becomes superfluous.

Paragraphs 2 and 3 regulate the circumstances under which the oral proceedings shall not and may respectively be public, with an important qualification of the rule in paragraph 2 in cases where the registration of a Community guarantee-mark is opposed on absolute grounds.

#### *Article 59*

This article sets out the rules on the taking of evidence in proceedings before the Office: it fol-

lows closely the corresponding provisions of Article 117 of the EPC. A small variant, especially relevant to trade-mark proceedings, is the reference, in paragraph 1(c), to samples in addition to documents. It will be noted that the list of means of giving or taking evidence in paragraph 1 is inclusive and not exhaustive.

#### *Article 60*

This article imposes a duty on the Office to notify those concerned of its decisions and is based on Article 119 of the EPC (without the words, 'as a matter of course', which appear to be unnecessary); but there is no provision for notification through central industrial property offices, as this would appear to be inappropriate in the context of the Community trade-mark system.

#### *Article 61*

This article, governing the restoration of rights lost through the failure to observe certain time-limits, follows closely the corresponding provisions of Article 122 of the EPC; but paragraph 7 of the latter is not applicable to the Community trade-mark system and does not therefore figure in the present text; and paragraph 6 has been adapted to the Community trade-mark system in such a way as to ensure that, while use of the sign in good faith by a third party could not be challenged during the period of loss, it could be opposed by the applicant for, or proprietor of, a Community trade-mark after his right had been restored. This is to avoid the subsequent co-existence of similar signs.

#### *Article 62*

This article requires the Office to refer to general principles of procedural law where necessary: it follows the corresponding provisions of Article 125 of the EPC.

### *Article 63*

This article, which provides for the limitation of certain liabilities of the Office, and to the Office, in the matter of fees and overpayments and lays down the rules governing the interruption of the periods which have to elapse before the limitations apply, follows closely the corresponding provisions of Article 126 of the EPC. (The Office can in the normal way sue and be sued by virtue of its legal personality under Article 102.)

### *Section 2*

#### **Costs**

### *Article 64*

In this article, governing the payment of costs in proceedings before the Office, a distinction is made between proceedings at first instance and proceedings on appeal. In the former, the general rule is that, unless a special decision is taken on equitable grounds apportioning the costs incurred in the taking of evidence or in oral proceedings, each party pays only those costs which he has incurred himself. Any more far-reaching rule could, in the Commissions's view, be too great a potential burden on small and medium-sized firms. On the other hand, although the proceedings on appeal are subject to the same general rule, a decision apportioning the costs in some other way may take into account all costs necessarily incurred.

Paragraph 1 of this article is based on Article 61(1) of the Community Patent Convention (CPC); and paragraph 3 on Article 104(2) of the EPC and Article 61(2) of the CPC. Paragraph 2, unlike the patent conventions, creates the separate rule for the costs incurred at the appeal stage, the wording being based on that of Article 73 of the Rules of Procedure of the Court of Justice.

### *Article 65*

Instead of following the terms of Article 104(3) of the EPC and of Article 61(3) of the CPC with

regard to the enforcement of decisions fixing the amount of the costs, the Commission considers it preferable to have a new rule grounded in Community practice and for this purpose has adapted *mutatis mutandis* the text of Article 192 of the Treaty to the requirements of the Community trade-mark system in the present article.

### *Section 3*

#### **Information of the public and of the official authorities of the Member States**

### *Article 66*

This article, requiring the Office to keep a Register of Community Trade-marks, and to allow it to be inspected by the public, follows Article 127 of the EPC, except that there is no explicit prohibition of entry in the Register before publication. (Article 36 governs the time at which the entry may be made.)

### *Article 67*

This article, which is largely based on Article 128 of the EPC, provides: first, in the case of applications for Community trade-marks which have not yet been published, that there is no right of inspection of the files unless either the applicant consents or it can be proved that the applicant intends after registration to invoke his rights thereunder against the person seeking inspection; and, second, in the case of applications which have in fact been published, that there is a right of inspection of the files on request, except in so far as certain documents therein may be withheld.

### *Article 68*

Just as Article 129(a) of the EPC provides for the publications of a European Patent Bulletin, and

Article 66 of the CPC for the publication of a Community Patent Bulletin, so this article provides for the publication of a Community Trade-marks Bulletin. There is no provision corresponding to Article 129(b) of the EPC, governing the publication of an Official Journal, since there is already an *Official Journal of the European Communities*.

#### *Article 69*

The object of this article is to provide for the use of a standard classification for the goods and services for which Community trade-marks may be registered: in practice, this is likely to mean the NICE classification. But there are technical objections to including in the text a specific reference to the NICE arrangement, even in a form similar to that of Article 2 (XXIII) of the Trademark Registration Treaty (TRT): the matter is therefore left to the discretion of the Office, which seems to the Commission to be a more flexible solution to the problem.

#### *Article 70*

Like Article 131 of the EPC, on which paragraphs 1 and 3 of this article are based, Article 70 makes provision for the Office and the courts or authorities of Member States to help one another with the provision of information. However, as a safeguard to the use of this information, paragraph 2 adds two restrictions: first, to the effect that the information may not be used for extraneous purposes; and, second, that it may not, where covered by professional secrecy, be divulged to others by the officials concerned.

#### *Article 71*

This article, requiring an exchange of publications between the Community Trade-marks Office and Member States' central industrial property offices, follows closely Article 132(1) of the EPC. A provision enabling the Office to conclude agreements relating to the exchange or supply of publications (corresponding to Article 132(2) of the EPC) is not strictly necessary.

#### *Section 4*

### **Representation**

#### *Article 72*

The first general principle of representation (based partly, but with some important differences, on the corresponding provisions of Article 133 of the EPC) is that, unless a person has neither a residence nor a place of business within the Community, representation before the Office is voluntary. In the case where representation is mandatory, proceedings before the Office include the filing of an application for a Community trade-mark. Bearing in mind the provisions of Article 19(7) of the TRT, the operation of Article 72(2) will be subject to such arrangements as may be made for the harmonization of the Community system and the TRT.

The second general principle of representation is that a duly authorized employee of a person having a residence or place of business in the Community may represent that person before the Office; or may represent any other legal person with whom that person has economic connections, even if that other legal person has neither a residence nor a place of business within the Community himself.

#### *Article 73*

Under this article two categories of professional representative may appear before the Office: lawyers entitled to act in trade-mark matters in Member States, provided that they have a professional office within the Community, and authorized representatives appearing on a list to be maintained by the Office. The principal qualification for entry on this list is a person's right to appear in trade-mark matters before the competent authorities of a Member State.

This article is therefore based on the principle that, since there is not an undisputed case for the introduction of a formal Community qualification for representatives in trade-mark matters, the appropriate criteria should, at any rate for the time being, be substantially those applied by Member States. Whether in the long run there may be a

stronger case for a formal Community qualification will remain to be judged in the light of experience.

## **Title IX**

### ***Jurisdiction and procedure in legal actions relating to Community trade-marks***

#### ***Section 1***

#### **Jurisdiction**

##### ***Article 74***

National courts have jurisdiction in actions for infringement of Community trade-marks. Article 74 governs in detail the matter of jurisdiction and supplements the Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, hereinafter referred to as the 'Judgments Convention'. Article 57(2) of the Judgments Convention made provision for this. Nevertheless, the Convention applies in cases where the Regulation contains no specific provisions.

Paragraph 1 sets out in order the courts in which the plaintiff may bring proceedings for all forms of infringement in whatever part of the Community they have been committed. The general rule is that jurisdiction is vested in the court for the place where the defendant is domiciled. Under Article 53(1) of the Judgments Convention the term 'domicile' includes the seat of a company or other legal person or of an association.

In the absence of a domicile or seat in the Community, jurisdiction is vested in the court of the Member State in which the defendant has a place of business (an establishment). If, in relation to the defendant, none of the foregoing elements is present so as to indicate that jurisdiction lies with a court in the Community, the plaintiff may bring his action in the courts whose jurisdiction is founded on his domicile, the place where he has his seat or, if need be, the place where he has an establishment. The action can properly cover every act of infringement. In the one case where both the plaintiff and the defendant come from outside the Com-

munity, the courts of the Member State in which the Community Trade-marks Office has its headquarters have jurisdiction to deal with infringements committed in the territory of any Member State. This extremely detailed set of rules on jurisdiction will make for efficiency in exercising the rights conferred by Community trade-marks.

Paragraph 2 provides that jurisdiction may be exercised by the court for the place where an act of infringement has been committed. But the court in which proceedings are brought can deal with the infringement only in so far as it took place within the territory of the Member State concerned. The object of this provision is to avoid 'forum shopping'.

The uniform effect of a Community trade-mark is ensured by the wording of paragraph 3. In cases where a Community trade-mark is infringed by another Community trade-mark, the court concerned may forbid the use of the latter throughout the whole of the Community. This rule also applies in cases where a court which has jurisdiction under paragraph 2 finds that there is an infringement but has no jurisdiction to give judgment on the question of damages resulting from acts of infringement committed in another Member State.

##### ***Article 75***

The courts in the Member States have jurisdiction not only in actions for infringement of a Community trade-mark but also, under Article 78, to cancel a Community trade-mark with effect *erga omnes*. For these cases jurisdiction is centralized in each Member State. Centralization will encourage uniformity in the decisions of the courts. It will help to ensure that actions which involve substantial interests will be dealt with by judges who are experienced in the trade-mark field.

#### ***Section 2***

#### **Procedure**

##### ***Article 76***

Actions for infringement of a Community trade-mark are governed by the national rules of pro-

cedure applicable to the same kinds of action relating to national trade-marks. Exceptions to this rule appear in the following articles.

#### *Article 77*

The identity of those who may bring an action for infringement is determined in different ways in Member States. So far as a Community trade-mark is concerned, Article 77 provides for a uniform solution according to which the licensee may bring an action only with the consent of the proprietor of the trade-mark. The licensee's interest in obtaining damages is secured by the fact that he is empowered to intervene in infringement proceedings brought by the proprietor of the Community trade-mark.

#### *Article 78*

Under paragraph 1 the defendant in an infringement action may seek cancellation of the Community trade-mark by counterclaiming for it. This is of special interest to the owners of prior rights who are unable to assert their rights under the opposition procedure. They are not obliged to submit to the Office an application for a declaration of invalidity but can defend themselves in their national court against the proprietor of the Community trade-mark.

Under paragraph 2 a counterclaim will not be allowed if the Office has already taken a decision (see Article 46(4), which regulates the opposite case).

Paragraph 3 provides that the court in which the proceedings are brought may of its own motion declare a Community trade-mark invalid in the cases where Article 47(3) applies. Moreover, proof of use may be required if the conditions of Article 47(4) apply. Finally, the court must observe the provisions relating to amicable settlement between the parties as provided for in Article 47(5).

If the court decides that the Community trade-mark must be revoked or that it is invalid, its decision has effect *erga omnes*. It will order deletion of the mark. This will be carried out by the Office on the application of one of the parties after

the decision revoking it or declaring it invalid has become final and binding.

#### *Article 79*

Paragraph 1 enables the question of validity of the Community trade-mark to be brought before the Office. This can be done where there is a dispute involving questions of principle; for example, when the interpretation of legal questions concerning the absolute grounds of invalidity is at issue.

The provisions of paragraph 2 apply in particular when in the course of proceedings before a court a third party submits to the Office an application for a declaration of invalidity. In such cases the court is not obliged to stay proceedings but can decide of its own motion whether a stay of proceedings is called for.

#### *Article 80*

The object of this provision is to ensure that invalidity does not have effect only *inter partes*. In the majority of Member States it is not only the operative part of the judgment but also the grounds on which it is based which become final and binding.

### *Title X*

#### *Effect on the laws of the Member States*

##### *Section 1*

#### **Cumulative protection prohibited**

##### *Article 81*

With the object of prohibiting double protection by means of a Community trade-mark and a national trade-mark, paragraph 1 provides that the national trade-mark has no effect as from the date of publication of registration of the Community

trade-mark and for as long as the latter is effective. Thus the national trade-mark automatically resumes its effects from such time as the Community trade-mark disappears, unless the conditions of paragraph 3 apply.

On the other hand, paragraph 1 does not prevent simultaneous application for a national trade-mark and a Community trade-mark.

The prohibition in double protection covers not only identical trade-marks but also similar trade-marks. If it were otherwise it would be easy to abuse this provision, whose object is to prohibit, for reasons of legal certainty, parallel or alternative proceedings or the grant of licences in respect of the trade-marks.

Paragraph 2 provides that the date of acquisition of the national trade-mark, taking into account as necessary the priority rights which appertain to it, is considered the date of acquisition of the Community trade-mark so far as concerns the Member State in which the national trade-mark exists. The proprietor of the Community trade-mark may therefore avail himself in that Member State of the priority of the national trade-mark as against a third party who has acquired a trade-mark before the application for the Community trade-mark was made.

## *Section 2*

### **Prohibition on application of the national laws of the Member States to Community trade-marks**

#### *Article 82*

To ensure the uniform effect of a Community trade-mark, the proprietor of a national right should not be able, on the basis of this right, to prevent the Community trade-mark from being used. Actually, a prohibition of this sort would be valid only in the Member State where the prior right exists. The owner of such a national right may, however, assert his right either by a counter-claim or by an application for a declaration of invalidity.

## *Section 3*

### **Conversion into a national trade-mark application**

#### *Articles 83, 84 and 85*

Article 83 allows an application for a Community trade-mark to be converted into an application for a national trade-mark in all cases where the application for the Community trade-mark fails to reach the stage of registration or where the Community trade-mark is surrendered or is the subject of an order for revocation or invalidity, other than revocation for non-user. The application for conversion must be submitted within a period of three months. The result of failure to observe this time-limit is that the priority of the application for the Community trade-mark cannot be claimed for the application for the national trade-mark.

Conversion into a national application is not allowed in Member States in which there exists an absolute ground for refusal as found by the Office or by a national court. National laws may contain other grounds for disallowing conversion.

Under Article 84 it is left to Member States to determine the conditions applicable to the submission of applications for conversion. Article 85 lays down in particular the conditions under which the receipt of such applications is to be published in the Community Trade-marks Bulletin.

## *Title XI*

### ***Community guarantee-marks and Community collective-marks***

#### *Articles 86 and 87*

Many modern systems of trade-mark law make provision for the registration of collective-marks or certification-marks, or both; and countries of the



Paris Union have undertaken to accept for filing and to protect collective marks belonging to associations (Article 7 bis (1), Paris Convention for the Protection of Industrial Property). The Commission considers that corresponding provisions have a rightful place in the Community trade-mark system.

There are, however, three similar but distinguishable concepts in modern trade-mark law: that of a 'simple collective mark'; that of a mark in respect of products or services, whose common characteristics are guaranteed; and that of a certification-mark.

Article 86 falls short of providing for registration of certification-marks, in the sense in which this term is understood in certain Member States. It does, however, enable an individual person or firm to apply for a mark on certain conditions (for example, subject to the rule in Article 89(2) in respect of products or services supplied by different firms). The conditions included in Article 86 itself are that, at the time of registration, the mark must be described as a Community guarantee-mark; that the quality, method of manufacture or other common characteristics of the products or services should indeed be guaranteed; that the use of the mark should be under the control of the proprietor of the mark; and that the mark may be used neither by the proprietor himself nor by any person economically connected with him. The 'other common characteristics' of the products or services may include the geographical origin; but the protection afforded under these provisions is not the same as the protection available under Community or national law for appellations of origin and is not intended as a general substitute for it.

Article 87 provides for 'simple collective marks' to be registered as Community collective-marks. Although these marks may imply some degree of guarantee to the consumer, there is no formal requirement as to a guarantee; and the purpose of the mark is to distinguish the products or services of members of the association which owns the mark from the products or services of other firms. Collective-marks under Article 87 are not collectively-owned marks; the proprietor is the association or group of firms which uses the mark.

#### Article 88

In general, the substantive and procedural rules governing Community trade-marks apply *mutatis mutandis* to guarantee and collective-marks.

#### Article 89

There are various matters which may properly be included in regulations to be settled by agreement between the proprietor and users of the guarantee or collective-mark; and Article 89 requires applications for a Community guarantee or collective-mark to include the regulations in question. At least two matters may need to be settled by agreement in the regulations: in the case of the guarantee-mark, the conditions to be fulfilled by persons wishing to use the mark; and, in the case of the collective-mark, the conditions of membership of the association or group; so far as guarantee-marks are concerned, the inclusion of the matters indicated in Article 89(2) is in any case obligatory.

Nothing in the present Regulation permits an agreement between the proprietor and users of the guarantee or collective-mark to be restrictive of competition within the meaning of Article 85 of the Treaty. Thus the conditions to be fulfilled by persons wishing to use a guarantee-mark and the conditions of membership of the association owning a collective-mark must be objective; and access must in general be open to those willing and able to meet the conditions.

#### Article 90

An application for a Community guarantee or collective-mark may be rejected on absolute grounds by virtue of Article 31(1) or on relative grounds by virtue of Article 35(4); but Article 90 provides additional circumstances under which an application for this type of mark may be rejected. It will be noted that, while Article 6(2)(c) excludes from registration 'marks which are contrary to public policy or to accepted principles of morality', Article 90 extends a similar rule to the regulations accompanying the application for a Community guarantee or collective-mark.

### *Article 91*

In recognition of the public interest in Community guarantee-marks, this article enables interested parties to lodge an opposition on absolute grounds to the registration of such marks. It therefore goes further than Article 33, which, in the case of other types of Community trade-mark, gives third parties a right to submit observations on absolute grounds for the refusal of registrations.

As the procedure for lodging an opposition to the registration of a Community trade-mark involves the party concerned in a form of quasi-litigation, Article 91 qualifies the legal status of the associations entitled to lodge opposition: the associations must be capable of being a party to legal proceedings.

Article 91 also extends, for the specific purposes of Community guarantee-marks, the range of absolute grounds of refusal, by adding to the criteria in Article 6 those referred to in Articles 86, 89(2), 90(1) in part) and 90(2).

### *Article 92*

Although Article 33, as explained in the preceding note, is in some respects overtaken by Article 91, the procedure for enabling third parties to submit observations is still useful in this context, particularly:

- (a) in respect of Community guarantee-marks, where the party concerned does not satisfy the requirement under Article 91 as to legal status; and
- (b) generally, where the criteria referred to in Article 90 are concerned.

Article 92 extends the scope of Article 32; it does not limit its scope to the criteria referred to in Article 90.

### *Article 93*

The object of this article is to make it quite clear that, other things being equal, the user requirements (for example, under Article 13) are satisfied

in the case of Community guarantee and collective-marks if any of the persons entitled to use the mark does in fact do so.

### *Article 94*

If the owner of a Community guarantee or collective-mark wishes to alter the regulations governing the mark, this may be done, but only under stringent conditions as to notification and publication. The alteration is subject to procedures for rejection and opposition somewhat similar to those applicable to the original application. Alterations in the regulations do not affect the general rule regarding alterations in the mark itself (under Article 15).

### *Article 95*

In so far as the rights of a person entitled to use a Community guarantee or collective-mark are in some ways analogous to those of a licensee, it would seem appropriate for similar principles to apply to the right to take infringement actions; that is, only with the consent of the proprietor of the mark, but with the right to intervene in an action begun by the proprietor himself.

### *Article 96*

This article operates in addition to, and not in substitution for, Article 39.

### *Article 97*

The first paragraph of this article operates in addition to Articles 41 and 42; and the second paragraph in addition to Article 43.

### *Article 98*

On balance, the Commission considers that, given the nature of Community guarantee and collective-

marks, it is against the public interest for such marks, once deleted from the Register, to be used or registered again within the three-year period after their non-renewal, lapse, cancellation or surrender, unless the persons re-using, or renewing the application for, the marks are the former proprietors or their successors.

## *Title XII*

### *The Community Trade-marks Office*

#### *Section 1*

#### **General provisions**

The implementation of trade-mark law is a complex administrative function which has to follow well-defined procedures and requires judicial protection for those concerned. It covers the lodging of applications for trade-marks, their examination, the registration of the trade-marks and their protection and supervision, in accordance with appropriate administrative procedures.

Community trade-mark law could not be administered efficiently, uniformly and economically by the national trade-mark authorities. Although it would be theoretically possible for the Community to assign additional new responsibilities for the Community trade-mark to these authorities, in practice this would lead to intractable conflicts of competence, problems of coordination and technical difficulties between eight (from 1981) and later ten such authorities to which these powers would have to be assigned. It would also inevitably involve substantial personnel and administration costs. The situation is thus not unlike that of patent law.

This leads to the question whether the Commission or a body specially set up for the purpose should be given responsibility for administering Community trade-mark law. A look at the Member States' arrangements for trade-mark administration shows that in each one a separate trade-mark authority was found necessary and has proved effective.

For these reasons, the Commission considers that the establishment of a Community Trade-marks Office with virtual autonomy in substantive matters would be the best way of administering Community trade-mark law and achieving the goals of the Community discussed above:

- such an office is appropriate in view of the administrative and highly technical nature of the decisions required;
- it will ensure the objectivity and effectiveness of trade-mark procedures and hence legal certainty;
- it can be organized on efficient, manageable and adaptable lines and staffed with specialists;
- in this way it will be capable of dealing properly, cheaply and with the necessary speed with the thousands of individual cases coming before it; and
- it will relieve the Commission of a great deal of administrative work and innumerable executive decisions of a technical nature.

The Trade-marks Office is not conceived as a new institution, but as a body of the Community coming under the legal supervision of the Commission. The institutional structure of the Community and the balance between the four institutions are unaffected. There is no shift of power from the Council to the Commission. It adds to the Community's organizational structure, without changing the system and without rearranging, reforming or altering the relationship between the powers of the institutions.

The Trade-marks Office is not allocated any powers which are at present held by the Council, Commission, Court of Justice (or the Member States). No existing powers are surrendered or delegated. The Trade-marks Office does not receive any legislative powers, which remain the prerogative of the Council. Nor does it receive power to hand down decisions to Member States. It is merely given the authority, which has never been held by anyone before, to hand down decisions on Community trade-marks to parties.

The Trade-marks Office will in several respects be subject to the Commission's supervision: it must submit an annual report on its work; its senior officials are appointed and dismissed by the Commission; they are also subject to the Commission's disciplinary authority; the administration of the

Office is subject to legal supervision by the Commission, which is obliged to take action against any infringement of Community law; any Member State or any third party who is directly and personally concerned may ask the Commission to examine the legality of acts of the President of the Office; the Commission can lodge a further appeal on a point of law from decisions of the Boards of Appeal of the Office.

The Commission, and hence also the Trade-marks Office, is in turn supervised by the Court of Justice in regard to the legality of its acts: if the Commission neglects its supervisory duties, takes a wrongful decision or fails to take any decision, any Member State or any person directly and individually concerned may institute proceedings against it (Articles 173 and 175 of the EEC Treaty). The draft Regulation thus provides, in conjunction with the Treaty, a comprehensive system of safeguards for Community law and individual rights in the conduct of the Office.

Finally, the Trade-marks Office is brought under the Community budgetary system by extending the relevant Treaty provisions (Articles 203, 204, 206a, 206b) to its budget. This ensures that the Council and Parliament can exercise the powers they have over the Community budget also in relation to the budget of the Office. Likewise the Office's financial management will be scrutinized by the Court of Auditors.

Establishment of the Trade-marks Office as a Community body will therefore not affect the respective positions of the four institutions of the Community as laid down in the Treaty. The Office can fit smoothly into the existing organizational framework of the Community without endangering its autonomy in technical, administrative and personnel matters.

#### *Article 99*

The legal personality, or legal capacity at national level, enjoyed by the Office does not mean that it also has legal personality at international level. On the contrary, the duties and powers assigned to it show that it is not meant to be a subject of international law. In particular, it has no power to conclude international agreements. Nor is it granted separate privileges or immunities; the

privileges and immunities of the European Communities are declared applicable (Article 101).

The power, derived from Article 235 of the Treaty, to create Community *bodies* extends to the choice of their headquarters. The exercise of this power does not therefore lie with the Member States' Governments (Article 216 of the EEC Treaty), as is the case for determination of the seat of the Community *institutions*, but with the Council, on a proposal from the Commission and after consulting Parliament (Article 235).

However, the Commission thinks it would be premature to make a proposal on the headquarters of the Office at this stage. Four Member States have so far put forward candidates: Belgium (Brussels), France (Strasbourg), the Netherlands (The Hague) and the United Kingdom (London). It is possible that other Member States, too, will wish to have the Office within their territory. In selecting the location it is to propose, the Commission will have to take further factors into consideration. One such factor will be the past allocation of Community agencies. The questions of the seat is also to some extent bound up with the question of languages. Finally, it would be unwise to complicate the discussion of the Regulation by bringing in the political problem of the seat at too early a stage. The Commission therefore thinks it best to wait before making its proposal on this matter.

#### *Article 100*

In view of the fact that the Office is a body of the Community, that its staff are responsible for applying a body of Community law enacted by this Regulation, and that, as in the Member States, permanent officials are required for this function, and in order to ensure that the staff of this Community body form part of the single administration of the Communities (Article 24 of the Treaty establishing a Single Council and a Single Commission of the European Communities) it is necessary to extend to them the provisions of the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities. As the Staff Regulations do not contain any provisions to safeguard the independence of members of the Boards of Appeal with their semi-judicial functions, however, special pro-

vision is made for this in Article 118, to which Article 100 refers.

#### *Article 101*

Since the Office is conceived as a body of the Community with its own legal personality, it is necessary to extend to it the provisions of the Protocol on the Privileges and Immunities of the European Communities.

#### *Article 102*

Since the Office has a separate legal personality, provisions must be laid down governing its liability. These provisions are in line with those of Articles 215 and 178 of the Treaty.

#### *Article 103*

This clause restricts the Office to the use of one language for procedural purposes. The establishment of a Trade-marks Office raises a completely new problem for the Community as regards the linguistic arrangements to be adopted, since the Office will be the first Community body to be making administrative decisions in accordance with a formal, precisely defined, multi-stage procedure. The work of the Office is therefore not comparable to that of a normal administration such as the departments of the Commission nor to that of bodies previously set up by the Council under Article 235 of the EEC Treaty (such as the European Monetary Fund).

Then there is the problem of the sheer number of applications for Community trade-marks reaching the Office, estimated at 10 000 a year. The total annual workload of the Office will be roughly as follows:

- 10 000 cases passing through the Examining Division, including 1 500 rejections;
- 4 000 cases passing through the Opposition Division, including 2 500 adjudicating decisions;
- 300 cases passing through the Cancellation Division;
- 1 000 cases coming before the Boards of Appeal.

It is essential for the success of the Community trade-mark to find a procedure that is cheaper than the existing seven national registration procedures. If the ordinary linguistic arrangements of the Community were to be adopted, it would, in view of the 5 000 or more cases a year dealt with by the Office's Divisions and Boards, involve translation and interpreting costs of around BFR 100 million (an amount equal to the annual cost of the Language Service at the Court of Justice). On top of this there would be the salaries of B and C Grade officials, as well as expenditure on supplies. This means that each trade-mark application would involve at least BFR 10 000 in translation costs, quite apart from the additional costs arising on the accession of three new Member States.

The fees which users would have to be charged would therefore be so high that the Community trade-mark would lose its attraction and would not be used. The aim of the Regulation, which is to promote free trade in marked goods, could then be achieved only by means of regular, heavy subsidies from the Community's other revenue. The Commission considered that this solution had to be rejected from the outset. In addition, with seven (from 1981) and later eight and nine languages, the Office would be unable to handle thousands of procedures within the requisite time-limits.

For these reasons the Commission considers that it is necessary for procedural purposes to be limited to a single language, especially as the single-language solution has already been used satisfactorily at international level in applying the Madrid Agreement on the international registration of trade-marks.

The single-language solution is also justified by the fact that the applicants are not private individuals but firms. When not represented by members of their own staff, these firms, especially large industrial concerns, engage specialist patent and trade-mark lawyers to deal with the national trade-mark authorities. Applications are submitted by patent and trade-mark lawyers in between 60% and 70% of cases in France and the Federal Republic of Germany, between 80% and 90% in the Benelux countries and Denmark, in about 92% in Italy, and in 98% to 99% of cases in Ireland and the United Kingdom. It is highly probable that these percentages will increase for applications for Community

trade-marks. It will not pose any problem for such lawyers or for the employees of large industrial enterprises to be able to use only one language. In any case, certain exceptions can be allowed from the single-language rule, especially in cases where action has to be taken within a specified period. The conditions under which such exceptions are permissible will be laid down in the implementing regulation (Article 125).

In the Commissions's opinion, it would be premature to make a proposal at this stage as to whether the language for procedural purposes should be English or French. The Commission feels it is better to make its proposal at a later date on the language to be used for procedural purposes.

## *Section 2*

### **Administration of the Office**

#### *Article 104*

Assignment of the powers listed in this Article to its President confers on the Office a large measure of autonomy in all administrative, personnel and professional matters. The President is not subject to any professional supervision by the Commission; and the Commission exerts no influence on the technical decisions of the Office, even in the form of general instructions. The President has authority to take any steps necessary for the functioning of the Office. He is assisted in this by the Advisory Committee.

He draws up the estimates of revenue and expenditure for the Office's budget. In implementing the budget he is subject to the rules of the Financial Regulation applicable to the general budget of the European Communities.

#### *Article 105*

To ensure that persons of the right professional calibre are appointed by the Commission to senior positions in the Office, it is advisable to associate the Advisory Committee in the appointment procedure, since the Commission does not exercise any professional control over the Office.

#### *Article 106*

The legal supervision of the Office by the Commission does not extend to decisions taken by departments of the Office under the procedures laid down by this Regulation. Such decisions can be overturned only by appeal to the Boards of Appeal and the decisions of the latter only by further appeal to the Court of Justice.

Legal supervision does not therefore cover decisions of the Office on individual cases but only acts of the President in the course of administering the Office. These include the decisions which the President takes on matters of organization, administration or the budget and the entry into agreements or contracts. The Commission will not scrutinize the President's decisions at a technical level, but only to make sure that he has observed the law. Were the President, for example, to exceed his authority by signing an international agreement, the Commission could exercise its legal control to have the decision reversed. On the other hand, legal control does not extend to decisions of the President on personnel matters. Since Article 100 says that the Staff Regulations are applicable and the President exercises the powers of appointing authority, under Article 91 of the Staff Regulations, an appeal from his decisions lies direct to the Court of Justice.

The Commission can review the legality of relevant acts of the President of its own motion or at the request of a Member State or a third party. Its decisions, or failure to act, can be challenged in the Court of Justice under Articles 173 and 175 of the Treaty.

## *Section 3*

### **Advisory Committee**

#### *Articles 107-111*

To perform the functions referred to in Article 107, it is necessary to set up an Advisory Committee to the Office. Articles 108 to 111 lay down its composition, functions and duties.

## Section 4

### Arrangement of departments

#### *Articles 112–117*

These clauses define the functions and composition of the various departments of the Office. An exhaustive list is given of the departments which are necessary for carrying out the prescribed procedures and which take decisions in relation to the parties concerned in such procedures. Under his powers relating to organization of the Office, the President can also set up further departments to carry out internal work, such as a legal department, where this is necessary for the functioning of the Office.

#### *Article 118*

With 1 000 appeals a year expected against decisions by the Office at first instance, it was thought necessary, to avoid putting excessive pressure on the Court of Justice, to set up within the Office an appeal body, in the form of Boards of Appeal which would examine the law and facts of decisions of the Examining, Opposition, Cancellation and Administration of Trade-marks Divisions, before a further appeal was permissible to the Court of Justice. In view of their quasi-judicial function, the members of these Boards had to be given substantial independence. This is ensured by the procedure for their appointment laid down in Article 105, and by the fact that serving members of the Boards of Appeal are not bound by instructions from third parties in making their decisions and may be removed from office only on exceptional grounds. This freedom from outside interference also precludes disciplinary measures being taken against members of the Boards for acts carried out in the performance of their official duties.

#### *Article 119*

The provisions of this Article are designed to guarantee the impartiality of members of the Cancellation Division and of the Boards of Appeal.

## Section 5

### Budget and financial control

#### *Article 120*

This Article contains the general provisions governing the budget in line with Articles 199 and 200 of the Treaty. The subsidy referred to in paragraph 3 will be payable only during the period, lasting about ten years, while the Office is becoming run in.

#### *Article 121*

Paragraphs 1 and 2 describe the steps in the procedure up to the submission by the Commission of the preliminary draft budget of the Communities to the Council. To bring out the status of the Office as a dependent part of the Communities in budgetary matters as well as in other respects, it is proposed that its budget should be incorporated as an annex to the general budget of the Communities.

The further stages of the procedure before the Council and the Assembly are subject to Article 203 of the Treaty. This is the only way of ensuring democratic control of the Office's budget. In deciding on the proposed formula account had to be taken of the fact that after a running-in period the Office would be self-supporting. An arrangement, for example, under which the President of the Office determines the budget is therefore out of the question. For in that case the Council and Parliament would only be able to exercise control during the period in which subsidies were necessary. The Office cannot in this respect be compared to other bodies financed permanently from the Community budget, which are thereby under the indirect control of the Council and Parliament.

#### *Article 122*

This provision makes it clear that the revenue and expenditure of the Office are subject to scrutiny by the Court of Auditors. For this purpose, Articles 206a and 206b of the Treaty are extended to the Office.

### *Article 123*

Since the relevant provisions of the Treaty apply to the determination of the Office's budget, it is right for the Financial Regulation governing the budget of the European Communities to be applicable as well, subject to any special provisions which allow for the special nature of the Office and which will be adopted in accordance with the conditions of Article 209 of the Treaty.

### *Article 124*

The principle laid down in this Article, that the Office should support itself from its revenue and should fix its fees accordingly, cannot be applied during its running-in period.

Since the level at which the Office's fees are set determines the size of its revenue, it is necessary, in the interests of preserving the budgetary powers of Parliament, for Parliament to be consulted before the fees regulations are adopted by the Council.



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The purpose of this proposal for a Directive is to harmonize those provisions of national trade-mark law which directly affect the free movement of goods and services and freedom of competition in the Community.

The Commission is also proposing that a Community trade-mark be created to eliminate conflicts which may still exist despite harmonization.



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