REPORT

drawn up on behalf of the Legal Affairs Committee

on the proposals from the Commission of the European Communities to the Council (Doc. 1-682/80 - COM(80) 635 final)

for

I. a first Directive to approximate the laws of the Member States relating to trade marks

II. a regulation on Community trade marks

Rapporteur: Mr A. TURNER
By letter of 5 December 1980, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Articles 100 and 235 of the EEC Treaty, on the proposals from the Commission of the European Communities to the Council for a first directive to approximate the laws of the Member States relating to trade marks and for a regulation on the Community trade mark.

On 15 December 1980, the President of the European Parliament referred these proposals to the Legal Affairs Committee as the committee responsible and on 4 May 1981 to the Committee on Economic and Monetary Affairs for an opinion.

At its meeting of 28 and 29 January 1981, the Legal Affairs Committee appointed Mr TURNER rapporteur.


At its meeting of 15 and 16 February 1983, the committee decided to consider the proposed regulation before the proposed directive.

At its meeting of 15 and 16 June 1983 the committee decided with 4 votes in favour and 5 abstentions to recommend to Parliament that it approve the Commission's proposal with the following amendments.

The committee adopted the motion for a resolution as a whole at its meeting of 20 and 21 June 1983 with 11 votes in favour and 5 abstentions.

The following took part in the vote: Mrs VEIL, chairman; Mr LUSTER, vice-chairman; Mr TURNER, vice-chairman and rapporteur; Mr CHAMBEIRON, vice-chairman; Mr CROUX, Mr D'ANGELOSAITE, Mr DEL DUCA, Mr FERRI, Mr GEURTSEN, Mr GONTIKAS, Mr JANSSEN VAN RAAY, Mr KALOYANNIS, Mr NERGAHY, Mr SIEGLERSCHMIDT, Mr TYRRELL and Mrs VAYSSADE.

The opinion of the Committee on Economic and Monetary Affairs is attached. This report was tabled on 15 July 1983.
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. AMENDMENTS</td>
<td>5</td>
</tr>
<tr>
<td>Motion for a resolution</td>
<td></td>
</tr>
<tr>
<td>B. EXPLANATORY STATEMENT</td>
<td>34</td>
</tr>
<tr>
<td>1. INTRODUCTION</td>
<td>37</td>
</tr>
<tr>
<td>THUMBNAIL GUIDE TO TRADE MARK LAW</td>
<td>37</td>
</tr>
<tr>
<td>1. Industrial and Intellectual Property</td>
<td>37</td>
</tr>
<tr>
<td>2. Distinctive Trade Marks</td>
<td>37</td>
</tr>
<tr>
<td>3. Unfair Competition Trade Mark Actions</td>
<td>38</td>
</tr>
<tr>
<td>4. Licensing Trade Marks</td>
<td>38</td>
</tr>
<tr>
<td>5. Registered Trade Marks</td>
<td>39</td>
</tr>
<tr>
<td>6. Opposition to Registration, Revocation and Infringement</td>
<td>39</td>
</tr>
<tr>
<td>7. Conflicting Rights</td>
<td>39</td>
</tr>
<tr>
<td>II. PROPOSED DIRECTIVE AND REGULATION</td>
<td>40</td>
</tr>
<tr>
<td>1. Relationship of the Directive and the Regulation</td>
<td>40</td>
</tr>
<tr>
<td>2. Unregistered Trade Marks and Unfair Competition</td>
<td>41</td>
</tr>
<tr>
<td>3. Inter-relationship of Trade Mark Law and Community Competition Law (Articles 36, 85 and 86 of EEC Treaty)</td>
<td>42</td>
</tr>
<tr>
<td>4. The Right given by a registered trade mark</td>
<td>43</td>
</tr>
<tr>
<td>5. Degrees of likelihood of confusion between registered trade marks and infringements</td>
<td>44</td>
</tr>
<tr>
<td>6. Regulation: opposition to application by proprietor of an earlier unregistered right</td>
<td>44</td>
</tr>
<tr>
<td>7. Identical law in Directive and Regulation</td>
<td>45</td>
</tr>
<tr>
<td>8. Advisory opinions by Community Trade Mark Office for National Courts</td>
<td>45</td>
</tr>
<tr>
<td>9. Language of Community Trade Mark Office Proceedings</td>
<td>46</td>
</tr>
<tr>
<td>10. Detailed Comments on Particular Articles</td>
<td>46</td>
</tr>
<tr>
<td>Comments on Regulation</td>
<td>46</td>
</tr>
<tr>
<td>Comments on Directive</td>
<td>49</td>
</tr>
<tr>
<td>Opinion of the Economic and Monetary Affairs Committee</td>
<td>52</td>
</tr>
</tbody>
</table>
A.

The Legal Affairs Committee hereby submits to the European Parliament the following amendments to the Commission's proposals and motion for a resolution together with explanatory statement:

Proposal for a Regulation on the Community Trade Mark

Text proposed by the Commission of the European Communities

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.

Amendments tabled by the Legal Affairs Committee

Preamble Unchanged

AMENDMENT NO. 1

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 enable competition to be undistorted, 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.

Text proposed by the Commission of the European Communities

A 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 insofar as this Regulation expressly provides.

Amendments tabled by the Legal Affairs Committee

Two Recitals Unchanged

Amendment No. 1

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 and for a variety of other reasons, such as the need for protection of trade marks, incapable of protection throughout the Community. Unchanged
Text proposed by the Commission of the European Communities

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 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.

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO. 3

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 as a Community trade mark unless the proprietor of the prior right with which the trade mark conflicts has entered admissible opposition to its registration and all efforts to produce an amicable settlement between the parties have failed.

AMENDMENT NO. 4

The interests of proprietors of prior (delete 1 word) rights (delete 5 words) 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 (delete 1 sentence).
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;

Decisions regarding the validity and infringement of Community trade marks must have (delete 1 word) 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;

Accordingly, a Community trade mark must, subject to the overriding need to prevent deception of consumers, 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.
(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.

(2) A "prior right" means

(a) Trademarks 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:

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

(b) applications for the trade marks referred to in (a), subject to their being subsequently registered;

(c) trade marks which, on the date of application for registration of the Community trade mark, 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, in the version in force;

(d) any right other than the foregoing, protecting a sign used in the course of
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

trade before the application for registration of the Community trade mark which, under the law of the Member State which governs the sign, entitles the proprietor to prohibit the use of any later trademark:

e) any right protecting a sign consisting of or containing:
- 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 name it is,
- a portrait,
- a work protected by copyright or by an industrial design or model, so, however, that in any opposition based on this right the likelihood of confusion does not need to be established.

(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.

(3) unchanged.

(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.

AMENDMENT NO. 9.

(4) This Article applies only where the proprietor of a prior right within the meaning of paragraph 2, 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.

AMENDMENT NO. 10

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:

Article 8
(Rights conferred by a Community trade mark)

(1) A Community trade mark confers on the proprietor exclusive rights therein.
Text proposed by the Commission of the European Communities

(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.

Amendments tabled by the Legal Affairs Committee

AMEND. NO. 10, cont'd.

(a) The proprietor shall be entitled to prohibit any third party from using in the course of trade, save with his consent,

- any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trademark is registered;

- any sign which is identical with the Community trade mark in relation to goods or services which are similar to those for which the Community trade mark is registered, where because of the similarity of the goods or services, such use involves a likelihood of confusion between the sign and the Community trade mark on the part of the public;

- any sign which is 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 because of the similarity of the signs and the identity or similarity of the goods or services, such use involves a likelihood of confusion between the sign and the Community trademark on the part of the public.

(b) The proprietor shall also be entitled to prohibit any third party from using in the course of trade, save with his consent, any sign other than a prior right referred to in Article 7 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 when the Community trade mark is of wide repute and use of that sign takes unfair advantage of or is detrimental to the distinctiveness or the repute of the trade mark.

(2) Unchanged

(a) Unchanged

(b) Unchanged

(c) using the sign on business documents

(Article 8(3) Unchanged)
Article 9(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.

*Corrigendum: concerns English text only/

Article 11

(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 re-packaged 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 re-packaging could not affect the original condition of the goods, if the third party informs the proprietor beforehand that the re-packaged goods are to be put on the market and the new packaging indicates that the goods have been re-packaged by the third party.

AMENDMENT NO. 13

Article 11 bis (new)

This Regulation shall not prevent the owner of a Community trade mark from bringing actions in respect of that mark under national law relating in particular to tortious liability and unfair competition, provided that such actions are not brought on the same grounds as those contained in Articles 8 and 9.
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

Articles 12 to 20 unchanged

**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.

**AMENDMENT NO. 14**

**Article 21(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.

**AMENDMENT NO. 15**

**Article 21(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.

**AMENDMENT NO. 16**

**Article 21(4)**

Paragraphs 5 and 6 of Article 17 apply to licences.

Delete remainder

Delete this paragraph

(Articles 22 - 29 Unchanged)

**Article 30**

(Examination as to whether the application satisfies the relevant substantive conditions)

**Article 30**

(Examination as to whether the application satisfies the relevant substantive control conditions)
Text proposed by the Commission of the European Communities

(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 to equal to the minimum fee chargeable but less than the prescribed fee, shall be rejected. No right 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 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.

AMENDMENT NO. 17

(1) Unchanged

(2) Unchanged

(3) Paragraph 2 shall not apply until the applicant has been requested to correct the irregularities or to pay the prescribed amounts of fees within a specified period.

Article 31
(Examination as to absolute grounds for refusal)
1. Unchanged

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 as to a part of the trade mark are not exclusive.

(* Linguistic corrigendum to English test).
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.

(Article 34(2) and (3) Unchanged)

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

AMENDMENT NO. 18

Article 34
(Opposition)

1. Proprietors of prior rights 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. If the applicant so requests or the Office so requires, the proprietor of an earlier (one word deleted) trade mark of the kind described in sub-paragraph (a) of paragraph 2 of Article 7, who has entered an opposition shall furnish proof that that trade mark has been used in the manner required by Article 13 during the period of five years preceding the date of publication of the Community trade mark application, provided:
   a) that the earlier (one word deleted) trade mark has at that date been registered for not less than five years; and
   b) that as regards national trade marks, the reference in Article 13(1) to use in the common market shall be deemed to be use in the Members States concerned.

AMENDMENT NO. 19
Text proposed by the Commission of the European Communities

Article 35(2) contd.

a trade mark of the kind described in sub-paragraph (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.

(Articles 35(4) - 41 Unchanged)

Amendments tabled by the Legal Affairs Committee

Article 35(2) contd.

In the absence of proof to this effect, the opposition shall be rejected. If the earlier 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 the examination of the opposition, be deemed to be registered in respect only of that part.

(Last sentence deleted).

AMENDMENT NO. 20

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.

AMENDMENT NO. 21

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.
Article 42(1) contd.

application and which, under the law of the Member State which governs the sign, entitles the proprietor to prohibit the use of any later trade mark.

(Articles 42(2) - 43 Unchanged)

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.

(Articles 44(2), (3) Unchanged)

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.

AMENDMENT NO. 22

Article 44
(Limitation in consequence of acquiescence)

(1) Where the proprietor of any such right as is mentioned in paragraph (1) of Article 42 has acquiesced in the use of a Community trade mark within the Community 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.

(Articles 44(2), (3) Unchanged)

AMENDMENT NO. 23

Article 45
(Prior rights subsisting in particular localities)

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

AMENDMENT NO. 24

2. Paragraph 1 shall cease to apply if the proprietor of the prior right has acquiesced in the use of the Community trade mark on his territory for a period of three successive years; but this provision shall not apply if the Community trade mark was applied for in bad faith.
Article 47(4)

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 of the goods or services. This provision shall apply where the earlier Community trade mark is a trade mark of the kind described in sub-paragraph (b) or (c) of paragraph 2 of Article 7.

AMENDMENT NO. 25

Article 47(4)

4. If the proprietor of the Community trade mark so requests or the Office so requires, the proprietor of an earlier (one word deleted) trade mark of the kind described in sub-paragraph (a) of paragraph 2 of Article 7, 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:

a) that at that date the earlier (one word deleted) trade mark has been registered for not less than five years; and

b) that as regards national trade marks, the reference in Article 13(1) to use in the common market shall be deemed to be used in the Member State concerned.

If, at the date on which the Community trade mark application was published, the earlier (one word deleted) trade mark has been registered for not less than five years, the proprietor of the earlier (one word deleted) 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 (one word deleted) 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. (Delete last sentence).
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

(Articles 47(5) - 59(6) Unchanged)

AMENDMENT NO. 26
Article 59(7). (new)

The parties shall be informed of the hearing of a witness. They shall have the right to be present and to put questions to the witness.

(Articles 60 – 74(2) Unchanged)

Article 74
(Jurisdiction of national courts to hear actions for infringement of Community trade marks)

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 infringements occurred.

Article 74
(Jurisdiction of national courts to hear actions for infringement of Community trade marks)

AMENDMENT NO. 27
3. If the court hearing the action finds that the Community trade mark has been infringed by use of another (delete 1 word) trade mark or exclusive right it shall order that the latter shall not be used anywhere in the Community; in any case, compensation for damages and other appropriate remedies, including interlocutory remedies, subject to the rules of procedure applicable in the laws of the Member State for infringement of national trade marks, shall be ordered similarly.

AMENDMENT NO. 28
Article 74 (4) (new)

4. Any court in a Member State seized of the Community trade mark matter or any party involved in such action may request the office for an expert opinion on the significance of the meanings, definitions and pronunciations of any words comprised in trade marks or the prior rights which are the subject of such an action. Such an opinion shall be treated as a part of the evidence in the case before the court in question.

(Articles 75 – 80 Unchanged)
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.

Amendments tabled by the Legal Affairs Committee

Article 81

AMENDMENT NO. 29
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 identical or similar 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, so far as they give identical rights to those given by the Community trade mark, for so long as the Community trade mark produces its effects.

AMENDMENT NO. 30
Article 81 (1 bis) (new)

Any person who, in one of the Member States, has brought an infringement action on the basis of a Community trade mark, or a national trademark which does not give identical rights to those given by the Community trade mark, may not bring a new action against the same respondent or his assignee in respect of the same or a similar later infringement, in respect of the other trade mark.

AMENDMENT NO. 31

2. The proprietor of the Community trade mark may, however, take advantage, for the benefit of the Community trade mark, of the date of acquisition of the national trade mark, as regards the Member State in which the national trade mark existed or remains registered.
Text proposed by the Commission of the European Communities

Article 81 contd.

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.

Amendments tabled by the Legal Affairs Committee

Article 81 contd.

AMENDMENT NO. 32
3. In derogation from paragraph (1), the suspended 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.

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.

AMENDMENT NO. 33
1. Without prejudice to Articles 45 and 74-76, the national law of Member States shall not apply in relation to the use of Community trade marks. However, national laws on the granting of interlocutory and final injunctions shall apply, provided that final injunctions shall be made only after the conclusion of the procedure provided for in Articles 46 and 47.

AMENDMENT NO. 34
1 bis (new)
Paragraph 1 shall not prevent actions from being brought against a Community trade mark under national law relating in particular to tortious liability and unfair competition, to the extent that the use of a national trade mark may be prohibited under that law, provided that such actions are not brought on the same grounds as those contained in Articles 7, 8 and 42.
Text proposed by the Commission of the European Communities

Article 83

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 ground of non-user.

(Amendments tabled by the Legal Affairs Committee)

Article 83

1. Unchanged

AMENDMENT NO. 35

(a) Unchanged

(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 ground of non-user in all the Member States.

(Articles 83(2) - 96 Unchanged)

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.

(Articles 97(2) - 98 Unchanged)

Amendments tabled by the Legal Affairs Committee

Article 97

(Grounds for and consequences of invalidity)

AMENDMENT NO. 36

(1) A Community guarantee mark or a Community collective mark which is registered in breach of the provisions of Articles 90 or 91 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.

(Articles 97(2) - 98 Unchanged)
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO. 37
Article 98 bis (new)

The symbol composed of the Greek capital letter epsilon contain within a circle, thus (€), may be used to indicate a registered Community trade mark.

(Articles 99 - 102 Unchanged)

AMENDMENT NO. 38

Article 103 (Language)

The language of the Office for procedural purposes is ..... However, a party shall be entitled to conduct written and oral proceeding in any language of the Community with translation and, in the case of hearings, simultaneous interpretation into the language of the Office and those of the other parties in accordance with the Implementing Regulations.

(Articles 104 - 124(1) Unchanged)

AMENDMENT NO. 39

Article 124(2) (Fees regulations)

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

(Articles 124(3) - 127 Unchanged)
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

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

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 marks 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 harmonisation of the trade marks 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;

AMENDMENT NO 40

It does not appear to be necessary at present to undertake full-scale harmonisation of the trade marks 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. (6 words deleted)

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. (Last sentence deleted)

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Text proposed by the Commission of the European Communities

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 marks law. The directive therefore requires that

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 41
This directive does not deal with 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;

AMENDMENT NO 42
Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States;

AMENDMENT NO 43
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 registered trade marks be actually used;

AMENDMENT NO 44
The principal purpose of the directive is to ensure that henceforth registered trade marks enjoy uniform protection under the legal systems of all the Member States;

AMENDMENT NO 45
The protection afforded by the registered trade mark is bound up with the concept of similarity respectively of a sign, and of the goods and services in connection with which it is used to the registered trade mark and the goods or services for which it is registered and with the possibility of confusion between the sign and the registered trade mark. 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 registered 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 marks 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;

Amendments tabled by the Legal Affairs Committee
AMENDMENT NO 45 contd
States affords to trade marks degrees of protection which may be to some extent inconsistent with this 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 the sign and the goods or services in connection with which it is used and the registered trade mark and the goods or services for which it is registered, that it be clear in each case that customers are likely to be confused as to the sign and the goods and services which are identified by the sign on the one hand and the registered trade mark and the goods or services for which it is registered on the other. 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 the registered trade mark that it is clear that the sign is likely to be confused with the registered 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;

One recital unchanged
Whereas it is necessary for the functioning of the common market to approximate national procedural rules only insofar 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; whereas, for the present, provision is made for an amicable settlement procedure only; whereas it may, however, be proper at some later stage depending in particular on the degree of integration then achieved the Community to contemplate new measures which would enable such conflicts to be resolved more easily;

AMENDMENT NO 46
Whereas it is necessary for the functioning of the common market to approximate national procedural rules only insofar 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; whereas, for the present, provision is made for an amicable settlement procedure only;

(Delete last phrase)
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, 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;
(3) A trade mark shall also be invalidated where the goods for which it is registered in the Member State concerned has 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, and 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 in 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.

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 51 contd

Article 3 (1) continued

services which are similar to those for which the trade mark is registered, where because of the similarity of the goods or services, such use involves a likelihood of confusion between the sign and the trademark on the part of the public;

- any sign which is similar to the trademark in relation to goods or services which are identical with or similar to those for which the trade mark is registered, where because of the similarity of the signs and the identity or similarity of the goods or services such use involves a likelihood of confusion between the sign and the trademark on the part of the public.

AMENDMENT NO 52

(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 in business correspondence or invoices.

(3) Unchanged

AMENDMENT NO 53

1 bis (new)

Any person who used a sign before the date referred to in Article 18(1) on goods not identical with those for which the trademark was then registered and was thereby not debarred from such use under the law of the member States, may continue such use after that date.
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 re-packaged 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.

Amendment No 54

(c) Where the goods are re-packaged or relabelled by a third party unless any rule of law relating to the free movement of goods in accordance with the Treaty shall in the particular circumstances permit repackaging or relabelling.

Amendment No 55

(2)bis (new)

The provisions of this article shall not prejudice the right of the proprietor to prohibit the affixing of the sign to the goods or to the packaging thereof.

Amendment No 56

The trade mark may be invoked against a licensee only if he contravenes a limitation with regard to the duration of the licence or to the licensed scope of the goods or services in respect of which it is registered, or contravenes the proprietor's instructions concerning the quality of the goods or services.

/*Corrigendum: concerns only the English text*/
Article 8

(1) A trade mark shall be refused registration or shall be invalidated on the ground that an earlier trade mark exists where those marks are likely to create confusion within the meeting of Article 3(l);

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

AMENDMENTS Tabled by the Legal Affairs Committee

Article 8

AMENDMENT NO 57

(1) A trade mark shall be refused registration or shall be invalidated on the ground that it is identical with a prior right, and the goods or services to which each relates are identical with each other;

(b) if it is identical with the prior right and the goods or services to which each relates are similar with the result that there arises a likelihood of confusion between the trade mark applied for and the prior right on the part of the public in the territory in which the prior right has effect;

(c) if it is similar to the prior right and the goods or services to which each relates are identical with or similar to each other with the result that there arises a likelihood of confusion between the trade mark applied for and the prior right on the part of the public.

AMENDMENT NO 58

(2) A 'prior right' means:

(a) 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 trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks;

- Community trade mark,
- trade marks registered in the Member States,
- trade marks registered under international arrangements which have effect in the Member State;

(b) application for the trade marks referred to in (a), subject to their being subsequently registered;

(c) trade marks which, on the date of application for registration of the trade mark are well known in the Member State, in the sense in which the words 'well known' are used in Article 6a of the Paris Convention;
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 58 contd

(d) any right other than the foregoing protecting a sign used in the course of trade before the application for registration of the trade mark which, under the law of the Member State, entitles the proprietor to prohibit the use of any later trade mark;

(e) any right protecting a sign consisting of or containing
- 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,
- a portrait,
- a work protected by copyright or by an industrial design or model,

so, however, that in any opposition based on this right the likelihood of confusion does not need to be established.

Article 9

(l) 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 9

Unchanged
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 59

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.

Articles 11-17 unchanged

AMENDMENT NO 60

New Article 17 bis (new)

The symbol composed of a capital letter R contained within a circle, thus R, may be used to indicate a registered trade mark.

Articles 18 and 19 unchanged
MOTION FOR A RESOLUTION

Closing the procedure for consultation of the European Parliament on the proposals from the Commission of the European Communities to the Council for I a First Directive to approximate the laws of the Member States relating to trade marks II a Regulation on the Community trade marks.

The European Parliament,

- having regard to the proposals from the Commission of the European Communities to the Council(1),

- having been consulted by the Council pursuant to Articles 100 and 235 of the Treaty establishing the EEC (Doc. 1-682/80),

- having regard to the Report of the Legal Affairs Committee and the Opinion of the Committee on Economic and Monetary Affairs (Doc. 1-611/83),

- having regard to the result of the vote on the Commission's proposals,

1. Draws attention to the fact that at present, the protection available for trade marks is effective only within the area over which the relevant national law operates, and that identical or similar trade marks can therefore be protected in more than one Member State for the benefit of different proprietors;

2. Points out that, as a result, conflicts arise at the Community's internal frontiers, and that consumers may be misled as to the origin of the product;

3. Affirms that the import of goods and services may thus be impeded by national trade mark rights, and that free trade and competition between Member States can be affected thereby;

4. Is therefore of the opinion that the approximation of national trade mark law, while vital in itself as a means of lessening the impediments to trade and justified under Article 100, in not sufficient to abolish, as between Member States, the obstacles to freedom of movement for marked goods and services nor to institute a system which would ensure that competition in the common market for marked goods and services is not distorted;

(1) OJ No C 351, 31.12.1980, pages 1 and 5 PE 74.754/fin
5. Considers that the creation of a trade mark which is valid throughout the Community and which exists alongside national rights is essential to the objective of a true common market in marked goods and services;

6. Points out that national trade mark law has proved throughout the world to be an essential factor in promoting trade and industry and that all indications are that a Community trade mark system would provide the same impetus and produce the same consequences, particularly by facilitating the development of European markets for products and services and the expansion of existing national markets;

7. Firmly believes that the Community trade mark system will be of real economic benefit to the consumer, particularly by promoting commerce and competition within the Community, and by increasing the transparency of European markets for consumer goods and services;

8. Considers it necessary within the meaning of Article 235 for the Community to create the Community trade mark in order to attain vital objectives of the EEC Treaty for which the necessary powers have not been otherwise provided, and, in addition, to ensure conditions for trade in marked goods and services within the Community similar to those existing in the national markets;

9. Strongly affirms that it is appropriate within the meaning of Article 235 to take the following measures: to set up and organise, as a body of the Community, a Community Trade Marks Office, monitored by the Commission, to confer on the Office powers and, in particular, the power to address decisions to the relevant parties in trade mark proceedings, to adopt rules concerning their enforcement, to confer on the Board of Appeal of the Trade Marks Office and on the Court of Justice the powers to protect the legal rights specified in the proposed regulation, and to adopt rules on jurisdiction and judicial proceedings in actions relating to Community trade marks;

10. Considers that the creation of the Trade Marks Office in the form of such a Community body fully respects the institutional balance of the Community;

11. Welcomes the proposal that the budget of the Trade Marks Office be incorporated into the general budget of the Communities and will therefore be subject to the scrutiny of the European Parliament;
12. Approves the proposal for a Regulation on the Community trade mark and the proposal for a First Directive to approximate the laws of the Member States relating to trade marks subject to the amendments which have been adopted;

13. Requests the Commission to include those amendments in its proposals pursuant to the second paragraph of Article 149 of the Treaty establishing the European Community;

14. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposals as voted by Parliament and the accompanying resolution.
I. INTRODUCTION

THUMBNAIL GUIDE TO TRADE MARK LAW

1. Industrial and Intellectual Property

Industrial and intellectual property comprises non-material legal rights acquired by original or novel industrial, commercial activity. The most important are patent rights acquired by making industrially useful inventions which the inventor publishes to the world in return for a monopoly of twenty years duration. European patent law is already harmonised by the European Patent Convention and the European Community Patent Convention. Secondly, there are unpatented trade secrets and know-how. This form of property, most appropriate for technical know-how (which is in the nature of technical experience often hard to specify totally on paper) can be imparted to another person or company in the form of advice as to optimising an industrial process; the value put on acquiring this know-how is protected by keeping it unpublished and disclosing it in confidence. Another form of non-material property is copyright in original literary, musical and artistic work. Commercially speaking, the second most important form of intellectual property after patents is certainly trade marks.

2. Distinctive Trade Marks

The details of trade mark law are extremely complicated, but the basic principles are very simple. Fortunately the principles, and many of the details, are common to the western world. A trade mark is any sign (label, word, emblem, picture or packaging get-up) adopted by a manufacturer or trader to distinguish his goods from similar goods of another manufacturer or trader. If he obtains a reputation with the public in the market because of the distinctiveness of his trade mark he can prevent a competitor from marketing his goods with a trade mark which confuses the public into thinking that the goods originate from the first user of the trade mark. To cause confusion in the market is known as "unfair competition" in the civil code-type legal systems and "passing off" in the Common law system.

The earlier user of a trade mark has the right to complain that a later user of that mark (on similar goods) or of a confusingly similar trade mark should be stopped by the court to prevent confusion in the market.
A person can indicate the origin of goods with a trade mark as to origin of manufacture, merchandising or approval. Thus a trade mark may indicate manufacturer, wholesaler or retailer. An article may have a plurality of trade marks indicating different origin, e.g.: manufactured by Bayer, sold by Bon Marché.

If a person allows another person to use his trade mark or a confusingly similar trade mark on goods which do not originate with him, he allows the public to be confused; his trade mark thus loses its distinctiveness and he can no longer prevent others from using it.

The normal legal remedy for use of a trade mark confusingly similar to another's is an injunction and damages for loss of sales. One serious problem for a trade mark proprietor is that if one person uses a trade mark confusingly similar to another person's trade mark, the aggrieved party must halt the confusing use promptly; otherwise the public becomes confused and the earlier trade mark may eventually cease to be distinctive. Thus it is often impossible to await the final court decision because too much damage will have been done in the market between the time of first use complained of and judgment. In this case an interlocutory injunction pending trial is vital.

3. Unfair Competition Trade Mark Actions

Thus the ingredients for an unfair competition trade mark action are:

- use of the same or a confusingly similar trade mark as that used by the earlier user,

- on goods the same as or similar to those of the earlier user,

- so that the public is likely to confuse the goods of one for the goods of another.

4. Licensing Trade Marks

The proprietor of a trade mark can license another person to use it on the same type of goods only if he controls the quality of the goods; if this were not the case the proprietor would be confusing the public as to the origin of the goods: if he controls the standard of the goods, they in effect originate with him.
5. Registered Trade Marks

If a person registers his trade mark in a national Trade Mark Office he can sue for infringement of the registered trade mark; this is a simpler action than an action for unfair competition. Application for a trade mark is made in respect of particular goods or a class or classes of goods; if the trade mark is novel, the applicant need not have used the mark before application is made. If the trade mark applied for is not a novel word or sign (and therefore not inherently distinctive) the applicant may have to show that it has already acquired a reputation in the market and so is registerable. A trade mark which is descriptive of the goods (eg "Soothing" for soap or "Perfect" for any article!) cannot be registered; equally if the trade mark is mis-descriptive or deceptive, it cannot be registered (eg "Dairy" for margarine).

6. Opposition to Registration, Revocation and Infringement

The application for a trade mark may be opposed in a number of Member States by a person who has used a similar trade mark for similar goods from an earlier time or who has an earlier registration. A registered trade mark may, in some circumstances, be revoked by an earlier user or by the registered proprietor of an earlier mark in the Trade Mark Office or in a court action.

A registered trade mark proprietor may sue a user of the same or a confusingly similar trade mark for infringement; but if the defendant has used his trade mark from a time earlier than the registration, he has a defence, and may be able to revoke the registration.

7. Conflicting Rights

Sometimes a trade mark registration will claim that the scope of the trade mark extends to a certain ambit (eg "Climax" written in any manner in any colours on any background) and the court may decide that the reputation only extends to a lesser ambit (eg "Climax" in red letters on a blue background); in addition the registration may extend to certain classifications of goods (soap, toothpaste and cosmetics) and the court may decide that the reputation only extends to soap and
toothpaste. In these cases the registration will be limited to the true ambit on the application of another party who has earlier use in the contested fields. Similarly a defendant may use a trade mark which in some representations is confusingly similar to a registered trade mark or on goods some of which are confusingly similar to those for which the registered trade mark is registered. In this case the court may limit the use the defendant may continue to make of the trade mark.

II. PROPOSED DIRECTIVE AND REGULATION

1. Relationship of the Directive and the Regulation

The Draft Directive harmonises all the essential features of national trade mark law in the Member States. This is a highly desirable development and much to be welcomed. It is necessary to harmonise national laws on the many thousands of trade marks registered in national registers which will continue to exist even though Community trade marks would become possible under the Regulation, and it is highly desirable that the same laws should apply in each country.

The Draft Regulation sets up a Community trade mark office and register permitting trade marks to be registered for the whole of the Community and to be subject to a single law of trade marks which is the same as the proposed harmonisation of the national laws. The probability is that only a fairly small proportion of trade marks will be registered on the Community register, partly because a great many trade mark users may have relatively localised commercial objectives, but chiefly because a great many existing trade marks could not be used throughout the Community because language differences will make many marks unsuitable, unattractive, descriptive, misdescriptive or confusing in some languages. However, most of the great household names will be capable of registration throughout the Community (eg perhaps "HAG" for coffee, "MERCEDES" for cars, "BOLLINGER" for champagne, "PIRELLI" for tyres).
Thus national registers and the Community registers will most probably persist side by side indefinitely, certainly for many years. Provisions for the satisfactory coexistence of national and Community registered trade marks are therefore necessary. Coexistence provides no real problems: while a Community trade mark exists the rights it gives will be exercised through the Regulation, and national rights in the same trade mark will be suspended. However it often will happen that the scope of a national registration will be wider than the Community trade mark (either because the visual form registered for the Community trade mark will be more limited than national registrations, or because the classification for goods in the Community trade mark registration may, for instance, be narrower). In this case the rights under national registrations in so far as they are wider than the Community trade mark will not be suspended. This will encourage trade mark owners to apply for Community trade marks because they will thereby lose no rights which they possess under national registrations.

(See proposed Regulation: paragraph 4 of preamble and Article 81(1), 81(2) and 81(3).)

2. Unregistered Trade Marks and Unfair Competition

The action for unfair competition by one person against another when the latter confuses the public by using a mark which is the same or similar to the first person's on goods the same or similar as the first person's, is a vital part of effective exercise of industrial property rights in the market. The action is based on the reputation the user has built up in the market. Not all marks are registerable for various reasons, even though their use by another can cause great damage. It is therefore most important to incorporate as much as possible of the law relating to unfair competition from misuse by one person of another's trade marks or other indications of origin (eg the "get up" of packaging) into a harmonised law of trade marks. Thorough discussion by your rapporteur with legal specialists in each Member State of the EEC shows that there are no great difficulties in achieving maximum harmonisation in this sphere. The proposed amendments therefore go further than the Commission attempted towards achieving
harmonisation of unfair competition law, without causing legal difficulties. This should significantly increase the benefit of the harmonisation attempted in the Draft Directive, because substantially all rights associated with trade marks and reputation in the market can be harmonised, whether or not they are subject to national registration.

(see proposed Directive, paragraph 2 of the preamble)

3. Inter-relationship of Trade Mark Law and Community Competition Law (Articles 36, 85 and 86 of EEC Treaty)

Trade mark law involves the exercise of industrial and intellectual property rights, which are excluded by Article 36 of the EEC Treaty from the provisions of the Treaty against barriers to trade; however it is possible to misuse trade mark rights to restrict the free flow of goods in the Community, and there have been a number of actions in the European Court of Justice and in national courts in which it has been held that certain uses of particular trade marks in particular circumstances have amounted to improper restrictions on the free movement of goods or to infringements of the rules of competition of Articles 85 and 86 of the EEC Treaty. The Commission attempted to write into the Draft Directive and Regulation some aspects of the provisions of the Treaty on the free movement of goods and of Articles 85 and 86 which they felt had been dealt with to some extent by the European Court of Justice.

The difficulty of attempting this is that these Articles as applied to trade marks have only been considered by the European Court of Justice in such specific instances as happen to have been referred to the court, and the court's judgements have naturally applied to the particular facts of each case before them. In other words, the proper effect of Articles 36, 85 and 86 of the EEC Treaty in many instances still has not been considered by the European Court of Justice. Your rapporteur feels it would be quite wrong to freeze into a Directive or a Regulation principles which may be
thought to arise from the Treaty when the European Court of Justice is certain to amplify and extend its views as time goes on. The principles of law in Articles 36, 85 and 86 are already, naturally, part of the domestic law of each Member State, to be applied in accordance with the interpretation of the European Court of Justice. To pick out particular aspects piece-meal and enact them in national legislation would be anomalous and unwise.

Furthermore there are many aspects of Articles 36, 85 and 86 relevant to trade marks but which the European Court of Justice has not yet been called on to consider and it would be premature to interpret the EEC Treaty definitively in such matters. Therefore the Directive and Regulation should set out the principles of trade mark laws to be applied in the Community, and should expressly leave the limiting effects of Article 36, 85 and 86 of the Treaty to be applied by the European Court of Justice.

(See proposed Directive, paragraphs 3 and 8 of the preamble and Articles 2(3) and 6(2), and also proposed Regulation, paragraphs 1, 6 and 7 of the preamble and Articles 11(1) and (2) and 11 bis.)

4. The Right given by a registered trade mark

The proprietor of a registered trade mark has the right to stop another person using the mark, or a mark confusingly similar to it, on the same goods covered by the registration or on goods confusingly similar to them. This is the cardinal rule of all trade mark law. There was some ambiguity in the Commission's draft Directive and Regulation in that the wording could be read to indicate that the right of the trade mark proprietor was to stop use of a trade mark by another person which was confusingly similar to the proprietor's use of his trade mark. The purpose of registration, however, is to define what the proprietor's rights are; therefore infringement of a registered trade mark depends on a comparison of the defendant's use with the registration itself, not with the particular form of use by the proprietor (which may, of course, in any case, change from time to time and from place to place).
If the proprietor's use in the market of his registered trade mark is not sufficient to support the full scope of his registration the latter will be limited or annulled; thus a defendant who claims that the registration he infringes is not justifiable has a defence.

(See proposed Directive, paragraph 7 of the preamble, Article 3(1), and also proposed Regulation, paragraph 8 of the preamble and Article 8(1)(a).)

5. Degrees of likelihood of confusion between registered trade marks and infringements

There has naturally been some difference of emphasis in the national courts as to what degree of likelihood of confusion between a trade mark used by a defendant and the registered trade mark of the proprietor suing him amounts to infringement. Much concern has been expressed in professional and commercial circles at the requirement for infringement in Article 3 of the Directive and Article 7 of the Regulation for "a serious likelihood of confusion". This concern probably arose chiefly because of doubt as to whether the original text referred to confusion between the mark used by the defendant and that used by the registered proprietor, or between the defendant's mark and the registered mark of the proprietor. This has been cleared up by amendment (see paragraph II.4, above); nonetheless it is considered best to avoid the use of the expression "serious likelihood of confusion" proposed by the Commission, and thus the word "serious" has been deleted throughout the proposed regulation and directive.

(see proposed Directive, paragraph 7 of the preamble, Article 3(1), and also proposed Regulation, paragraph 8 of the preamble and Article 8(1)(a).)

6. Regulation: opposition to application by proprietor of an earlier unregistered right

The Commission proposal provides for opposition to be lodged to an application for registration of a Community Trade Mark by a proprietor of a Community Trade Mark or of a national registered trade mark. However it only provides for the proprietor of an earlier unregistered right to wait for registration of the Community Trade Mark and then to move to revoke the newly registered
Community Trade Mark. The reason for this is that the Commission fears that there may be an avalanche of oppositions by proprietors of unregistered trade marks.

However, in principle it is far preferable that all grounds of objection to an application for a Community Trade Mark should be disposed of at once before the granting of the Community Trade Mark. It is better therefore to provide for this and make provision for revision if it turns out that there are an unmanageable number of oppositions. Your rapporteur does not believe that this fear will materialise.

(See proposed Regulation, paragraphs 6 and 7 of the preamble and Articles 7(1), 34(1) and 42(1)).

7. **Identical law in Directive and Regulation**

In the original Draft Directive and Draft Regulation there are on a number of occasions different forms of words used for provisions which are intended to be, and most certainly should be, identical. Amendments have corrected this and they will not be specifically listed.

8. **Advisory opinions by Community Trade Mark Office for National Courts**

National courts will be considering Community-wide Community Trade Mark issues under the terms of the Regulation; this is a step forward in judicial procedure in the Community much to be welcomed. Therefore there may be cases where factual opinions on the meaning, significance, definition and pronunciation of particular words in various languages which comprise trade marks under consideration will be of useful guidance to national courts which are deciding such matters. An amendment provides that national courts and parties to actions in them may request such opinions from the Community Trade Mark Office. Such an opinion introduced into a case shall be no more authoritative than other expert evidence, and shall be
treated as ordinary expert evidence and therefore subject to questioning. Such opinions should give greater confidence to parties taking part in national court actions where words foreign to the court are being considered.

(see proposed Regulation, Article 74(4).)

9. Language of Community Trade Mark Office Procedure

It is desirable that the Community Trade Mark Office shall conduct its business basically in one language, but it is vital for equity between parties that all written and oral proceedings may be conducted in any other Community language by the use of written translation and simultaneous interpretation where desired. This will do justice to the parties and yet save an immense part of the expense involved in conducting all the affairs of the Office in all official languages. The costs of translation and interpretation should be ordered to be paid by the parties.

(see proposed Regulation, Article 103.)

10. Detailed Comments on Particular Articles

Regulation, Preamble, paragraph 1:

The amendment ensures that the Regulation establishes a law of trade marks for Community Trade Marks. It could not and should not attempt to codify the principles of free movement of goods and competition in Articles 36, 85 and 86 of the Treaty of Rome. See paragraph II.3 of general comments. This point arose also in paragraph 3 of the Preamble of the Directive.

Regulation, Preamble, paragraph 4:

Amendment required because there are very many national registered trade marks which are distinctive in one Member State but which in another would, because of language, be descriptive, misdescriptive or confusing. In addition there are many cases where one proprietor has an established reputation in a particular mark in one Member State, but another proprietor has an established reputation in another Member State because each has honestly used it in his own country but not in others.
 Regulation, Preamble, paragraph 6:
See paragraph II.6 of general comments.

Regulation, Preamble, paragraph 7:
See paragraph II.6 of general comments.

Regulation, Preamble, paragraph 12:
The Regulation proposes that judgements on infringements as well as validity should have effect throughout the Community. The preamble, should therefore be amended to say so.

Regulation, Article 7(1) and 7(2):
See paragraph II.6 of the general comments.

Regulation, Article 7(4):
Consequential amendment.

Regulation, Article 8(1)(a):
See paragraphs II.4 and II.5 of the general comments.

Regulation, Article 8(1)(b):
Amendment combines two amendments adopted in committee, following an undertaking to this effect by the rapporteur.

Regulation, Article 11(2):
Subparagraph (c) is amplified to give freedom to the Commission, national courts and the European Court of Justice to interpret and apply Articles 36, 85 and 86 freely in accordance with paragraph II.3 of the general comments.
Regulation, Article 11 bis:

It is correct that a proprietor of a Community Trade Mark should not be enabled to bring duplicate actions under national registrations to the extent that his rights under each are coterminous, but his proprietorship of a Community Trade Mark should not prevent his exercising rights which arise from his reputation in the market so long as these rights are different from those given by the Community Trade Mark. The amendment provides for this.

Regulation, Article 21(2):

Amendment to correct error.

Regulation, Article 21(3):

Amendment brings the law of the Regulation into line with that proposed by the Commission in the Directive. (See Article 7 of the Directive).

Regulation, Article 34(1):

Amendment consequential on the provision for opposition by proprietor of prior rights in Article 7 of the Regulation. See paragraph II.6 of the general comments.

Regulation, Article 35(2):

Amendment provides for "use" provisions of national registered trade marks relied on by the opponent in opposition proceedings, as well as for such provisions relating to Community Trade Marks. This harmonises the Community Trade Mark law and national laws more closely and obviates the need in Community Trade Mark opposition proceedings to have recourse to national courts concurrently in a case where the opponent's mark is alleged not to have fulfilled national user requirements.

Regulation, Article 45(1):

Amendment provides more precise definition of meaning intended.

Regulation, Article 47(4):

Amendment equivalent to Article 35(2) of the Regulation.
Regulation, Article 74(3):

The first two amendments correct ambiguity in the original text and define the original meaning more accurately. The third amendment makes express the intention that interlocutory proceedings are included as well as damages and other relief.

Regulation, Article 74(4):

See paragraph II.8 of general comments.

Regulation, Article 81(1), (2) and (3):

The amended form accurately prevents duplicated rights between Community and national trade marks, without depriving the proprietor of national rights which he may have which are more extensive than his Community Trade Mark rights. See paragraph II.1 of general comments.

Regulation, Article 82(1) and (2):

The amendments equate Community trade marks with national trade marks for the purpose of ensuring that unregistered prior exclusive rights can be protected in national courts against later Community trade marks to the same extent that such rights can be protected against national registered trade marks.

Regulation, Article 103:

See paragraph II.9 of general comments.

Regulation, Article 124(2):

The amendment provides for a transitional phase when fees need not cover costs. This is necessary to encourage wide use of the Office in the early stages.

Directive, Preamble, paragraph 2:

Deletion of 6 words in line 15 as unfair competition concerning "unregistered trade marks" is substantially covered by the Directive.
Directive, Preamble, paragraph 3:

See general comments, paragraph II.3.

Directive, Preamble, paragraphs 4 - 7:

Insertion of "registered" in various places to distinguish from unfair competition concerning "unregistered trade marks".

Directive, Article 1:

Amendment corrects an omission.

Directive, Article 2(1):

Amendment corrects obvious mistake by confining grounds for irregisterability to those existing in Member States where the mark is applied for. Clearly a mark should not be unregistrable in Germany solely because it is, for example, a descriptive word in France but not in Germany. The expression "not distinctive" is used to replace "devoid of distinctive character" in order to bring the wording into accord with the proposed regulation (see Article 31(2), proposed regulation).

Directive, Article 2(3):

The deletion of this paragraph is in accordance with paragraph II.3 of the general comments, in order to avoid partial codification of Articles 36, 85 and 86 of the EEC Treaty in national legislation which would curtail the freedom of the European Court of Justice to interpret these articles and give full effect to the Treaty of Rome as it sees fit.

In addition the proposal that only one registered trade mark should be used by a proprietor for the same goods throughout the Community is completely impractical. It would be impossible to say what the same goods are. Normally a trade mark is registered for a class of goods. For example, a registration may be "confectionery" or even a wider class of foodstuff, and clearly a manufacturer of confectionery will want to use different marks on different types of chocolates, different assortments, etc. Furthermore often variation in types of goods and marks are desirable to meet different market
conditions in different countries. The Commission, national courts and the European Court of Justice should be left free to deal with abuse of trade mark rights in this respect under Articles 36, 85 and 86 of the Treaty of Rome.

**Directive, Article 3(1):**

Amendment to express more accurately the rights of proprietors of trade marks in accordance with general comments, paragraphs II.4 and II.5.

**Directive, Article 6(1):**

Subparagraph (c) is amplified to give freedom to the Commission, national courts and the European Court of Justice to interpret and apply Articles 36, 85 and 86 freely in accordance with paragraph II.3 of the general comments.

**Directive, Article 7:**

Amendment provides greater precision of meaning.

**Directive, Article 8(1) and 8(2):**

Amendments set out adopt the same words as the draft regulation in order to bring the Directive expressly in line with the Regulation.

**Directive, Article 10(1):**

The amendment makes clear that acquiescence only arises from failure to act despite knowledge of the later mark. In addition acquiescence is confined to Member States in which the earlier proprietor has rights. It is unreasonable to expect a trader in Denmark to take steps against the use of his mark in Greece where he has never traded even if he hears of such use.
OPINION

of the Committee on Economic and Monetary Affairs
Draftsman: Mr von BISMARCK

On 15 April 1981, the Committee on Economic and Monetary Affairs appointed Mr von BISMARCK draftsman of an opinion.

It considered the draft opinion at its meeting of 28 September 1982. At this meeting it adopted the Commission proposals and the draft opinion unanimously.

The following took part in the vote:

Mr MOREAU, chairman, Mr HOPPER, vice-chairman,
Mr von BISMARCK, draftsman of the opinion,
Mr ALBERS (deputizing for Mr WALTER); Mr BONACCINI, Mrs DESOUCHES,
Mr Ingo FRIEDRICH, Mr HERMAN, Mr LEONARDI, Mr McCARTIN (deputizing for Mr van ROMPUY), Mr MIHR, Mr NYBORG, Mr PURVIS (deputizing for Mr BEAZLEY) and Mr WELSH.
INTRODUCTION

1. On 5 December 1980 the Council of the European Communities requested the European Parliament to give its opinion on the following Commission proposals:
   - proposal for a first Council directive to approximate the laws of the Member States relating to trade marks;
   - proposal for a Council regulation on Community trade marks.

2. The Committee on Economic and Monetary Affairs welcomes this initiative on the part of the Commission. In the past it has, in its opinions on the Commission's reports on competition, urged the latter several times to accelerate the work on Community trade marks and to submit appropriate proposals by the end of 1980.

3. A strong, effectively formulated trade mark which does not fall behind the standard of protection of trade marks in the countries with free market economies in international competition is important for the European economy to enable it to withstand international competition.

Only justified confidence in the protection of their trade marks induces manufacturers to make the investments necessary to the competitiveness and innovation of our economy.

The importance of trade marks may be illustrated by a few figures. At the end of 1980 there were approximately 4 million registered trade marks throughout the world, almost half of which, in other words approximately 1.8 million, were in the ten Member States. Approximately 75,000 trade marks were newly registered in the Member States in 1980.

The production of trade-marked goods has also been increasing at an exceptional rate in the last few years. Thus in the Federal Republic of Germany the value of production rose from 176.6 thousand million DM in 1979 to 190.3 thousand million DM in 1980, in other words by almost 8%. Exports accounted for 65.5 thousand million DM of this. In addition, trade-marked goods accounted for between 40 and 50% of retail turnover.
4. Trade-marked goods are a result of the industrial mass production of consumer goods, which are becoming increasingly varied. Manufacturers and traders can, by labelling their goods with trade marks, stand out from the otherwise anonymous range of goods offered for sale and vary their range in accordance with consumer preferences. By affixing a trade mark they assume liability for the quality of the goods which they manufacture and sell. The trade mark makes it logical for manufacturers to produce high-quality products and to guarantee this quality in the long term. Consumers are confronted throughout the Community with a large number of consumer goods of the same type which display differences in quality, specific characteristics, taste and image. In order to make the right choice consumers need to identify these goods and their origins and to distinguish them from one another. Trade marks make this identification easier for consumers by making the range of goods clear. Thus trade marks make a valuable contribution to a free market economy which guarantees consumers freedom of choice and ensures that the range of goods is assembled according to consumer preferences.

In addition trade marks are an important factor in the rationalization of sales and the reduction of costs since they facilitate cost-saving sales techniques. They make it possible for a new product to be immediately recognized on the market and thus stimulate innovation. Finally, trade marks are not only an implement for domestic sales but are also important as regards exports.

5. Hitherto the conditions for a European domestic market in trade-marked goods have not yet been achieved. Undertakings wishing to obtain trade mark protection in all Member States are compelled to lodge eight applications with eight different trade marks offices in order to obtain, after eight different procedures, a trade mark, which is in each case effective only in one area of the Community.

This large number of procedures gives rise to high administrative costs and correspondingly high fees for applicants. The committee considers that, for these reasons too, it is necessary to create a Community trade mark.
6. The committee attaches great importance to the creation of equal conditions of competition and to the guaranteeing of the free movement of goods in the trade marks sector. Hitherto only national trade marks have existed, the protection of which depends upon the national legal system in each case. Identical and similar trade marks may therefore also be obtained independently by different undertakings in the various Member States, which is bound to give rise to conflicts at the internal frontiers of the Community. Although the Court of Justice of the European Communities has, by its decisions, eliminated some of the restrictions on the free movement of goods arising from the territorial limitation on national trade marks, a large number of these restrictions still continue to exist. This applies chiefly to cases in which trade marks from different Member States, created independently of one another and capable of confusion, are owned by undertakings with no financial links and are in conflict with one another. It is estimated that there are more than 300,000 such conflicting trade marks in the Community.

7. For consumers a Community trade mark means an additional source of information as to the origin and quality of numerous consumer goods. It enables them to choose correctly the desired product from a considerable number of similar goods throughout the Community. Consumer associations may, in the registration procedure, lodge objections to the registration of a specific trade mark with the trade marks office and are entitled to apply for a declaration that a trade mark has expired or is invalid.

8. The regulation based on Article 235 of the EEC Treaty ensures that the European Parliament can exercise its powers under the Treaties.
CONCLUSIONS

1. The Committee on Economic and Monetary Affairs wishes to point out to the Legal Affairs Committee the considerable economic importance of trade marks. In an economic system geared to the needs of consumers, manufacturers and traders it fulfils an important function in the general interest in the distribution of goods and services.

2. The Committee on Economic and Monetary Affairs welcomes both the Commission's idea of setting up a uniform system of trade marks and the principle features of that system contained in the proposal for a regulation, and also the proposals for harmonization contained in the proposal for a directive.

3. National trade mark legislation cannot be replaced by a new Community law on trade marks. The committee therefore approves the restricted objective of the proposal for a first directive which is to approximate those provisions of the national law on trade marks the differences between which have the most direct and immediate effects on the establishment and functioning of the Common Market.

4. Nevertheless, the approximation of legislation cannot abolish those obstacles to competition and to the free movement of goods arising from territorial limitation on national trade mark law. These obstacles can only be removed by the creation of a trade mark which is largely independent of national law and effective throughout the Community. This Community trade mark is the only way to the progressive attainment of a common market in trade-marked goods.

5. The proposal for a Council regulation on Community trade marks is intended to enable an undertaking to obtain one trade mark for the territory of the European Community by means of one application to one trade marks office under one uniform procedure and in accordance with uniform provisions. It can market its goods and services throughout the Community under a single trade
mark which enjoys the same protection everywhere. The economy thus obtains an effective instrument for the marketing of its goods and services throughout the Community at low cost, which will help to promote intra-Community trade.

6. The committee is strongly in favour of the creation of an office for Community trade marks in the form of a Community establishment. It expressly supports the provision laid down in Article 103 according to which the office shall have only one language for procedural purposes.

7. The Committee on Economic and Monetary Affairs recommends that the Legal Affairs Committee should adopt the following amendments to the proposals for a directive and for a regulation, which express these conclusions and have been adopted by the Committee on Economic and Monetary Affairs:
Amendments to the proposal for a directive proposed by the Committee on Economic and Monetary Affairs

AMENDMENT No. A


Article 2(3) and (4)

Delete.

EXPLANATORY STATEMENT

This article prohibits the use of different trade marks from one Member State to another if there are no legitimate grounds for such conduct. The Commission justifies this provision on the ground that it guarantees the free movement of goods.

Obstacles to the free movement of goods between the Member States by the use of different trade marks are prohibited under Article 30 et seq. of the EEC Treaty if the different trade marks were used with the intention of partitioning the common market (see judgment of the Court of Justice of the European Communities of 10 October 1978 in Case 3/78, Centrafarm v American Home Products). If Article 30 et seq. does not apply in accordance with that judgment, the principle of free enterprise requires that an undertaking should continue to be able to use different trade marks in different Member States for legitimate reasons of market policy so as to be able to adapt itself to national and commercial conditions.

Moreover, this prohibition could easily be circumvented by the proprietor of the trade mark's marketing under each trade mark products with a different composition instead of the same product. Such a prohibition could only be enforced if an administrative body were given the task of examining whether an 'identical' product was involved. This would not be compatible with the principles of a free market economy.
AMENDMENT No 8

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

Article 3(1): Delete the word 'serious'.

Delete the word 'serious' on page 14 of the explanatory memorandum.

EXPLANATORY STATEMENT

The committee shares the Commission's view that too broad an interpretation of the likelihood of confusion forms an obstacle to freedom of competition and the free movement of goods not justified by the need of proprietors of trade marks and consumers to be protected against signs which are capable of being confused. This makes it increasingly difficult for competitors to register new trade marks which are not in breach of such a high degree of protection. The wider the interpretation of the concept of the likelihood of confusion the greater the obstacles placed to the free movement of goods.

For these reasons the committee considers that it is essential not to overestimate the likelihood of confusion. On the other hand, the committee admits that, because of the large number of possible imitations, it does not seem feasible to lay down clear criteria as to when a likelihood of confusion exists in a particular case. The concept of 'serious likelihood of confusion' does not however help to give a more precise definition but rather creates uncertainty.

For this reason the committee proposes that the Commission should clarify the concept of likelihood of confusion in the recitals of the preamble to the directive.
AMENDMENT No 6

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

Article 3(1a)

A new paragraph 1a should be added after Article 3(1) to read:

'or to use a sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those in respect of which application was made, where the trade mark is well-known throughout the Community and its prestige is damaged, by the use of the sign'.

EXPLANATORY STATEMENT

Whilst Article 8(1)(b) of the proposal for a regulation provides for protection for well-known trade marks, there is no corresponding provision in Article 3 of the proposal for a directive. The explanatory statement states, on the contrary, with regard to this article that the directive rules out protection for trade marks having wide reputation.

The committee is in favour of permitting the protection of well-known national trade marks. It takes the view that the proprietors of national trade marks which are particularly famous must, as hitherto, be able to protect themselves from competitors using identical or similar signs for goods which are not similar and exploiting the special prestige of these trade marks. In the interests of the free movement of goods, however, such wide protection must be restricted to exceptional cases.
AMENDMENT No D

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

Article 6(1)
Add the words 'in the European Community' after 'have been put on the market'.

Article 6(2)(a)
Delete.

EXPLANATORY STATEMENT

The committee takes the view that to adopt an attitude based purely on the law relating to trade marks would lead to undesirable results from the point of view of commercial policy. If non-Member States do not acknowledge the principle of international expiry of a trade mark, the Commission's proposal results in discrimination against Community industry.
AMENDMENT No 6

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

Article 7:
Add the following words:
'or if he infringes a limitation on his licence relating to the manufacture of goods in a specific territory'.

EXPLANATORY STATEMENT

The possibility of granting a licence is especially important for small and medium-sized businesses which cannot themselves distribute their product throughout the whole area to which the Community trade mark applies.
AMENDMENT No 5

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

Article 8(1)(b)
Delete the word 'serious'.

EXPLANATORY STATEMENT

See Amendment No 2 to Article 3(1).
Proposals for amendments to the proposal for a regulation proposed by the Committee on Economic and Monetary Affairs

AMENDMENT NO A

Proposal for a Council Regulation on Community trade marks

Article 7(1)
Delete the word 'serious'.

Article 8(1)(a)
Delete the word 'serious'.

Explanatory memorandum, page 58
Delete the word 'serious'.

EXPLANATORY MEMORANDUM

See Amendment No 2 to the proposal for a first directive to approximate the laws of the Member States relating to trade marks.
AMENDMENT No 8

Proposal for a Council Regulation on Community trade marks

Article 11(1) should read as follows:

'The proprietor of a Community trade mark shall not have the right to prohibit a third party from using the trade mark for goods which have been put on the market in the European Community under this trade mark by the proprietor or with his consent'.

Article 11(2)(a) should be deleted.

EXPLANATORY MEMORANDUM

See Amendment No 5 to the proposal for a first directive to approximate the laws of the Member States relating to trade marks.
AMENDMENT No C

Proposal for a Council Regulation on Community trade marks

Article 11(2)(c) to read as follows:

'where the goods have been repackaged by a third party'.

EXPLANATORY MEMORANDUM

The second half of subparagraph (c) of paragraph 2 codifies the case-law of the Court of Justice of the European Community (see Judgment of 28 May 1978 in Case 102/77, Hoffmann La Roche v Centrafarm).

The committee considers that such codification of the case-law of the Court of Justice is inappropriate, especially since, although in other respects the same wording is used, there is no such provision contained in the proposal for a directive. A reference to the case-law of the Court of Justice of the European Communities in the recitals of the preamble to the regulation is quite sufficient.
AMENDMENT No D


Article 21(1) to read as follows:

'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 and for some or all of the area to which it applies. Licences may be exclusive or non-exclusive'.

Article 21(2)

The following words should be added:

'or if he infringes the restriction on his licence relating to the manufacture of goods in a specific territory'.

EXPLANATORY MEMORANDUM

The provisions relating to licences are extremely important for small and medium-sized undertakings. In general they do not have their own agencies, as larger undertakings do, so that they are dependent on outside firms as licensees.
AMENDMENT No E

Proposal for a Council Regulation on Community trade marks

Article 21(3)

This amendment does not apply to the English text of the proposal for a regulation in which Article 21(3) already refers to 'the quality of the goods manufactured or of the services provided...'.

- 68 -
AMENDMENT No f

Proposal for a Council Regulation on Community trade marks.

Article 82

Delete the words 'or use'.

EXPLANATORY MEMORANDUM

In the opinion of the committee, the provisions of Article 82 encroach too far on existing national law. The committee is aware of the reasons behind these provisions. They are in fact intended to prevent the Community trade marks being unable to be used further in the long term in a Member State owing to a judgment prohibiting its use given by a national court in that Member State.

The use of the Community trade mark can however not be exempted from the application of all other national legislation. This includes for example provisions on unfair competition, and provisions relating to the law on foodstuffs and pharmaceuticals. As long as such provisions refer only to the type of use of the Community trade mark the uniformity of the Community trade mark throughout the economic area of the European Community is guaranteed by the unambiguous word 'validity'.
REPORT

drawn up on behalf of the Legal Affairs Committee

on the proposals from the Commission of the European Communities to the Council (Doc. 1-682/80 - COM(80) 635 final)

for

I. a first Directive to approximate the Laws of the Member States relating to trade marks

II. a regulation on Community trade marks

Rapporteur: Mr A. TURNER
By letter of 5 December 1980, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Articles 100 and 235 of the EEC Treaty, on the proposals from the Commission of the European Communities to the Council for a first directive to approximate the laws of the Member States relating to trade marks and for a regulation on the Community trade mark.

On 15 December 1980, the President of the European Parliament referred these proposals to the Legal Affairs Committee as the committee responsible and on 4 May 1981 to the Committee on Economic and Monetary Affairs for an opinion.

At its meeting of 28 and 29 January 1981, the Legal Affairs Committee appointed Mr TURNER rapporteur.


At its meeting of 15 and 16 February 1983, the committee decided to consider the proposed regulation before the proposed directive.

At its meeting of 15 and 16 June 1983 the committee decided with 4 votes in favour and 5 abstentions to recommend to Parliament that it approve the Commission's proposal with the following amendments.

The committee adopted the motion for a resolution as a whole at its meeting of 20 and 21 June 1983 with 11 votes in favour and 5 abstentions.

The following took part in the vote: Mrs VEIL, chairman; Mr LUSTER, vice-chairman; Mr TURNER, vice-chairman and rapporteur; Mr CHAMBEIRON, vice-chairman; Mr CROUX, Mr D'ANGELOSANTE, Mr DEL DUCA, Mr FERRI, Mr GEURTSEN, Mr GONTIKAS, Mr JANSEN VAN RAAY, Mr KALOYANNIS, Mr REGAHEY, Mr SIEGLERSCHMIDT, Mr TYRRELL and Mrs VAYSSADE.

The opinion of the Committee on Economic and Monetary Affairs is attached.

This report was tabled on 15 July 1983.
CONTENTS

A. AMENDMENTS ................................................................. 5
  Motion for a resolution .................................................. 34
B. EXPLANATORY STATEMENT .................................................. 37
  1. INTRODUCTION ............................................................ 37
     THUMBNAIL GUIDE TO TRADE MARK LAW ............................... 37
  1. Industrial and Intellectual Property ................................. 37
  2. Distinctive Trade Marks ............................................... 37
  3. Unfair Competition Trade Mark Actions ............................. 38
  4. Licensing Trade Marks ................................................. 38
  5. Registered Trade Marks ............................................... 39
  6. Opposition to Registration, Revocation and Infringement .......... 39
  7. Conflicting Rights .................................................... 39

II. PROPOSED DIRECTIVE AND REGULATION .................................... 40
  1. Relationship of the Directive and the Regulation .................. 40
  2. Unregistered Trade Marks and Unfair Competition ................ 41
  3. Inter-relationship of Trade Mark Law and Community Competition Law (Articles 36, 85 and 86 of EEC Treaty) .................. 42
  4. The Right given by a registered trade mark ....................... 43
  5. Degrees of likelihood of confusion between registered trade marks and infringements ............................... 44

  6. Regulation: opposition to application by proprietor of an earlier unregistered right ............................... 44
  7. Identical law in Directive and Regulation .......................... 45
  8. Advisory opinions by Community Trade Mark Office for National Courts .................................................. 45
  9. Language of Community Trade Mark Office Proceedings .......... 46
  10. Detailed Comments on Particular Articles ........................ 46
     Comments on Regulation .............................................. 46
     Comments on Directive .............................................. 49
     Opinion of the Economic and Monetary Affairs Committee ....... 52
The Legal Affairs Committee hereby submits to the European Parliament the following amendments to the Commission's proposals and motion for a resolution together with explanatory statement:

Proposal for a Regulation on the Community Trade Mark

Text proposed by the Commission of the European Communities

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.

Amendments tabled by the Legal Affairs Committee

Preamble Unchanged

AMENDMENT NO. 1

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 enable competition to be undistorted, 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.

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Text proposed by the Commission of the European Communities

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 insofar as this Regulation expressly provides.

Amendments tabled by the Legal Affairs Committee

Two Recitals Unchanged

AMENDMENT NO. 2

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 and for a variety of other reasons, such as the need for protection of trade marks, incapable of protection throughout the Community.

Unchanged
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.

AMENDMENT NO. 3

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 as a Community trade mark unless the proprietor of the prior right with which the trade mark conflicts has entered admissible opposition to its registration and all efforts to produce an amicable settlement between the parties have failed.

AMENDMENT NO. 4

The interests of proprietors of prior (delete 1 word) rights (delete 5 words) 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 (delete 1 sentence).
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.

Decisions regarding the validity and infringement of Community trade marks must have (delete 1 word) 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.

Accordingly, a Community trade mark must, subject to the overriding need to prevent deception of consumers, 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.

- 8 - PE 74.754/fin.
(Articles 1 to 6 unchanged)

**Article 7**

(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 6bis of the Paris Convention.

(1) A trade mark shall not be registered

(a) if it is identical with a prior right, and the goods or services to which each relates are identical with each other;

(b) if it is identical with the prior right and the goods or services to which each relates are similar with the result that there arises a likelihood of confusion between the Community trade mark applied for and the prior right on the part of the public in the territory in which the prior right has effect;

(c) if it is similar to the prior right and the goods or services to which each relates are identical with or similar to each other with the result that there arises a likelihood of confusion between the Community trade mark applied for and the prior right on the part of the public in the territory in which the prior right has effect.

(2) A "prior right" means

a) Trademarks 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:

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

b) applications for the trade marks referred to in (a), subject to their being subsequently registered;

c) trade marks which, on the date of application for registration of the Community trade mark, are well known in a Member State, in the sense in which the words "well-known" are used in Article 6bis of the Paris Convention in the version in force;

d) any right other than the foregoing protecting a sign used in the course of
trade before the application for registration of the Community trade mark which, under the law of the Member State which governs the sign, entitles the proprietor to prohibit the use of any later trademark;

e) any right protecting a sign consisting of or containing:
- 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 name it is;
- a portrait;
- a work protected by copyright or by an industrial design or model, so, however, that in any opposition based on this right the likelihood of confusion does not need to be established.

(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.

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:

(3) Unchanged.

AMENDMENT NO. 9.

(4) This Article applies only where the proprietor of a prior right within the meaning of paragraph 2, 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.

AMENDMENT NO. 10.

Article 8
(Rights conferred by a Community trade mark)

(1) A Community trade mark confers on the proprietor exclusive rights therein.
(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 there-under;

(c) using the sign on business correspondence or invoices.

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO. 10 cont'd.

(a) The proprietor shall be entitled to prohibit any third party from using in the course of trade, save with his consent,

- any sign which is identical with the Community trade mark in relation to goods or services which are identical with those for which the Community trademark is registered;
- any sign which is identical with the Community trade mark in relation to goods or services which are similar to those for which the Community trade mark is registered, where because of the similarity of the goods or services, such use involves a likelihood of confusion between the sign and the Community trade mark on the part of the public;
- any sign which is 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 because of the similarity of the signs and the identity or similarity of the goods or services, such use involves a likelihood of confusion between the sign and the Community trademark on the part of the public.

(b) The proprietor shall also be entitled to prohibit any third party from using in the course of trade, save with his consent, any sign other than a prior right referred to in Article 7 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 when the Community trade mark is of wide repute and use of that sign takes unfair advantage of or is detrimental to the distinctiveness or the repute of the trade mark.

(2) Unchanged

(b) Unchanged

Amendment No. 11

(c) using the sign on business documents

(Article 8(3) Unchanged)
Text proposed by the Commission of the European communities

Amendments tabled by the Legal Affairs Committee

(Article 9(1) Unchanged)

Article 9(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 Unchanged)

Article 11

(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 re-packaged 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 re-packaged goods are to be put on the market and the new packaging indicates that the goods have been re-packaged by the third party.

AMENDMENT NO. 12

(c) Where the goods are re-packaged or relabelled by a third party, unless any rule of law relating to the free movement of goods in accordance with the Treaty shall in the particular circumstances permit repackaging or relabelling.

AMENDMENT NO. 13

Article 11 bis (new)

This Regulation shall not prevent the owner of a Community trade mark from bringing actions in respect of that mark under national law relating in particular to tortious liability and unfair competition, provided that such actions are not brought on the same grounds as those contained in Articles 8 and 9.
Articles 12 to 20 unchanged

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.

Article 21(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.

AMENDMENT NO. 14

Article 21(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 the licence has not been granted or does not comply with the proprietor's instructions concerning the quality of the goods or services.

AMENDMENT NO. 15

Article 21(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.

AMENDMENT NO. 16

Article 21(4)

Paragraphs 5 and 6 of Article 17 apply to licences.

Delete remainder

(Articles 22 - 29 Unchanged)

Article 30

(Examination as to whether the application satisfies the relevant substantive conditions)

Article 30

(Examination as to whether the application satisfies the relevant substantive control conditions)
Text proposed by the Commission of the European Communities

(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 to equal to the minimum fee chargeable but less than the prescribed fee, shall be rejected. No right 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 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.

Amendments tabled by the Legal Affairs Committee

(1) Unchanged

(2) Unchanged

AMENDMENT NO. 17

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

Article 31
(Examination as to absolute grounds for refusal)

1. Unchanged

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 as to a part of the trade mark are not exclusive.

(* Linguistic corrigendum to English test).
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.

(Article 34(2) and (3) Unchanged)

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

(AMENDMENT NO. 18)

Article 34
(Opposition)

1. Proprietors of prior rights 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.

(Article 34(2) and (3) Unchanged)

Article 35
(Examination of opposition)

1. Unchanged.

2. If the applicant so requests or the Office so requires, the proprietor of an earlier (one word deleted) trade mark of the kind described in sub-paragraph (a) of paragraph 2 of Article 7, who has entered an opposition shall furnish proof that that trade mark has been used in the manner required by Article 13 during the period of five years preceding the date of publication of the Community trade mark application, provided a) that the earlier (one word deleted) trade mark has at that date been registered for not less than five years; and b) that as regards national trade marks, the reference in Article 13(1) to use in the common market shall be deemed to be use in the Members States concerned.
Text proposed by the Commission of the European Communities

Article 35(2) contd.

A trade mark of the kind described in sub-paragraph (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.

Amendments tabled by the Legal Affairs Committee

Article 35(2) contd.

In the absence of proof to this effect, the opposition shall be rejected. If the earlier (one word deleted) 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 the examination of the opposition, be deemed to be registered in respect only of that part. (Last sentence deleted).

AMENDMENT NO. 20

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 (one word deleted) likelihood of confusion on the part of the public.

(Articles 35(4) - 41 Unchanged)

AMENDMENT NO. 21

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.
Text proposed by the Commission of the European Communities

Article 42(1) contd.
application and which, under the law of the Member State which governs the sign, entitles the proprietor to prohibit the use of any later trade mark.

(Articles 42(2) - 43 Unchanged)

AMENDMENT NO. 22

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.

(Articles 44(2), (3) Unchanged)

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.

AMENDMENT NO. 23

Article 45
(Prior rights subsisting in particular localities)

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

AMENDMENT NO. 24

Article 45
(Prior rights subsisting in particular localities)

1. The proprietor of a prior right subsisting in one particular locality only 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 on his territory for a period of three successive years; but this provision shall not apply if the Community trade mark was applied for in bad faith.
Article 47(4)

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 of the goods or services. This provision shall apply where the earlier Community trade mark is a trade mark of the kind described in sub-paragraph (b) or (c) of paragraph 2 of Article 7.

AMENDMENT NO. 25

Article 47(4)

4. If the proprietor of the Community trade mark so requests or the Office so requires, the proprietor of an earlier (one word deleted) trade mark of the kind described in sub-paragraph (a) of paragraph 2 of Article 7, 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:

a) that at that date the earlier (one word deleted) trade mark has been registered for not less than five years; and

b) that as regards national trade marks, the reference in Article 13(1) to use in the common market shall be deemed to be use in the Member State concerned.

If, at the date on which the Community trade mark application was published, the earlier (one word deleted) trade mark has been registered for not less than five years, the proprietor of the earlier (one word deleted) 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 (one word deleted) 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. (Delete last sentence).
(Articles 47(5) - 59(6) Unchanged)

AMENDMENT NO. 26
Article 59(7) (new)

The parties shall be informed of the hearing of a witness. They shall have the right to be present and to put questions to the witness.

(Articles 60 - 74(2) Unchanged)

Article 74
(Jurisdiction of national courts to hear actions for infringement of Community trade marks)

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 infringements occurred.

(Articles 75 - 80 Unchanged)
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.

Amendments tabled by the Legal Affairs Committee

Article 81

AMENDMENT NO. 29

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 identical or similar 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, so far as they give identical rights to those given by the Community trade mark, for so long as the Community trade mark produces its effects.

AMENDMENT NO. 30

Article 81 (1 bis) (new)

Any person who, in one of the Member States, has brought an infringement action on the basis of a Community trade mark, or a national trademark which does not give identical rights to those given by the Community trade mark, may not bring a new action against the same respondent, and his assignee in respect of the same or a similar later infringement, in respect of the other trade mark.

AMENDMENT NO. 31

2. The proprietor of the Community trade mark may, however, take advantage, for the benefit of the Community trade mark, of the date of acquisition of the national trade mark, as regards the Member State in which the national trade mark existed or remains registered.
Text proposed by the Commission of the European Communities

Article 81 contd.

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.

Amendments tabled by the Legal Affairs Committee

Article 81 contd.

AMENDMENT NO. 32

3. In derogation from paragraph (1), the suspended 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.

Article 82

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

AMENDMENT NO. 33

1. Without prejudice to Articles 45 and 74-76, the national law of Member States shall not apply in relation to the use of Community trade marks. However, national laws on the granting of interlocutory and final injunctions shall apply, provided that final injunctions shall be made only after the conclusion of the procedure provided for in Articles 46 and 47.

AMENDMENT NO. 34

1 bis (new)

Paragraph 1 shall not prevent actions from being brought against a Community trade mark under national law relating in particular to tortious liability and unfair competition, to the extent that the use of a national trade mark may be prohibited under that law, provided that such actions are not brought on the same grounds as those contained in Articles 7, 8 and 42.
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

Article 83

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 ground of non-user.

(Articles 83(2) - 96 Unchanged)

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.

(Articles 97(2) - 98 Unchanged)

AMENDMENT NO. 35

(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 ground of non-user in all the Member States.
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO. 37
Article 98 bis (new)

The symbol composed of the Greek capital letter epsilon contain within a circle, thus (€), may be used to indicate a registered Community trade mark.

(Articles 99 - 102 Unchanged)

AMENDMENT NO. 38

Article 103 (Language)

The language of the Office for procedural purposes is ..... However, a party shall be entitled to conduct written and oral proceedings in any language of the Community with translation and, in the case of hearings, simultaneous interpretation into the language of the Office and those of the other parties in accordance with the Implementing Regulations.

(Articles 104 - 124(1) Unchanged)

AMENDMENT NO. 39

Article 124(2) (Fees regulations)

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

(Articles 124(3) - 127 Unchanged)
Proposal for a First Council Directive to approximate the laws of the Member States relating to trade marks

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 marks 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 harmonisation of the trade marks 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;

AMENDMENT NO: 40

It does not appear to be necessary at present to undertake full-scale harmonisation of the trade marks 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. 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.

(Last sentence deleted)

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Text proposed by the Commission of the European Communities

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 marks law. The directive therefore requires that

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 41
This directive does not deal with 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;

AMENDMENT NO 42
Attainment of the objectives at which this approximation of laws is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States;

AMENDMENT NO 43
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 registered trade marks be actually used;

AMENDMENT NO 44
The principal purpose of the directive is to ensure that henceforth registered trade marks enjoy uniform protection under the legal systems of all the Member States;

AMENDMENT NO 45
The protection afforded by the registered trade mark is bound up with the concept of similarity respectively of a sign, and of the goods and services in connection with which it is used to the registered trade mark and the goods or services for which it is registered, and with the possibility of confusion between the sign and the registered trade mark. 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 registered trade marks. The current case-law in several of the Member
Text proposed by the Commission of the European Communities

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;

Amendments tabled by the Legal Affairs Committee
AMENDMENT NO 45 contd
States affords to trade marks degrees of protection which may be to some extent inconsistent with this 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 the sign and the goods or services in connection with which it is used and the registered trade mark and the goods or services for which it is registered, that it be clear in each case that customers are likely to be confused as to the sign and the goods and services which are identified by the sign on the one hand and the registered trade mark and the goods or services for which it is registered on the other. 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 the registered trade mark that it is clear that the sign is likely to be confused with the registered 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;

AMENDMENT NO 46
Whereas it is necessary for the functioning of the common market to approximate national procedural rules only insofar 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; whereas, for the present, provision is made for an amicable settlement procedure only; whereas it may, however, be proper at some later stage depending in particular on the degree of integration then achieved the Community to contemplate new measures which would enable such conflicts to be resolved more easily;

One recital unchanged

Whereas it is necessary for the functioning of the common market to approximate national procedural rules only insofar 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; whereas, for the present, provision is made for an amicable settlement procedure only; whereas it may, however, be proper at some later stage depending in particular on the degree of integration then achieved the Community to contemplate new measures which would enable such conflicts to be resolved more easily;

(Delete last phrase)
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, 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;

Amendment No 47

This Directive applies to every trade mark in respect of goods or services which is the subject of registration or 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, are devoid of distinctive character in a Member State, and in particular:

a) Unchanged

b) Unchanged

(2) Unchanged

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;
Text proposed by the Commission of the European Communities

(3) A trade mark shall also be invalidated where the goods for which it is registered in the Member State concerned has 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 paragraph 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, and 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.

AMENDMENT NO 49

(3) Deleted

AMENDMENT NO 50

(4) Deleted

AMENDMENT NO 51

(1) The registered trademark confers on the proprietor (2 words deleted) exclusive rights therein. The proprietor shall be entitled to prohibit any third party from using in the course of trade, save with his consent:

- any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trademark is registered;
- any sign which is identical with the trademark in relation to goods or
(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 in 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.

AMENDMENT NO 52
(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 in business documents.

(3) Unchanged

AMENDMENT NO 53

3 bis (new)

Any person who used a sign before the date referred to in Article 18(1) on goods not identical with those for which the trademark was then registered and was thereby not debarred from such use under the law of the member States, may continue such use after that date.
Article 6

(1) The trade mark shall not entitle the proprietor thereof 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 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.

[Corrigendum: concerns only the English text]
Text proposed by the Commission of the European Communities

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 meeting of Article 3(l);
(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.

Amendments tabled by the Legal Affairs Committee

Article 8

AMENDMENT NO 58

(1) A trade mark shall be refused registration or shall be invalidated
(a) if it is identical with a prior right, and the goods or services to which each relates are identical with each other;
(b) if it is identical with the prior right and the goods or services to which each relates are similar with the result that there arises a likelihood of confusion between the trade mark applied for and the prior right on the part of the public in the territory in which the prior right has effect;
(c) if it is similar to the prior right and the goods or services to which each relates are identical with or similar to each other with the result that there arises a likelihood of confusion between the trade mark applied for and the prior right on the part of the public.

AMENDMENT NO 59

(2) A 'prior right' means
(a) 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 trade mark, taking account, where appropriate, of the priorities claimed in respect of those trade marks;
- Community trade mark,
- trade marks registered in the Member State,
- trade marks registered under international arrangements which have effect in the Member State;
(b) application for the trade marks referred to in (a), subject to their being subsequently registered;
(c) trade marks which, on the date of application for registration of the trade mark are well known in the Member State, in the sense in which the words 'well known' are used in Article 6a of the Paris Convention;
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

AMENDMENT NO 59 contd

(d) any right other than the foregoing protecting a sign used in the course of trade before the application for registration of the trade mark which, under the law of the Member State, entitles the proprietor to prohibit the use of any later trade mark;

(e) any right protecting a sign consisting of or containing
- 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,
- a portrait,
- a work protected by copyright or by an industrial design or model,
so, however, that in any opposition based on this right the likelihood of confusion does not need to be established.

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 9

Unchanged

- 32 -
Text proposed by the Commission of the European Communities

Amendments tabled by the Legal Affairs Committee

**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.

Articles 11-17 unchanged

**AMENDMENT NO 60**

(1) Where the proprietor of a registered trade mark or other exclusive right in a Member State has for four three consecutive years knowingly acquiesced in the use in that Member State of a later registered trade mark which is likely to create confusion with his registered trade mark or right in that Member State, 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 (5 words deleted) except where the application for the later trade mark was made in bad faith.

(2) Unchanged

**AMENDMENT NO 61**

New Article 17 bis (new)

The symbol composed of a capital letter R contained within a circle, thus (R), may be used to indicate a registered trade mark.

Articles 18 and 19 unchanged

- 33 -
5. Considers that the creation of a trade mark which is valid throughout the Community and which exists alongside national rights is essential to the objective of a true common market in marked goods and services;

6. Points out that national trade mark law has proved throughout the world to be an essential factor in promoting trade and industry and that all indications are that a Community trade mark system would provide the same impetus and produce the same consequences, particularly by facilitating the development of European markets for products and services and the expansion of existing national markets;

7. Firmly believes that the Community trade mark system will be of real economic benefit to the consumer, particularly by promoting commerce and competition within the Community, and by increasing the transparency of European markets for consumer goods and services;

8. Considers it necessary within the meaning of Article 235 for the Community to create the Community trade mark in order to attain vital objectives of the EEC Treaty for which the necessary powers have not been otherwise provided, and, in addition, to ensure conditions for trade in marked goods and services within the Community similar to those existing in the national markets;

9. Strongly affirms that it is appropriate within the meaning of Article 235 to take the following measures: to set up and organise, as a body of the Community, a Community Trade Marks Office, monitored by the Commission, to confer on the Office powers and, in particular, the power to address decisions to the relevant parties in trade mark proceedings, to adopt rules concerning their enforcement, to confer on the Board of Appeal of the Trade Marks Office and on the Court of Justice the powers to protect the legal rights specified in the proposed regulation, and to adopt rules on jurisdiction and judicial proceedings in actions relating to Community trade marks;

10. Considers that the creation of the Trade Marks Office in the form of such a Community body fully respects the institutional balance of the Community;

11. Welcomes the proposal that the budget of the Trade Marks Office be incorporated into the general budget of the Communities and will therefore be subject to the scrutiny of the European Parliament;

PE 74.754/fin
12. Approves the proposal for a Regulation on the Community trade mark and
the proposal for a First Directive to approximate the laws of the Member
States relating to trade marks subject to the amendments which have been
adopted;

13. Requests the Commission to include those amendments in its proposals
pursuant to the second paragraph of Article 149 of the Treaty establishing
the European Community;

14. Instructs its President to forward to the Council and Commission, as
Parliament's opinion, the Commission's proposals as voted by Parliament
and the accompanying resolution.
EXPLANATORY STATEMENT

I. INTRODUCTION

THUMB NAIL GUIDE TO TRADE MARK LAW

1. Industrial and Intellectual Property

Industrial and intellectual property comprises non-material legal rights acquired by original or novel industrial, commercial activity. The most important are patent rights acquired by making industrially useful inventions which the inventor publishes to the world in return for a monopoly of twenty years duration. European patent law is already harmonised by the European Patent Convention and the European Community Patent Convention. Secondly, there are unpatented trade secrets and know-how. This form of property, most appropriate for technical know-how (which is in the nature of technical experience often hard to specify totally on paper) can be imparted to another person or company in the form of advice as to optimising an industrial process; the value put on acquiring this know-how is protected by keeping it unpublished and disclosing it in confidence. Another form of non-material property is copyright in original literary, musical and artistic work. Commercially speaking, the second most important form of intellectual property after patents is certainly trade marks.

2. Distinctive Trade Marks

The details of trade mark law are extremely complicated, but the basic principles are very simple. Fortunately the principles, and many of the details, are common to the western world. A trade mark is any sign (label, word, emblem, picture or packaging get-up) adopted by a manufacturer or trader to distinguish his goods from similar goods of another manufacturer or trader. If he obtains a reputation with the public in the market because of the distinctiveness of his trade mark he can prevent a competitor from marketing his goods with a trade mark which confuses the public into thinking that the goods originate from the first user of the trade mark. To cause confusion in the market is known as "unfair competition" in the civil code-type legal systems and "passing off" in the Common law system.

The earlier user of a trade mark has the right to complain that a later user of that mark (on similar goods) or of a confusingly similar trade mark should be stopped by the court to prevent confusion in the market.
A person can indicate the origin of goods with a trade mark as to origin of manufacture, merchandising or approval. Thus a trade mark may indicate manufacturer, wholesaler or retailer. An article may have a plurality of trade marks indicating different origin, e.g.: manufactured by Bayer, sold by Bon Marché.

If a person allows another person to use his trade mark or a confusingly similar trade mark on goods which do not originate with him, he allows the public to be confused; his trade mark thus loses its distinctiveness and he can no longer prevent others from using it.

The normal legal remedy for use of a trade mark confusingly similar to another's is an injunction and damages for loss of sales. One serious problem for a trade mark proprietor is that if one person uses a trade mark confusingly similar to another person's trade mark, the aggrieved party must halt the confusing use promptly; otherwise the public becomes confused and the earlier trade mark may eventually cease to be distinctive. Thus it is often impossible to await the final court decision because too much damage will have been done in the market between the time of first use complained of and judgment. In this case an interlocutory injunction pending trial is vital.

3. Unfair Competition Trade Mark Actions

Thus the ingredients for an unfair competition trade mark action are:

- use of the same or a confusingly similar trade mark as that used by the earlier user,

- on goods the same as or similar to those of the earlier user,

- so that the public is likely to confuse the goods of one for the goods of another.

4. Licensing Trade Marks

The proprietor of a trade mark can license another person to use it on the same type of goods only if he controls the quality of the goods; if this were not the case the proprietor would be confusing the public as to the origin of the goods: if he controls the standard of the goods, they in effect originate with him.
5. Registered Trade Marks

If a person registers his trade mark in a national Trade Mark Office he can sue for infringement of the registered trade mark; this is a simpler action than an action for unfair competition. Application for a trade mark is made in respect of particular goods or a class or classes of goods; if the trade mark is novel, the applicant need not have used the mark before application is made. If the trade mark applied for is not a novel word or sign (and therefore not inherently distinctive) the applicant may have to show that it has already acquired a reputation in the market and so is registerable. A trade mark which is descriptive of the goods (eg "Soothing" for soap or "Perfect" for any article!) cannot be registered; equally if the trade mark is mis-descriptive or deceptive, it cannot be registered (eg "Dairy" for margarine).

6. Opposition to Registration, Revocation and Infringement

The application for a trade mark may be opposed in a number of Member States by a person who has used a similar trade mark for similar goods from an earlier time or who has an earlier registration. A registered trade mark may, in some circumstances, be revoked by an earlier user or by the registered proprietor of an earlier mark in the Trade Mark Office or in a court action.

A registered trade mark proprietor may sue a user of the same or a confusingly similar trade mark for infringement; but if the defendant has used his trade mark from a time earlier than the registration, he has a defence, and may be able to revoke the registration.

7. Conflicting Rights

Sometimes a trade mark registration will claim that the scope of the trade mark extends to a certain ambit (eg "Climax" written in any manner in any colours on any background) and the court may decide that the reputation only extends to a lesser ambit (eg "Climax" in red letters on a blue background); in addition the registration may extend to certain classifications of goods (soap, toothpaste and cosmetics) and the court may decide that the reputation only extends to soap and
toothpaste. In these cases the registration will be limited to the true ambit on the application of another party who has earlier use in the contested fields. Similarly a defendant may use a trade mark which in some representations is confusingly similar to a registered trade mark or on goods some of which are confusingly similar to those for which the registered trade mark is registered. In this case the court may limit the use the defendant may continue to make of the trade mark.

II. PROPOSED DIRECTIVE AND REGULATION

1. Relationship of the Directive and the Regulation

The Draft Directive harmonises all the essential features of national trade mark law in the Member States. This is a highly desirable development and much to be welcomed. It is necessary to harmonise national laws on the many thousands of trade marks registered in national registers which will continue to exist even though Community trade marks would become possible under the Regulation, and it is highly desirable that the same laws should apply in each country.

The Draft Regulation sets up a Community trade mark office and register permitting trade marks to be registered for the whole of the Community and to be subject to a single law of trade marks which is the same as the proposed harmonisation of the national laws. The probability is that only a fairly small proportion of trade marks will be registered on the Community register, partly because a great many trade mark users may have relatively localised commercial objectives, but chiefly because a great many existing trade marks could not be used throughout the Community because language differences will make many marks unsuitable, unattractive, descriptive, misdescriptive or confusing in some languages. However, most of the great household names will be capable of registration throughout the Community (eg perhaps "HAG" for coffee, "MERCEDES" for cars, "BOLLINGER" for champagne, "PIRELLI" for tyres).
Thus national registers and the Community registers will most probably persist side by side indefinitely, certainly for many years. Provisions for the satisfactory coexistence of national and Community registered trade marks are therefore necessary. Coexistence provides no real problems: while a Community trade mark exists the rights it gives will be exercised through the Regulation, and national rights in the same trade mark will be suspended. However it often will happen that the scope of a national registration will be wider than the Community trade mark (either because the visual form registered for the Community trade mark will be more limited than national registrations, or because the classification for goods in the Community trade mark registration may, for instance, be narrower). In this case the rights under national registrations in so far as they are wider than the Community trade mark will not be suspended. This will encourage trade mark owners to apply for Community trade marks because they will thereby lose no rights which they possess under national registrations.

(See proposed Regulation: paragraph 4 of preamble and Article 81(1), 81(2) and 81(3).)

2. Unregistered Trade Marks and Unfair Competition

The action for unfair competition by one person against another when the latter confuses the public by using a mark which is the same or similar to the first person's on goods the same or similar as the first person's, is a vital part of effective exercise of industrial property rights in the market. The action is based on the reputation the user has built up in the market. Not all marks are registerable for various reasons, even though their use by another can cause great damage. It is therefore most important to incorporate as much as possible of the law relating to unfair competition from misuse by one person of another's trade marks or other indications of origin (eg the "get up" of packaging) into a harmonised law of trade marks. Thorough discussion by your rapporteur with legal specialists in each Member State of the EEC shows that there are no great difficulties in achieving maximum harmonisation in this sphere. The proposed amendments therefore go further than the Commission attempted towards achieving
harmonisation of unfair competition law, without causing legal difficulties. This should significantly increase the benefit of the harmonisation attempted in the Draft Directive, because substantially all rights associated with trade marks and reputation in the market can be harmonised, whether or not they are subject to national registration.

(see proposed Directive, paragraph 2 of the preamble)

3. Inter-relationship of Trade Mark Law and Community Competition Law (Articles 36, 85 and 86 of EEC Treaty)

Trade mark law involves the exercise of industrial and intellectual property rights, which are excluded by Article 36 of the EEC Treaty from the provisions of the Treaty against barriers to trade; however it is possible to misuse trade mark rights to restrict the free flow of goods in the Community, and there have been a number of actions in the European Court of Justice and in national courts in which it has been held that certain uses of particular trade marks in particular circumstances have amounted to improper restrictions on the free movement of goods or to infringements of the rules of competition of Articles 85 and 86 of the EEC Treaty. The Commission attempted to write into the Draft Directive and Regulation some aspects of the provisions of the Treaty on the free movement of goods and of Articles 85 and 86 which they felt had been dealt with to some extent by the European Court of Justice.

The difficulty of attempting this is that these Articles as applied to trade marks have only been considered by the European Court of Justice in such specific instances as happen to have been referred to the court, and the court's judgements have naturally applied to the particular facts of each case before them. In other words, the proper effect of Articles 36, 85 and 86 of the EEC Treaty in many instances still has not been considered by the European Court of Justice. Your rapporteur feels it would be quite wrong to freeze into a Directive or a Regulation principles which may be
thought to arise from the Treaty when the European Court of Justice is certain to amplify and extend its views as time goes on. The principles of law in Articles 36, 85 and 86 are already, naturally, part of the domestic law of each Member State, to be applied in accordance with the interpretation of the European Court of Justice. To pick out particular aspects piece-meal and enact them in national legislation would be anomalous and unwise.

Furthermore there are many aspects of Articles 36, 85 and 86 relevant to trade marks but which the European Court of Justice has not yet been called on to consider and it would be premature to interpret the EEC Treaty definitively in such matters. Therefore the Directive and Regulation should set out the principles of trade mark laws to be applied in the Community, and should expressly leave the limiting effects of Article 36, 85 and 86 of the Treaty to be applied by the European Court of Justice.

(See proposed Directive, paragraphs 3 and 8 of the preamble and Articles 2(3) and 6(2), and also proposed Regulation, paragraphs 1, 6 and 7 of the preamble and Articles 11(1) and (2) and 11 bis.)

4. The Right given by a registered trade mark

The proprietor of a registered trade mark has the right to stop another person using the mark, or a mark confusingly similar to it, on the same goods covered by the registration or on goods confusingly similar to them. This is the cardinal rule of all trade mark law. There was some ambiguity in the Commission's draft Directive and Regulation in that the wording could be read to indicate that the right of the trade mark proprietor was to stop use of a trade mark by another person which was confusingly similar to the proprietor's use of his trade mark. The purpose of registration, however, is to define what the proprietor's rights are; therefore infringement of a registered trade mark depends on a comparison of the defendant's use with the registration itself, not with the particular form of use by the proprietor (which may, of course, in any case, change from time to time and from place to place).
If the proprietor's use in the market of his registered trade mark is not sufficient to support the full scope of his registration the latter will be limited or annulled; thus a defendant who claims that the registration he infringes is not justifiable has a defence. (See proposed Directive, paragraph 7 of the preamble, Article 3(l), and also proposed Regulation, paragraph 8 of the preamble and Article 8(l)(a).)

5. Degrees of likelihood of confusion between registered trade marks and infringements

There has naturally been some difference of emphasis in the national courts as to what degree of likelihood of confusion between a trade mark used by a defendant and the registered trade mark of the proprietor suing him amounts to infringement. Much concern has been expressed in professional and commercial circles at the requirement for infringement in Article 3 of the Directive and Article 7 of the Regulation for "a serious likelihood of confusion". This concern probably arose chiefly because of doubt as to whether the original text referred to confusion between the mark used by the defendant and that used by the registered proprietor, or between the defendant's mark and the registered mark of the proprietor. This has been cleared up by amendment (see paragraph II.4, above); nonetheless it is considered best to avoid the use of the expression "serious likelihood of confusion" proposed by the Commission, and thus the word "serious" has been deleted throughout the proposed regulation and directive. (see proposed Directive, paragraph 7 of the preamble, Article 3(l), and also proposed Regulation, paragraph 8 of the preamble and Article 8(l)(a).)

6. Regulation: opposition to application by proprietor of an earlier unregistered right

The Commission proposal provides for opposition to be lodged to an application for registration of a Community Trade Mark by a proprietor of a Community Trade Mark or of a national registered trade mark. However it only provides for the proprietor of an earlier unregistered right to wait for registration of the Community Trade Mark and then to move to revoke the newly registered
Community Trade Mark. The reason for this is that the Commission fears that there may be an avalanche of oppositions by proprietors of unregistered trade marks.

However in principle it is far preferable that all grounds of objection to an application for a Community Trade Mark should be disposed of at once before the granting of the Community Trade Mark. It is better therefore to provide for this and make provision for revision if it turns out that there are an unmanageable number of oppositions. Your rapporteur does not believe that this fear will materialise.

(See proposed Regulation, paragraphs 6 and 7 of the preamble and Articles 7(1), 34(1) and 42(1)).

7. Identical law in Directive and Regulation

In the original Draft Directive and Draft Regulation there are on a number of occasions different forms of words used for provisions which are intended to be, and most certainly should be, identical. Amendments have corrected this and they will not be specifically listed.

8. Advisory opinions by Community Trade Mark Office for National Courts

National courts will be considering Community-wide Community Trade Mark issues under the terms of the Regulation; this is a step forward in judicial procedure in the Community much to be welcomed. Therefore there may be cases where factual opinions on the meaning, significance, definition and pronunciation of particular words in various languages which comprise trade marks under consideration will be of useful guidance to national courts which are deciding such matters. An amendment provides that national courts and parties to actions in them may request such opinions from the Community Trade Mark Office. Such an opinion introduced into a case shall be no more authoritative than other expert evidence, and shall be
treated as ordinary expert evidence and therefore subject to questioning. Such opinions should give greater confidence to parties taking part in national court actions where words foreign to the court are being considered.

(see proposed Regulation, Article 74(4).)

9. Language of Community Trade Mark Office Procedure

It is desirable that the Community Trade Mark Office shall conduct its business basically in one language, but it is vital for equity between parties that all written and oral proceedings may be conducted in any other Community language by the use of written translation and simultaneous interpretation where desired. This will do justice to the parties and yet save an immense part of the expense involved in conducting all the affairs of the Office in all official languages. The costs of translation and interpretation should be ordered to be paid by the parties.

(see proposed Regulation, Article 103.)

10. Detailed Comments on Particular Articles

Regulation, Preamble, paragraph 1:

The amendment ensures that the Regulation establishes a law of trade marks for Community Trade Marks. It could not and should not attempt to codify the principles of free movement of goods and competition in Articles 36, 85 and 86 of the Treaty of Rome. See paragraph II.3 of general comments. This point arose also in paragraph 3 of the Preamble of the Directive.

Regulation, Preamble, paragraph 4:

Amendment required because there are very many national registered trade marks which are distinctive in one Member State but which in another would, because of language, be descriptive, misdescriptive or confusing. In addition there are many cases where one proprietor has an established reputation in a particular mark in one Member State, but another proprietor has an established reputation in another Member State because each has honestly used it in his own country but not in others.
Regulation, Preamble, paragraph 6:
See paragraph II.6 of general comments.

Regulation, Preamble, paragraph 7:
See paragraph II.6 of general comments.

Regulation, Preamble, paragraph 12:
The Regulation proposes that judgements on infringements as well as validity should have effect throughout the Community. The preamble, should therefore be amended to say so.

Regulation, Article 7(1) and 7(2):
See paragraph II.6 of the general comments.

Regulation, Article 7(4):
Consequential amendment.

Regulation, Article 8(1)(a):
See paragraphs II.4 and II.5 of the general comments.

Regulation, Article 8(1)(b):
Amendment combines two amendments adopted in committee, following an undertaking to this effect by the rapporteur.

Regulation, Article 11(2):
Subparagraph (c) is amplified to give freedom to the Commission, national courts and the European Court of Justice to interpret and apply Articles 36, 85 and 86 freely in accordance with paragraph II.3 of the general comments.
Regulation, Article 11 bis:
It is correct that a proprietor of a Community Trade Mark should not be enabled to bring duplicate actions under national registrations to the extent that his rights under each are coterminous, but his proprietorship of a Community Trade Mark should not prevent his exercising rights which arise from his reputation in the market so long as these rights are different from those given by the Community Trade Mark. The amendment provides for this.

Regulation, Article 21(2):
Amendment to correct error.

Regulation, Article 21(3):
Amendment brings the law of the Regulation into line with that proposed by the Commission in the Directive. (See Article 7 of the Directive).

Regulation, Article 34(1):
Amendment consequential on the provision for opposition by proprietor of prior rights in Article 7 of the Regulation. See paragraph II.6 of the general comments.

Regulation, Article 35(2):
Amendment provides for "use" provisions of national registered trade marks relied on by the opponent in opposition proceedings, as well as for such provisions relating to Community Trade Marks. This harmonises the Community Trade Mark law and national laws more closely and obviates the need in Community Trade Mark opposition proceedings to have recourse to national courts concurrently in a case where the opponent's mark is alleged not to have fulfilled national user requirements.

Regulation, Article 45(1):
Amendment provides more precise definition of meaning intended.

Regulation, Article 47(4):
Amendment equivalent to Article 35(2) of the Regulation.
Regulation, Article 74(3):

The first two amendments correct ambiguity in the original text and define the original meaning more accurately. The third amendment makes express the intention that interlocutory proceedings are included as well as damages and other relief.

Regulation, Article 74(4):

See paragraph II.8 of general comments.

Regulation, Article 81(1), (2) and (3):

The amended form accurately prevents duplicated rights between Community and national trade marks, without depriving the proprietor of national rights which he may have which are more extensive than his Community Trade Mark rights. See paragraph II.1 of general comments.

Regulation, Article 82(1) and (2):

The amendments equate Community trade marks with national trade marks for the purpose of ensuring that unregistered prior exclusive rights can be protected in national courts against later Community trade marks to the same extent that such rights can be protected against national registered trade marks.

Regulation, Article 103:

See paragraph II.9 of general comments.

Regulation, Article 124(2):

The amendment provides for a transitional phase when fees need not cover costs. This is necessary to encourage wide use of the Office in the early stages.

Directive, Preamble, paragraph 2:

Deletion of 6 words in line 15 as unfair competition concerning "unregistered trade marks" is substantially covered by the Directive.
Directive, Preamble, paragraph 3:
See general comments, paragraph II.3.

Directive, Preamble, paragraphs 4 - 7:
Insertion of "registered" in various places to distinguish from unfair competition concerning "unregistered trade marks".

Directive, Article 1:
Amendment corrects an omission.

Directive, Article 2(1):
Amendment corrects obvious mistake by confining grounds for irregistrability to those existing in Member States where the mark is applied for. Clearly a mark should not be unregisterable in Germany solely because it is, for example, a descriptive word in France but not in Germany. The expression "not distinctive" is used to replace "devoid of distinctive character" in order to bring the wording into accord with the proposed regulation (see Article 31(2), proposed regulation).

Directive, Article 2(3):
The deletion of this paragraph is in accordance with paragraph II.3 of the general comments, in order to avoid partial codification of Articles 36, 85 and 86 of the EEC Treaty in national legislation which would curtail the freedom of the European Court of Justice to interpret these articles and give full effect to the Treaty of Rome as it sees fit.

In addition the proposal that only one registered trade mark should be used by a proprietor for the same goods throughout the Community is completely impractical. It would be impossible to say what the same goods are. Normally a trade mark is registered for a class of goods. For example, a registration may be "confectionery" or even a wider class of foodstuff, and clearly a manufacturer of confectionery will want to use different marks on different types of chocolates, different assortments, etc. Furthermore often variation in types of goods and marks are desirable to meet different market
conditions in different countries. The Commission, national
courts and the European Court of Justice should be left free
to deal with abuse of trade mark rights in this respect under
Articles 36, 85 and 86 of the Treaty of Rome.

Directive, Article 3(1):

Amendment to express more accurately the rights of proprietors
of trade marks in accordance with general comments, paragraphs
II.4 and II.5.

Directive, Article 6(1):

Subparagraph (c) is amplified to give freedom to the Commission,
national courts and the European Court of Justice to interpret
and apply Articles 36, 85 and 86 freely in accordance with
paragraph II.3 of the general comments.

Directive, Article 7:

Amendment provides greater precision of meaning.

Directive, Article 8(1) and 8(2):

Amendments set out adopt the same words as the draft regulation
in order to bring the Directive expressly in line with the
Regulation.

Directive, Article 10(1):

The amendment makes clear that acquiescence only arises from
failure to act despite knowledge of the later mark. In addition
acquiescence is confined to Member States in which the earlier
proprietor has rights. It is unreasonable to expect a trader
in Denmark to take steps against the use of his mark in Greece
where he has never traded even if he hears of such use.
OPINION

of the Committee on Economic and Monetary Affairs
Draftsman: Mr von BISMARCK

On 15 April 1981, the Committee on Economic and Monetary Affairs appointed
Mr von BISMARCK draftsman of an opinion.

It considered the draft opinion at its meeting of 28 September 1982. At this
meeting it adopted the Commission proposals and the draft opinion unanimously.

The following took part in the vote:

Mr MOREAU, chairman, Mr HOPPER, vice-chairman,
Mr von BISMARCK, draftsman of the opinion,
Mr ALBERS (deputizing for Mr WALTER); Mr BONACCINI, Mrs DESOUCHES,
Mr Ingo FRIEDRICH, Mr HERMAN, Mr LEONARDI, Mr McCARTIN (deputizing for
Mr van ROMPUY), Mr MIHR, Mr NYBORG, Mr PURVIS (deputizing for Mr BEAZLEY)
and Mr WELSH.
INTRODUCTION

1. On 5 December 1980 the Council of the European Communities requested the European Parliament to give its opinion on the following Commission proposals:
   - proposal for a first Council directive to approximate the laws of the Member States relating to trade marks;
   - proposal for a Council regulation on Community trade marks.

2. The Committee on Economic and Monetary Affairs welcomes this initiative on the part of the Commission. In the past it has, in its opinions on the Commission's reports on competition, urged the latter several times to accelerate the work on Community trade marks and to submit appropriate proposals by the end of 1980.

3. A strong, effectively formulated trade mark which does not fall behind the standard of protection of trade marks in the countries with free market economies in international competition is important for the European economy to enable it to withstand international competition.

Only justified confidence in the protection of their trade marks induces manufacturers to make the investments necessary to the competitiveness and innovation of our economy.

The importance of trade marks may be illustrated by a few figures. At the end of 1980 there were approximately 4 million registered trade marks throughout the world, almost half of which, in other words approximately 1.8 million, were in the ten Member States. Approximately 75,000 trade marks were newly registered in the Member States in 1980.

The production of trade-marked goods has also been increasing at an exceptional rate in the last few years. Thus in the Federal Republic of Germany the value of production rose from 176.6 thousand million DM in 1979 to 190.3 thousand million DM in 1980, in other words by almost 8%. Exports accounted for 65.5 thousand million DM of this. In addition, trade-marked goods accounted for between 40 and 50% of retail turnover.
4. Trade-marked goods are a result of the industrial mass production of consumer goods, which are becoming increasingly varied. Manufacturers and traders can, by labelling their goods with trade marks, stand out from the otherwise anonymous range of goods offered for sale and vary their range in accordance with consumer preferences. By affixing a trade mark they assume liability for the quality of the goods which they manufacture and sell. The trade mark makes it logical for manufacturers to produce high-quality products and to guarantee this quality in the long term. Consumers are confronted throughout the Community with a large number of consumer goods of the same type which display differences in quality, specific characteristics, taste and image. In order to make the right choice consumers need to identify these goods and their origins and to distinguish them from one another. Trade marks make this identification easier for consumers by making the range of goods clear. Thus trade marks make a valuable contribution to a free market economy which guarantees consumers freedom of choice and ensures that the range of goods is assembled according to consumer preferences.

In addition trade marks are an important factor in the rationalization of sales and the reduction of costs since they facilitate cost-saving sales techniques. They make it possible for a new product to be immediately recognized on the market and thus stimulate innovation. Finally, trade marks are not only an implement for domestic sales but are also important as regards exports.

5. Hitherto the conditions for a European domestic market in trade-marked goods have not yet been achieved. Undertakings wishing to obtain trade mark protection in all Member States are compelled to lodge eight applications with eight different trade marks offices in order to obtain, after eight different procedures, a trade mark, which is in each case effective only in one area of the Community.

This large number of procedures gives rise to high administrative costs and correspondingly high fees for applicants. The committee considers that, for these reasons too, it is necessary to create a Community trade mark.
6. The committee attaches great importance to the creation of equal conditions of competition and to the guaranteeing of the free movement of goods in the trade marks sector. Hitherto only national trade marks have existed, the protection of which depends upon the national legal system in each case. Identical and similar trade marks may therefore also be obtained independently by different undertakings in the various Member States, which is bound to give rise to conflicts at the internal frontiers of the Community. Although the Court of Justice of the European Communities has, by its decisions, eliminated some of the restrictions on the free movement of goods arising from the territorial limitation on national trade marks, a large number of these restrictions still continue to exist. This applies chiefly to cases in which trade marks from different Member States, created independently of one another and capable of confusion, are owned by undertakings with no financial links and are in conflict with one another. It is estimated that there are more than 300,000 such conflicting trade marks in the Community.

7. For consumers a Community trade mark means an additional source of information as to the origin and quality of numerous consumer goods. It enables them to choose correctly the desired product from a considerable number of similar goods throughout the Community. Consumer associations may, in the registration procedure, lodge objections to the registration of a specific trade mark with the trade marks office and are entitled to apply for a declaration that a trade mark has expired or is invalid.

8. The regulation based on Article 235 of the EEC Treaty ensures that the European Parliament can exercise its powers under the Treaties.
CONCLUSIONS

1. The Committee on Economic and Monetary Affairs wishes to point out to the Legal Affairs Committee the considerable economic importance of trade marks. In an economic system geared to the needs of consumers, manufacturers and traders it fulfils an important function in the general interest in the distribution of goods and services.

2. The Committee on Economic and Monetary Affairs welcomes both the Commission's idea of setting up a uniform system of trade marks and the principle features of that system contained in the proposal for a regulation and also the proposals for harmonization contained in the proposal for a directive.

3. National trade mark legislation cannot be replaced by a new Community law on trade marks. The committee therefore approves the restricted objective of the proposal for a first directive which is to approximate those provisions of the national law on trade marks the differences between which have the most direct and immediate effects on the establishment and functioning of the Common Market.

4. Nevertheless, the approximation of legislation cannot abolish those obstacles to competition and to the free movement of goods arising from territorial limitation on national trade mark law. These obstacles can only be removed by the creation of a trade mark which is largely independent of national law and effective throughout the Community. This Community trade mark is the only way to the progressive attainment of a common market in trade-marked goods.

5. The proposal for a Council regulation on Community trade marks is intended to enable an undertaking to obtain one trade mark for the territory of the European Community by means of one application to one trade marks office under one uniform procedure and in accordance with uniform provisions. It can market its goods and services throughout the Community under a single trade
mark which enjoys the same protection everywhere. The economy thus obtains an effective instrument for the marketing of its goods and services throughout the Community at low cost, which will help to promote intra-Community trade.

6. The committee is strongly in favour of the creation of an office for Community trade marks in the form of a Community establishment. It expressly supports the provision laid down in Article 103 according to which the office shall have only one language for procedural purposes.

7. The Committee on Economic and Monetary Affairs recommends that the Legal Affairs Committee should adopt the following amendments to the proposals for a directive and for a regulation, which express these conclusions and have been adopted by the Committee on Economic and Monetary Affairs:
AMENDMENTS TO THE PROPOSAL FOR A DIRECTIVE PROPOSED BY THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

AMENDMENT NO. A


Article 2(3) and (4)

Delete.

EXPLANATORY STATEMENT

This article prohibits the use of different trade marks from one Member State to another if there are no legitimate grounds for such conduct. The Commission justifies this provision on the ground that it guarantees the free movement of goods.

Obstacles to the free movement of goods between the Member States by the use of different trade marks are prohibited under Article 30 et seq. of the EEC Treaty if the different trade marks were used with the intention of partitioning the common market (see judgment of the Court of Justice of the European Communities of 10 October 1978 in Case 3/78, Centrafarm v American Home Products). If Article 30 et seq. does not apply in accordance with that judgment, the principle of free enterprise requires that an undertaking should continue to be able to use different trade marks in different Member States for legitimate reasons of market policy so as to be able to adapt itself to national and commercial conditions.

Moreover, this prohibition could easily be circumvented by the proprietor of the trade mark’s marketing under each trade mark products with a different composition instead of the same product. Such a prohibition could only be enforced if an administrative body were given the task of examining whether an ‘identical’ product was involved. This would not be compatible with the principles of a free market economy.
AMENDMENT NO B

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

Article 3(l): Delete the word 'serious'.

Delete the word 'serious' on page 14 of the explanatory memorandum.

EXPLANATORY STATEMENT

The committee shares the Commission's view that too broad an interpretation of the likelihood of confusion forms an obstacle to freedom of competition and the free movement of goods not justified by the need of proprietors of trade marks and consumers to be protected against signs which are capable of being confused. This makes it increasingly difficult for competitors to register new trade marks which are not in breach of such a high degree of protection. The wider the interpretation of the concept of the likelihood of confusion the greater the obstacles placed to the free movement of goods.

For these reasons the committee considers that it is essential not to overestimate the likelihood of confusion. On the other hand, the committee admits that, because of the large number of possible imitations, it does not seem feasible to lay down clear criteria as to when a likelihood of confusion exists in a particular case. The concept of 'serious likelihood of confusion' does not however help to give a more precise definition but rather creates uncertainty.

For this reason the committee proposes that the Commission should clarify the concept of likelihood of confusion in the recitals of the preamble to the directive.
AMENDMENT No C

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

Article 3(1a)

A new paragraph 1a should be added after Article 3(1) to read:

'or to use a sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those in respect of which application was made, where the trade mark is well-known throughout the Community and its prestige is damaged, by the use of the sign'.

EXPLANATORY STATEMENT

Whilst Article 8(1)(b) of the proposal for a regulation provides for protection for well-known trade marks, there is no corresponding provision in Article 3 of the proposal for a directive. The explanatory statement states, on the contrary, with regard to this article that the directive rules out protection for trade marks having wide reputation.

The committee is in favour of permitting the protection of well-known national trade marks. It takes the view that the proprietors of national trade marks which are particularly famous must, as hitherto, be able to protect themselves from competitors using identical or similar signs for goods which are not similar and exploiting the special prestige of these trade marks. In the interests of the free movement of goods, however, such wide protection must be restricted to exceptional cases.
AMENDMENT No D

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

Article 6(1)
Add the words 'in the European Community' after 'have been put on the market'.

Article 6(2)(a)
Delete.

EXPLANATORY STATEMENT

The committee takes the view that to adopt an attitude based purely on the law relating to trade marks would lead to undesirable results from the point of view of commercial policy. If non-Member States do not acknowledge the principle of international expiry of a trade mark, the Commission's proposal results in discrimination against Community industry.
Proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks

Article 7:
Add the following words:
'or if he infringes a limitation on his licence relating to the manufacture of goods in a specific territory'.

EXPLANATORY STATEMENT

The possibility of granting a licence is especially important for small and medium-sized businesses which cannot themselves distribute their product throughout the whole area to which the Community trade mark applies.
AMENDMENT No 5

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

Article 8(1)(b)
Delete the word 'serious'.

EXPLANATORY STATEMENT

See Amendment No 2 to Article 3(1).
AMENDMENT No A

Proposal for a Council Regulation on Community trade marks

Article 7(1)
Delete the word 'serious'.

Article 8(1)(a)
Delete the word 'serious'.

Explanatory memorandum, page 58
Delete the word 'serious'.

EXPLANATORY MEMORANDUM

See Amendment No 2 to the proposal for a first directive to approximate the laws of the Member States relating to trade marks.
AMENDMENT No 8

Proposal for a Council Regulation on Community trade marks

Article 11(1) should read as follows:

'The proprietor of a Community trade mark shall not have the right to prohibit a third party from using the trade mark for goods which have been put on the market in the European Community under this trade mark by the proprietor or with his consent'.

Article 11(2)(a) should be deleted.

EXPLANATORY MEMORANDUM

See Amendment No 5 to the proposal for a first directive to approximate the laws of the Member States relating to trade marks.
Proposal for a Council Regulation on Community trade marks

Article 11(2)(c) to read as follows:

'where the goods have been repackaged by a third party'.

EXPLANATORY MEMORANDUM

The second half of subparagraph (c) of paragraph 2 codifies the case-law of the Court of Justice of the European Community (see Judgment of 28 May 1978 in Case 102/77, Hoffmann La Roche v Centrafarm).

The committee considers that such codification of the case-law of the Court of Justice is inappropriate, especially since, although in other respects the same wording is used, there is no such provision contained in the proposal for a directive. A reference to the case-law of the Court of Justice of the European Communities in the recitals of the preamble to the regulation is quite sufficient.
AMENDMENT No D


Article 21(1) to read as follows:

'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 and for some or all of the area to which it applies. Licences may be exclusive or non-exclusive'.

Article 21(2)

The following words should be added:

'or if he infringes the restriction on his licence relating to the manufacture of goods in a specific territory'.

EXPLANATORY MEMORANDUM

The provisions relating to licences are extremely important for small and medium-sized undertakings. In general they do not have their own agencies, as larger undertakings do, so that they are dependent on outside firms as licensees.
AMENDMENT No E

Proposal for a Council Regulation on Community trade marks

Article 21(3)

This amendment does not apply to the English text of the proposal for a regulation in which Article 21(3) already refers to 'the quality of the goods manufactured or of the services provided...'.

Proposal for a Council Regulation on Community trade marks.

Article 82
Delete the words 'or use'.

EXPLANATORY MEMORANDUM

In the opinion of the committee, the provisions of Article 82 encroach too far on existing national law. The committee is aware of the reasons behind these provisions. They are in fact intended to prevent the Community trade marks being unable to be used further in the long term in a Member State owing to a judgment prohibiting its use given by a national court in that Member State.

The use of the Community trade mark can however not be exempted from the application of all other national legislation. This includes for example provisions on unfair competition, and provisions relating to the law on foodstuffs and pharmaceuticals. As long as such provisions refer only to the type of use of the Community trade mark the uniformity of the Community trade mark throughout the economic area of the European Community is guaranteed by the unambiguous word 'validity'.