SUMMARY OF CONCLUSIONS

of: meeting of the Working Party on Intellectual Property (Trade Marks)
held in Brussels on 13 and 14 September 1982


The Working Party

1. re-examined Article 7 (relative grounds for refusal) with reference to a note from the United Kingdom delegation (8749/82) and gave a first reading to Article 8(1),

2. was informed of the progress of the procedures before the European Parliament,

3. held a discussion on the problem of relations with WIPO in connection with the Madrid Agreement.
I. CONTINUATION OF THE FIRST READING

Delegations will find in Annex I the outcome of the first reading of Articles 7 and 8(1).

II. PROGRESS OF THE PROCEDURE FOR CONSULTING THE EUROPEAN PARLIAMENT

The Commission representative informed the delegations that the European Parliament's Opinion would probably be delivered during the first six months of 1983.

III. RELATIONS WITH WIPO

The Working Party took note of WIPO's preparatory text on possible measures to establish links between the Madrid Agreement and the proposal for a Regulation of the Council of the European Communities on a Community trade mark, drawn up jointly by the International Bureau of WIPO and the Commission departments. It was also informed that the Director-General of WIPO had decided to postpone the meeting of the Working Party set up by the Assembly of the Madrid Union to a date in the first half of 1983.

All the delegations agreed that it would be premature to discuss the substance of possible links between the Community trade mark and the Madrid Agreement since the progress of the discussions on the Regulation on a Community trade mark did not yet make it possible to hold a worthwhile discussion on this subject.
All the delegations were of the opinion that the Member States were bound, in accordance with Article 116 of the Treaty establishing the European Economic Community, to proceed by common action on a possible adaptation of the Madrid Agreement in connection with the Community trade mark in view of the particular importance of this matter to the Common Market as a result of the Commission's initiative in introducing such a trade mark. The Working Party noted, however, that it would be unable to finalize a common position in the first six months of 1983 and agreed that the Danish delegation, which would hold the Presidency, would send a further letter to the Director-General of WIPO informing him that it would like to see the meeting of the Working Party postponed to a later date. This letter is reproduced in Annex II.

As the Commission representative had said that the Commission departments would officially submit the proposals contained in WIPO's preparatory text (1) to the Council, the Working Party instructed him to prepare a paper by January 1983 examining all the repercussions which the establishment of links between a Community trade mark and the Madrid Agreement might have, notably vis-à-vis Member States which are not members of the Madrid Agreement.

(1) This document has been circulated in the meantime under reference 10474/82.
ANNEX I

FIRST READING OF THE PROPOSAL FOR A REGULATION
(Articles 7 and 8(1))

The delegations will find below:

- on the left-hand pages: the text of the Articles as they stand following the Working Party's discussions. Amendments to the Commission proposals are underlined;

- on the right-hand pages: the summary of comments or reservations tabled by the delegations on the Commission proposal.

It was agreed that the delegations concerned should forward their comments on the various language versions directly to the Secretariat so that these could be taken into account for the gradual achievement of unified terminology and of concordance between the texts. However, the Commission has yet to forward the official Greek version of the proposal.
Article 7

(1) This Article applies only where the proprietor of an earlier right within the meaning of paragraph 2, or of a trade mark to which paragraph 5 applies, has been successful in opposing registration of the Community trade mark, his opposition having been in conformity with the provisions of this Regulation.

(2) An "earlier 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 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) application for the trade marks referred to in (a), subject to their registration;

(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 6a of the Paris Convention;

(d) any signs used in the business world before the application for registration of the Community trade mark which, under the law of the Member State governing them, confer on their proprietor the right to prohibit the use of subsequent trade marks.
Article 7

The Working Party held a fresh discussion on Article 7 on the basis of the document submitted by the United Kingdom delegation (8749/82). The text set out herein is the outcome of the first reading of this Article and replaces the text contained in 8323/82.

Proposal for an amendment to the text of paragraph 1

The Danish delegation submitted the following drafting amendment:

"(1) A trade mark shall not be registered under the conditions provided for in paragraphs 3, 4 or 5 when the holder of an earlier right within the meaning of paragraph 2 or of a trade mark referred to in paragraph 5 has been successful in opposing registration of the Community trade mark, his opposition having been in conformity with the provisions of this Regulation."

Taking account of earlier trade marks from the date of application for registration (paragraph 2(b))

The Working Party confirmed its previous conclusions (8323/82, Annex I, page 7) to the effect that opposition could also be filed on the basis of trade marks applied for but not yet registered, subject to their registration.

Opposition of the holder of an earlier unregistered right (paragraph 2(d))

The delegations confirmed their positions as set out in 8323/82, Annex I, pages 11, 13 and 15.
The Commission representative pointed out that the proposal for a Regulation submitted by the Commission would not afford holders of earlier unregistered rights the right to opposition, on the one hand in order not to put off applicants for a Community trade mark by the prospect of a large number of oppositions and, on the other hand, in order not to impose on the Office the difficulty of having to apply ten different national laws in order to determine the extent of usage of the earlier unregistered right which is being invoked. He emphasized that in order to appreciate the balance of the proposal account should be taken of the other rights afforded under the Commission proposal to holders of earlier unregistered rights and that account should also be taken of the amendments already proposed by the Working Party to Article 82, as well as the United Kingdom delegation's proposal concerning injunctions, to which the Commission had a favourable attitude.

For a better assessment of the additional workload which granting a right of opposition to holders of an earlier unregistered right would cause the Office, the Working Party felt it would be useful if the delegations were to provide information on the number of opposition proceedings brought in their countries, together with the number of revocation and infringement proceedings brought by holders of unregistered rights such as commercial signs and names.

Inclusion of commercial names (paragraph 2(d))

The Danish delegation proposed mentioning commercial names expressly in this paragraph. The Commission representative emphasized that subparagraph (d) contained a general wording, which made it preferable not to mention particular cases.
Article 7 (continued)

(3) A trade mark shall not be registered

(a) if it is identical with an earlier right, and the goods or services are identical with those for which the earlier right was registered in the cases referred to in paragraph 2(a) or (b) or has been used in the cases referred to in paragraph 2(c) or (d);

(b) if it is identical with an earlier right, and the goods or services are similar to those for which the earlier right was registered in the cases referred to in paragraph 2(a) or (b) or has been used in the cases referred to in paragraph 2(c) or (d), with the result that there arises a risk of confusion on the part of the public concerned in the territory in which the earlier right has effect.

(c) if it is similar to an earlier right, and the goods or services are identical with or similar to those for which the earlier right was registered in the cases referred to in paragraph 2(a) or (b) or has been used in the cases referred to in paragraph 2(c) or (d), with the result that there arises a risk of confusion on the part of the public concerned in the territory in which the earlier right has effect.

(4) A trade mark shall not be registered if it is identical with or similar to an earlier right of wide repute in the whole Community and its usage would constitute an unjustifiable exploitation of the commercial value and the repute of the earlier right.
Conditions of identity and of similarity of trade marks and products and services (paragraph 3)

Article 7(3) opposite was finalized on the basis of the conclusions reached by the Working Party when reading Article 8. It is a provisional wording and the final text might be simplified in the light of the decisions the Working Party reaches on subparagraph (b).

Trade mark of wide repute (paragraph 4)

(a) The Working Party considered that wide repute concerned both national rights and previous Community trade marks.

(b) The Working Party was of the opinion that the United Kingdom delegation's proposal to regard wide repute as exceptional should not be adopted, since this would needlessly create a third category of special trade marks alongside the well-known trade mark and the trade mark of wide repute.

(c) The Danish and German delegations proposed limiting the application of this paragraph to trade marks which were "almost identical" (DK) or "impossible to distinguish in substance" (D) instead of mentioning similar trade marks.

(d) The German delegation said it preferred that it be expressly stated that the protection of the trade mark of wide repute also covered the use of a sign for products or services which were not similar.

(e) Some delegations wondered about the extent of the territory which wide repute should cover. They thought that the matter should be left to future case law but that in all cases a wide repute should not be required to cover the whole Community as this would impose an excessively strict condition for applying that provision.
(5) 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 also be refused unless the agent or representative justifies his action.
(f) The Danish delegation proposed the following provision:

"Exceptionally, registration of a trade mark shall be refused where it resembles an earlier right which is so well-known in the Community that use of the trade mark even in respect of goods or services of a different kind, would constitute unwarrantable exploitation of the commercial value of the earlier right."

The German delegation proposed a provision to the effect that registration of a trade mark was refused "where its use would affect the distinctive nature or the reputation of the trade mark of wide repute or would constitute unwarranted exploitation thereof."

Most delegations thought that the proposal for a Regulation should include a reference to the concept of unwarranted exploitation of commercial value and the repute of the earlier right.

Applications by the agent or representative of the rightful proprietor
(paragraph 5)

(a) The Working Party did not adopt a suggestion from the German delegation that this provision should also apply to similar trade marks for similar products.

(b) The Working Party agreed to interpret this provision as

- applying internationally within the meaning of Article 6(f) of the Paris Convention, i.e. when the proprietor of the trade mark was established in a country other than that of the agent, inside or outside the Community;

- also covering cases where the proprietor of the trade mark and the agent were established in the same country.
(c) The Danish delegation wanted application of this provision extended to any person acting in bad faith:

"Registration of a trade mark shall be refused if it is established that on the date of application the applicant knew that a third party had an earlier right to the trade mark."

The Working Party did not accept such an extension of this provision. The Danish proposal involved a subjective criterion which would cause problems of compatibility with the objective criteria to which Article 7(3) referred. Furthermore, a provision of this type would be tantamount to allowing the proprietor of an earlier right in a country outside the Community to oppose the creation of a Community trade mark without any reciprocal condition.

Similarly the Working Party did not consider it would be useful to adopt the terms used in Article 4(6)(b) of the Benelux law which referred to "application made in full awareness, resulting from direct relations, of the use made in good faith by a third party outside the territory of Benelux of a similar trade mark for similar goods unless this third party has given its agreement ..........". In cases where the person concerned was not the agent or representative of the rightful proprietor of the trade mark, protection was already guaranteed by means of legal action based on the abolition of unfair competition.
Article 8

(1) Registration of a Community trade mark confers on the proprietor exclusive rights therein. No third party may use in the course of trade, save with the proprietor's consent:

(a) 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 trade mark is registered;

(aa) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are similar to those for which the Community trade mark is registered where such use would involve the likelihood of confusion on the part of the public concerned;
Article 8

Introductory part (paragraph 1)

(a) The German and Danish delegations wanted the introductory part of paragraph 1 to state explicitly that it was the registration of the Community trade mark which conferred exclusive rights on the proprietor. The other delegations did not support that addition and the French delegation said that it was superfluous since the Community trade mark would only exist after registration.

(b) With respect to the absolute right conferred by the trade mark (or by registration), the French delegation suggested stating clearly that no third party could violate this right, without there being any need for the proprietor to prohibit its use. The great majority of delegations supported an amendment along these lines. The German delegation did not adopt a final position on this question.

Identical signs ((a) and (aa))

(a) All delegations agreed that in the case of the use of a sign identical to the Community trade mark for identical goods or services, there was no need to establish that there was likelihood of confusion.

(b) As regards the use of an identical sign for similar goods and services, the great majority of delegations thought that, here too, there was no need to establish that confusion was likely.

As far as the Danish delegation was concerned however, it would be necessary to establish that confusion was likely in order to assess the similarity of products even when an identical sign was being used since the concept of "similarity" was difficult to interpret.
(b) any sign which is similar to the Community trade mark in relation to goods or services which are similar to those for which the Community trade mark is registered, where such use would involve the likelihood of confusion on the part of the public concerned;
Similar signs ((b))

(a) The German delegation thought that the concept of likelihood of confusion should be re-examined. If trade marks were alike, the courts in the Member States had hitherto used the concept of likelihood of confusion to protect the earlier trade mark, even if to some extent the likelihood of confusion was less the more well-known the earlier trade mark. In fact the courts were really protecting trade marks from unwarranted exploitation of commercial value or damage to their repute.

This delegation suggested that the following be added to the end of (b) (and (aa)): "... or /"unwarranted/' exploitation of the commercial value or damage to the repute of the Community trade mark".

The German delegation said that the wording of its proposal was not yet final. It was undecided in particular as to whether or not the text of (b) should be aligned with (c) thereby prohibiting only "unwarranted" exploitation of the commercial value and repute of the Community trade mark.

The Working Party noted that the German delegation's proposal was an innovation in trade mark law, all the implications of which could not yet be appreciated.

The Netherlands delegation supported the German proposal. Other delegations had an open mind and said that the question should be given further scrutiny for the second reading.

(b) The United Kingdom delegation suggested adding that the likelihood of confusion must exist on the part of the public "in the territory where the sign is used". Several delegations supported this addition at least in cases where the later sign was a national sign.
(c) any sign which is identical with or similar to the Community trade mark where the latter is of wide repute in the whole Community and where use of that sign would constitute unwarranted exploitation of the commercial value and the repute of the Community trade mark.
(c) The German delegation suggested that - as in Articles 6 and 7 - the phrase "public concerned" ("beteiligte Verkehrskreise") be substituted for the word "public".

Trade mark of wide repute ((c))

For comments on the trade mark of wide repute, see also Article 7(4).

The German delegation wondered whether, with respect to the Community trade mark of wide repute, the protection of this trade mark should not be defined in a separate Article of the Regulation.

The Danish and United Kingdom delegations thought that the Community trade mark should enjoy wide repute in the whole Community in order to qualify for the protection referred to at (c). As far as the other delegations were concerned, the word "whole" was unnecessary.
ANNEXE II

Bruxelles, le 16 septembre 1982

Monsieur A. BOGUSCH
Directeur Général
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CH - 1211 GENEVE 20

Monsieur le Directeur Général,


Les délégations des États membres de la Communauté m'ont chargé de vous communiquer ce qui suit.

.../...
Les États membres de la Communauté, dès lors que la procédure d'examen de la proposition de la Commission est en cours devant les instances du Conseil, sont tenus, conformément à l'article 116 du traité instituant la Communauté économique européenne, de mener une action commune sur une éventuelle adaptation de l'Arrangement de Madrid compte tenu des liens qu'elle présente avec la proposition de la Commission. En vue d'établir une position commune à cet effet les États membres doivent coordonner leurs positions.

La complexité de la matière et de ses implications au plan communautaire inclinent à penser qu'une réunion en 1983 du groupe de travail institué par l'Assemblée de l'Union de Madrid se heurterait aux mêmes difficultés que celles dont M. Honoré Raux vous aviez fait part dans sa lettre du 9 juin 1982 : les délégations des États membres de la Communauté ne seraient pas en mesure de prendre position sur le document présenté par votre Organisation et, dans ces conditions, les délégations des États membres non parties à l'Arrangement de Madrid et qui seraient invitées à titre d'observateur, pourraient juger que leur présence ne se justifie pas.

Les délégations des États membres tiennent cependant à soulever de nouveau à votre attention que les délais requis par les procédures internes de la Communauté pour l'examen de la proposition de la Commission font que la question des relations entre l'Arrangement de Madrid et la marche communautaire ne présente pas un degré d'urgence particular.

Je vous prie de croire, Monsieur le Directeur Général, à l'assurance de mes sentiments très distingués.

[Signature]