NOTE

from: General Secretariat of the Council
to: Working Party on Intellectual Property (Trade Mark)

Subject: Amended proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks
   - Consolidated text resulting from the Working Party's first reading


Certain provisions have been adapted to the changes made to the corresponding provisions of the Regulation at the Working Party's meeting on 9 and 10 October 1986.

.../...
FIRST COUNCIL DIRECTIVE TO APPROXIMATE THE LAWS
OF THE MEMBER STATES RELATING TO TRADE MARKS

Article 1

Scope

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 or certification mark, or which is the subject of a registration or an application for registration in the Benelux Trade Mark Office or of an international registration having effect in a Member State.

1 The Greek and Irish delegations considered that the reference to services would not oblige the Member States whose laws did not provide for trade marks in respect of services to introduce them.

2 The Working Party was of the unanimous opinion that the Directive should apply in each Member State to collective marks and guarantee or certification marks only insofar as trade marks of this type are the subject of laws in that State; a Member State which does not have such trade marks should not be obliged to introduce them.

To ensure that the list in question covers all existing types of trade mark, delegations have been asked to inform the Secretariat by 31 October 1986 at the latest of the trade marks which exist in their countries so that Article 1 may be supplemented if necessary.

3 Article 1 prompted the general question of whether the Directive should be extended to cover mark rights which have not been registered. The Commission representative and several delegations warned against this, as the situations to be covered were likely to be extraordinarily complicated. That did not mean, however, that unregistered rights would not also be taken into account in special provisions (e.g. Article 8).
Article 1a

Signs of which a trade mark may consist

A trade mark may consist only of signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

4 The German delegation and the Commission representative wanted an attempt to be made to provide a uniform definition for trade marks in this new Article.

The present text, which is based closely on Article 3 of the proposal for a Regulation, has not yet been examined by the Working Party.

5 It was suggested that the following explanatory statement should be envisaged for the Council minutes concerning the word "shape":

"The word "shape" is also intended to cover the three-dimensional form of goods."
Article 2

Grounds for refusal - Invalidation

(1) The following shall not be registered:

(a) signs which, under the law of the Member State concerned, cannot constitute a trade mark;

(b) trade marks which are devoid of any distinctive character;

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;

Several delegations (D/ES/IRL/I) said it was very important to decide whether the grounds for refusal indicated in paragraph 1 and the grounds for invalidity in paragraph were minimum standards, in addition to which each Member State may specify further grounds for refusal or invalidity, or whether they constituted an absolute standard. The Working Party found no clear-cut answer to this; the Commission representative said that he understood Article 2 to constitute an absolute standard.

Delegations were requested to inform the Secretariat in writing by the end of October 1986 of any further grounds for refusal and invalidity which they would like to see included in the Directive if an absolute standard were involved.

The words in square brackets would be left out if a uniform definition of trade marks (in Article 1a) were introduced for all Member States.

It was stressed that the wording of (b), (c) and (d) was based closely on Article 6 quinquies B.2. of the Paris Convention.

Reservation from the Irish delegation on the word "exclusively" which it considered too restrictive.
Article 2 (continued)

(d) trade marks which consist exclusively\(^9\) of signs or indications which have become customary to designate the goods or service in the current language or in the bona fide and established practices of the trade;\(^8\)

(e) the shape of goods which results from the nature of the goods themselves or which has a significant technical consequence, or which affects the intrinsic value of the goods \(/\), to the extent that, in the Member State concerned, a shape may constitute a trade mark/\(^10\)\(^11\)

(f) trade marks which are contrary to public policy or to accepted principles of morality;

(g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;

(h) trade marks which have not been authorized by the competent authorities and are to be refused or invalidated pursuant to Article 6 ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the "Paris Convention";

\(^{10}\) This subparagraph will be aligned on the corresponding provision in the Council Regulation (Article 6 paragraph 1(e)), which is still under discussion.

\(^{11}\) The words in square brackets could possibly be omitted if a uniform definition were introduced in Article 1a. The Portuguese delegation made it clear in this connection that it did not want a definition which would oblige a Member State to register the shapes of goods as trade marks.
Article 2 (continued)

(1) trade marks which include badges, emblems and escutcheons other than those covered by Article 6 ter of the Paris Convention and which are of particular public interest, unless the consent of the appropriate authorities to their registration has been given.\(^\text{12}\)

(2) Deleted.

(3) A trade mark shall be invalidated if it has been registered in breach of paragraph 1.

(4) If, in consequence of the use which has been made of a trade mark, for which application has been made or which has been registered in breach of paragraph 1(b), (c) or (d), that trade mark has become distinctive in relation to the goods or services for which registration is requested or for which it has been registered, paragraph 1(b), (c) and (d) and paragraph 3 shall not apply.\(^\text{13}\)

(5) Paragraphs 1 and 3 shall not apply to trade marks for which application has been made prior to the date on which the provisions necessary to comply with this Directive enter into force in the Member State concerned. These trade marks shall however be refused registration or shall be invalidated under provisions of national law in force prior to this date.

\(^\text{12}\) Reservations from the German and Netherlands delegations on (i); the Spanish delegation could agree to (i) being deleted.

\(^\text{13}\) The Spanish delegation made a waiting reservation on paragraph 4.
Article 3

Rights conferred by a trade mark

(1) The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign which is:

- identical with the trade mark in relation to goods or services which are similar to those for which the trade mark is registered, or

\[\text{14} \]
The Greek delegation suggested making it clear that the signs referred to in (a) and (b) must have come into existence later than the trade mark. The other delegations did not agree that such a clarification was necessary and referred to the identical wording in Article 8 of the proposal for a Regulation.

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The United Kingdom delegation said it doubted that the reference to the similarity of goods and services would in fact cover all cases which should be covered; it therefore suggested also referring to associated goods or services. The other delegations did not agree that such a clarification was necessary and referred to Article 8 of the proposal for a Regulation. However, it was suggested that an explanatory statement should be drafted for the Council minutes. This could read as follows:

"Goods and services which, within the meaning of subparagraph 1(b), are similar to goods and services for which the trade mark is registered are taken to include goods and services which are associated with the goods and services for which the trade mark is registered."

.../...
Article 3 (continued)

- similar to the trade mark in relation to goods or services which are identical with or similar to those for which the trade mark is registered,

where, because of those factors, such use involves a likelihood of confusion on the part of the public;

c) deleted;

(d) any sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter is of wide repute in the Member State and where use of that sign takes unfair advantage of or is detrimental to the distinctiveness or the repute of the trade mark.

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16 The Commission representative thought the condition here should be whether the trade mark was of wide repute in the Community.

17 Several delegations (B/D/ES/NL/P) said provisionally that they were in favour of drafting (d) as an option for the Member States. All delegations would like to look at this more closely.

.../...
Article 3 (continued)

(2) The following, inter alia, may be prohibited under paragraph 1:

(a) affixing the sign to the goods or to the packaging thereof;

(b) offering the goods, putting them on the market or stocking them for these purposes under that sign, or offering or supplying services thereunder;

(b bis) importing the goods, exporting them or subjecting them to any other customs procedure such as transit or warehousing;

(c) using the sign on business papers and in advertising.

(3) Deleted.

18 It was asked whether the situations referred to in paragraph 2 were meant to constitute an exhaustive or a sample list, but no clear-cut answer was given. It was, however, stressed that the Directive and the Regulation would have to agree on this point.

19 The present wording of subparagraphs (b) and (b bis) has not yet been examined by the Working Party; it was proposed by the Commission representative in respect of Article 8 paragraph 2(b) of the Regulation.

20 It is proposed that the following statement be included in the Council minutes:

"The reference to advertising in paragraph 2(c) does not cover use of a trade mark in comparative advertising."

21 In connection with the deletion of this paragraph, the Commission representative was requested to draft a general text which - possibly as part of the recitals - explicitly states which matters are and which matters are not governed by the Directive.
Article 3 (continued)

(4) Where, under the law of the Member State, the use of an identical or similar sign in relation to similar goods could not be prohibited before the date on which the provisions necessary to comply with this Directive entered into force in the Member State concerned, the rights conferred by the trade mark may not be relied on to prevent the continued use of the sign in relation to the goods concerned.\textsuperscript{22}

\textsuperscript{22} The Netherlands delegation stressed in connection with paragraph 4 that it felt it was important to ensure that the protection currently provided by the BENELUX trade mark was not affected by the Directive. It reserved the option of submitting a corresponding proposal for a text to the Working Party.
Reproduction of trade marks in dictionaries

(1) The publisher of a dictionary, encyclopaedia or similar work shall ensure that any reproduction of a trade mark therein is accompanied by an indication that the trade mark is registered, where the reproduction of this trade mark in such works gives the impression that it constitutes the generic name of the goods or services for which the trade mark is registered.

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

23 All the delegations, with the exception of the Danish delegation, which entered a provisional reservation, could accept the deletion of Article 4; the Commission representative would not object to such a deletion. The Danish delegation has offered to submit a new proposal for the corresponding Article of the Regulation (Article 9).
Article 5

Limitation of the effects of a trade mark

The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, 24

(a) his own name or address; 25

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services or other characteristics of goods or services;

(c) the trade mark where it is necessary to indicate the intended purpose of a product or service, in particular as accessories or spare parts, provided he uses them in accordance with honest practices in industrial or commercial matters. 26

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24 The Portuguese delegation questioned whether the expression "using in the course of trade" would cover application for the registration of a trade mark.

25 It is proposed that the following statement be entered in the Council minutes:

"The terms "his own name" apply only in respect of natural persons."

26 The Italian delegation proposed adding a new paragraph as follows (doc. 9285/86):

"The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if such use is confined to the territory where that right is recognized by the laws of the Member State in question, even though that right may no longer be invoked against the later registered trade mark."

.../...
Article 6

Exhaustion of the rights conferred by a trade mark

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

(2) Paragraph 1 shall not apply where there exist legitimate reasons for the proprietor to oppose further commercialization of the goods, especially where the condition of the goods is changed or impaired after they have been put on the market.

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27 The German delegation referred to its reservation concerning the corresponding Article (Article 11) in the proposal for a Regulation. The Chairman suggested the wording "... at least in the Community...".

28 Reservation from the Commission representative on this version of paragraph 2, which he thought was not in accordance with the case law of the CJEC as regards the exhaustion of trade mark rights throughout the Community.
Article 7

Licensing

(1) A trade mark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.

(2) The proprietor of a trade mark may invoke the rights conferred by that trade mark against a licensee who contravenes any provision in his licence in particular with regard to its duration, the scope of the goods or services for which the licence is granted or the territory in which the trade mark may be affixed, or who does not comply with the proprietor's instructions in respect of the quality of the goods manufactured or of the services provided by the licensee.

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29 Scrutiny reservation from the Portuguese delegation on the possibility of licensing a trade mark.

30 The Commission representative thought that the second sentence could be misinterpreted as exclusive licences would be allowed only insofar as they were not contrary to Article 85 of the EEC Treaty.

31 The Commission representative expressed a reservation on the words "the territory in which the trade mark may be affixed", on the grounds that no such provision was contained in the existing national laws.
Article 8

Grounds for refusal - Invalidation

(1) A trade mark shall not be registered or shall be invalidated:

(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 a likelihood of confusion on the part of the public in the territory in which an earlier right has effect arises:

- because the trade mark is identical with the 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), or

32 The Portuguese delegation entered a general scrutiny reservation on Article 8, which it thought should be regarded as a minimum standard.

33 The structure of this Article will be reviewed in the light of the structure finally adopted for Article 7 of the Regulation.

34 The Netherlands delegation suggested adding the words "by the competent authority of its own motion if the law of the Member State so permits or at the request of a third party".

35 The Danish, Greek and Italian delegations considered that the words "in the territory in which an earlier right has effect" were superfluous.
Article 8 (continued)

- because the trade mark is similar to the 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). 36

(c) deleted.

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

- Community trade marks,

- trade marks registered in the Member State, including, where appropriate, those registered in the Benelux Trade Mark Office,

- trade marks registered under international arrangements which have effect in the Member State;

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

36 The Danish delegation considered that paragraph (b) should not be applicable where the proprietor of the earlier right has authorized the registration of the later trade mark.
Article 8 (continued)

(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 6 bis of the Paris Convention;

(d) any signs used in the business world before the application for registration of the trade mark which, under the law of the Member State, confer on their proprietor the right to oppose the registration or to seek the invalidation of subsequent trade marks;

(e) deleted.

(3) A trade mark shall not be registered or shall be invalidated if it is identical with or similar to an earlier sign which is of high repute within the Member State and if its use for goods or services which are not similar to those for which the earlier sign is registered, applied for or used, would take unfair advantage of, or be detrimental to, the distinctiveness or the repute of the earlier sign.\(^{38}\)

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\(^{37}\) The German delegation thought the words "under the law of the Member State" superfluous and suggested deleting them.

\(^{38}\) Waiting reservation by the German delegation on paragraph 3.
Article 8 (continued)

(4) A trade mark shall also not be registered or shall be invalidated, where any earlier right other than those defined in paragraph 2 or 3, and in particular a right to a name, a right of personal portrayal, a copyright or an industrial property right, confers on its holder the right to oppose the registration or to seek the invalidation of subsequent trade marks.

(5) Where an agent or representative of the rightful applicant or proprietor of a trade mark applies for or has obtained registration thereof in his own name without the proprietor's consent, the trade mark shall not be registered or shall be invalidated, unless the agent or representative justifies his action.39

39 Only the German delegation was in favour of maintaining paragraph 5. Alternatively, delegations were asked to consider the possibility of including a provision at the beginning of the Directive to the effect that "This Directive shall be without prejudice to the obligations of the Member States under the Paris Convention for the Protection of Industrial Property".

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Article 9

Friendly settlement

(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 thinks fit to do so, it may invite the parties to make a friendly settlement.

(2) Deleted.

46 The Belgian and French delegations expressed a reservation in respect of this provision, as under their procedural law a court may invite the parties to make a friendly settlement only if one of the parties so requests, not on its own initiative.

The Greek delegation also expressed a reservation.
Article 10

Limitation in consequence of acquiescence

(1) Where, in a Member State, the proprietor of a registered trade mark or of any other earlier right referred to in Article 8(2) has acquiesced in the use of a later registered trade mark in that Member State for a continuous period, the duration of which shall be determined by the Member State concerned up to a maximum of five years, while being aware of such use, he shall no longer be entitled on the basis of the earlier trade mark or right either to apply for a declaration that the later trade mark is invalid or to oppose the use of the later trade mark in respect of the goods or services for which the later trade mark has been used, unless the later trade mark was applied for in bad faith.

(2) Deleted.

(3) The proprietor of a later registered trade mark shall not be entitled to oppose the use of the earlier right referred to in paragraph 1, even though that right may no longer be invoked against the later trade mark. 43

41 The United Kingdom delegation expressed a reservation in respect of this Article.

42 The Italian delegation considered that this provision should be extended to cover a right to a name and a right to personal portrayal in addition to the rights referred to in Article 8 paragraph 2.

A number of delegations objected to this suggestion, as they considered that it would interfere with national provisions concerning personal rights.

43 This paragraph, which corresponds to Article 44 paragraph 3 of the Regulation, has not yet been examined by the Working Party. The Italian delegation wondered whether a provision of this nature should be contained in Article 5 rather than Article 10.

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Article 11

Use of trade marks

(1) If, within a period of five years following registration, the proprietor has not put the trade mark to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark shall be subject to the sanctions provided for in this Directive, unless there are proper reasons for non-use. 44

(1a) The following shall also constitute use within the meaning of paragraph 1:

(a) use of the trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

(b) affixing of the trade mark to goods or to the packaging thereof in the Member State solely for export purposes.

(2) Deleted.

44 The Danish, Irish and Italian delegations reserved the right to seek a derogation from paragraph 1 in respect of defensive marks if such marks were to be retained after entry into force of the Directive.
Article 11 (continued)

(3) Use of the trade mark with the consent of the proprietor or by any person who has authority to use a collective mark or a guarantee or certification mark shall be deemed to constitute use by the proprietor.

(4) In relation to trade marks registered before the date on which the provisions necessary to comply with this Directive enter into force in the Member State concerned:

(a) where a provision in force prior to that date attaches sanctions to non-use of a trade mark during an uninterrupted period, the relevant period of five years mentioned in paragraph 1 shall be deemed to have begun to run at the same time as any period of non-use which is already running at that date;

(b) where there is no use provision in force prior to that date, the periods of five years mentioned in paragraph 1 shall be deemed to run from that date at the earliest. 45

45 This amended version of paragraph 4 has not yet been examined by the Working Party. The Italian delegation questioned the need for any provision relating to a use requirement in respect of trade marks registered before entry into force of the provisions resulting from the Directive.
Article 12

Use of a trade mark averred in opposition to a later trade mark

Where the law of a Member State provides that the existence of a trade mark may be averred in opposition to the registration of a later trade mark, it shall provide that, at the request of the applicant for registration, the party opposing registration shall furnish proof that, during the period of five years preceding the date of publication of the later trade mark application, the earlier trade mark has been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, or that there are proper reasons for non-use, provided the earlier trade mark has at that date been registered for not less than five years and to the extent that it is registered in respect of goods or services for which the later trade mark is applied for. 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 purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services.

46 The German delegation reserved the right to propose alternative wording to "furnish proof".
The Working Party noted that the absence of provisions in the Directive relating to the production of a declaration of user at the time of renewal of a trade mark left each Member State free to decide whether or not to keep or to introduce provisions in this respect.

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Article 14

Grounds for invalidation

(1) A trade mark shall be invalidated if, within a continuous period of five years expiring /three months/ before the commencement of any invalidation proceedings, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use, or if within that period such use has only been in bad faith.49

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

(a) in consequence of acts or inactivity of the proprietor50, it has become the common name in the trade for a product or service in respect of which it is registered;

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

48 Reservation by the German and French delegations on the period of three months.

49 Reservation by the Danish and Italian delegations in respect of the concept "in bad faith".

50 Waiting reservation by the Italian delegation in respect of the words "in consequence of acts or inactivity of the proprietor".
Article 14 (continued)

(3) An earlier trade mark which has been registered for not less than five years may not be invoked in proceedings for invalidation of a later trade mark if that earlier trade mark has not been put to genuine use in the Member State concerned in respect of the goods or services for which the later trade mark is registered in the five years preceding the commencement of the proceedings for invalidation.

51 The Working Party, which has not yet examined the wording of this new paragraph 3, agreed that this provision should not affect national laws in respect of the burden of proof.
Article 15

Grounds for refusal or invalidation relating to only some of the goods or services

Where a ground for refusal of registration or for invalidation of a trade mark exists in respect of only some of the goods or services for which that mark has been applied for or registered, refusal of registration or invalidation shall cover those goods or services only.\(^52\)

\(^52\) The Danish delegation considered that guidelines would be necessary as to the extent to which a distinction should be made in practice between the goods and services for which the trade mark was applied for or registered and the goods and services in respect of which a ground for refusal or invalidations existed.
Article 16

Additional grounds for refusal or invalidation in respect of collective marks, guarantee marks and certification marks

Without prejudice to Article 3, Member States whose laws authorize the registration of collective marks or of guarantee or certification marks may provide that such marks shall not be registered, or shall be invalidated, on grounds additional to those specified in Articles 2 and 14 where the function of those marks so requires. 53

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53 On a proposal by the Spanish and Portuguese delegations, it was agreed that a new provision should be added whereby, in derogation from Article 2 paragraph 1(c), it would be possible to register collective marks in respect of designations of geographical origin; the Spanish delegation agreed to submit a draft in this respect. The Spanish delegation also considered that it should be possible to derogate from the whole of Article 2 paragraph 1(c) in respect of collective marks, guarantee marks and certification marks.

.../...
Article 17

Procedure

The laws of the Member State shall determine the procedure for registration and for invalidation of trade marks and the effects of invalidation.54

54 Waiting reservation by the German delegation.
Article 18

National provisions to be adopted pursuant to this Directive

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

(2) The Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field governed by this Directive.
Article 19

This Directive is addressed to the Member States.