SUMMARY OF CONCLUSIONS

of 53rd meeting of the Working Party on Intellectual Property (Trade Mark)
on 17 and 18 September 1987

No. prev. doc. 8117/87 PI 66 No. Cion prop. 4090/86 PI 66

Subject: Amended proposal for a first Council Directive to approximate the
laws of the Member States relating to trade marks


It examined articles 10 to 19 on the basis of the consolidated text resulting from the Working Party's first reading (document 9377/86 PI 57) and the working document aligning this text on the consolidated text of the proposal for a Regulation (doc. SN/2063/87).

It also reexamined articles 2 to 9 on the basis of the revised version resulting from the Working Party's discussion on 30 and 31 July 1987 (document 8117/87 PI 66).
A new consolidated text resulting from the Working Party's second reading is set out in the Annex I. Statements to be entered in the Council minutes are set out in Annex II.

2. The Working Party noted that reservations in respect of the following provisions were lifted:

- Article 5, paragraph 2, scrutiny reservation by the Danish delegation,

- Article 10, reservation by the United Kingdom delegation,

- Article 11, paragraph 1, reservation by the Danish and the Irish delegations,

- Article 14, paragraph 1, reservation by the German and French delegations,

- Article 14, paragraph 1, reservation by the Danish and Italian delegations

- Article 14, paragraph 2(a), waiting reservation by the Italian delegation.

3. Following the redrafting of the statement relating to comparative advertising (see page 17, footnote 16), it was agreed that the corresponding statement in relation to Article 8 of the regulation (statement 5 on page 200 of doc. 6587/87) would be reexamined.
4. In connection with Article 5 the German delegation expressed a scrutiny reservation on the decision taken by the Working Party at its previous meeting to delete the statement relating to Article 10 of the regulation (statement 6 on page 200 of doc. 6587/87).

5. The German delegation asked the Working Party to consider including in the Directive provisions on the following points:

(a) A provision relating to the transfer of trade marks corresponding to Article 17, paragraphs 1 and 2 of the regulation.

(b) A provision harmonising the duration of registration of trade marks corresponding to Article 14 of the regulation.

The preliminary reaction of a number of delegations to these proposals was reserved.

It was agreed that delegations would consider whether or not to pursue these suggestions.
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.
Article 1a
 Signs of which a trade mark may consist

A trade mark may consist of any sign 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.
Article 2
Grounds for refusal or invalidity

(1) The following shall not be registered or if registered shall be liable to be declared invalid:

(a) signs which 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;

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;

(e) signs which consist exclusively of

1 Reservation by the Irish delegation on the word "exclusively".
Article 2 (continued)

- the shape which results from the nature of the goods themselves, or
- the shape of goods which is necessary to obtain a technical result, or
- the shape which affects the intrinsic value of the goods;²

(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";

(i) Deleted.

² Scrutiny reservation by the French and Greek delegations on the terms "which affects the intrinsic value of the goods".
Article 2 (continued)

(1a) Any Member State may provide for ground for refusal or invalidity further to those referred to in paragraph 13.

(2) Deleted.

(3) Deleted.

(4) Paragraph 1(b), (c) and (d)4,5 shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested, or for which it has been registered, in consequence of the use which has been made of it.6

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3 Reservation by the United Kingdom delegation and by the Commission.

4 Reservation by the Spanish delegation on the reference to paragraph 1(b) and (d).

5 Scrutiny reservation by the French delegation on the absence of a reference to paragraph 1(e).

6 The German delegation suggested aligning the wording of this paragraph more closely on the wording of Article 6 paragraph 4 and Article 41 paragraph 2 of the Regulation. The wording could be as follows:

"(4) A trade mark shall not be refused registration in accordance with paragraph 1(b), (c) or (d) if it has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it. In addition, where a trade mark has been registered in breach of paragraph 1(b), (c) or (d), it may not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered."
Article 2 (continued)

(5) Paragraph 1 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 liable to be declared invalid under provisions of national law in force prior to this date.

7 The German delegation questioned whether this provision should refer to trade marks which have been registered rather than trade marks for which application has been made.

8 The German delegation considers that this paragraph, and in particular the second sentence, should be optional.
Article 2a (former Article 8)
Further grounds for refusal or invalidity

(1) A trade mark shall not be registered or shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

(b) if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks there exists a likelihood of confusion on the part of the public.

(c) deleted

9 The Commission representatives submitted the following draft statement for entry in the Council minutes:
"The Council and the Commission consider that the Member States remain free
- to determine the form of their registration, revocation and invalidity procedures;
- to decide whether earlier rights should be invoked in the registration procedure or in the invalidity procedure or in both;
- and, if they allow earlier rights to be invoked in the registration procedure, to choose between an opposition procedure and an ex officio examination of earlier rights whether or not such examination is combined with an opposition procedure."
The Working Party agreed to consider whether this should constitute a statement in the Council minutes or whether it should be incorporated into the Preamble or the text of the Directive.

10 The majority of delegations considered that this Article should be a minimum provision.
Article 2a (continued)

(2) "Earlier trade marks" within the meaning of paragraph 1 means:

(a) trade marks of the following kinds with a date of application for registration which is earlier than 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 or at 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;
Article 2a (continued)

(c) trade marks which, on the date of application for registration of the trade mark, or, where appropriate, of the priority claimed in respect of the application for registration of the 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;

(d) deleted

(e) deleted

(3) Deleted.

(4) A trade mark shall furthermore not be registered or shall be liable to be declared invalid where and to the extent that:

(a) rights to a non-registered trade mark or to another sign used in the course of trade [of more than mere local significance] were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark;

\[11\] The German delegation considered that this paragraph should be optional.
Article 2a (continued)

(b) that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark.

(5) A trade mark shall furthermore not be registered or shall be liable to be declared invalid if it is identical with or similar to an earlier Community trade mark within the meaning of paragraph 2 and is to be or has been registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark is of wide repute in the Community and the use of the later trade mark would take unfair advantage of or be detrimental to the distinctiveness or the repute of the earlier Community trade mark.12

(5a) Any Member State may also provide that a trade mark shall not be registered or shall be liable to be declared invalid if it is identical with or similar to an earlier national trade mark within the meaning of paragraph 2 and is to be or has been registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark is of wide repute in the Member State concerned and the use of the later trade mark would take unfair advantage of or be detrimental to the distinctiveness or the repute of the earlier trade mark.

12 The Working Party is considering whether this provision, relating to an earlier Community trade mark of wide repute, should be compulsory or whether it should be optional as in the case of an earlier national trade mark of wide repute (paragraph 5a).
Article 2a (continued)

(6) Deleted.

(7) A trade mark shall furthermore not be registered or shall be liable to
be declared invalid where its use may be prohibited by virtue of an
earlier right other than the rights referred to in paragraphs 2 and 4,
and in particular:

(a) a right to a name;

(b) a right of personal portrayal;

(c) a copyright,

(d) an industrial property right.
Article 2a (continued)

(8) [The Member States may provide that registration shall not be refused where the proprietor of the earlier trade mark consents to the registration of the later trade mark and the registering authority considers that there is no risk of the public being misled by the registration of the later trade mark.]\(^{13}\)

(9) \(^{14}\)

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\(^{13}\) The Working Party has not yet examined this text which was proposed by the Commission representatives.

\(^{14}\) The United Kingdom delegation offered to prepare a draft for a new paragraph corresponding to Article 2 paragraph 5.
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 where, because of its identity with or similarity to the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign there exists a likelihood of confusion on the part of the public;

(c) deleted;

(d) deleted.

1a) Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade 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.\(^{15}\)

\(^{15}\) Reservation by the Netherlands, Belgian and Luxembourg delegations on the solution adopted by the majority of delegations making paragraph 1 compulsory and paragraph 1a optional (cf. coc. 8466/87 submitted by the Netherlands delegation).
Article 3 (continued)

(2) The following, inter alia, may be prohibited under paragraphs 1 and 1a:

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

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

(b bis) importing or exporting the goods under the sign;

(c) using the sign on business papers and in advertising.\(^{16}\)

(3) Deleted.\(^{17}\)

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\(^{16}\) Subject to a reservation by the Italian delegation, the Working Party agreed on the following statement in respect of paragraph 2(c):
"The Council and the Commission consider that the prohibition on using the sign in advertising does not affect the national provisions concerning the possibility of using or not a trade mark in comparative advertising." It was understood that the corresponding statement for the regulation would be reexamined.

\(^{17}\) In connection with the deletion of this paragraph, it was agreed that the Commission representatives would submit a draft for including in the preamble to the Directive a text which would state explicitly 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.
Article 5

Limitation of the effects of a trade mark

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

(a) his own name or address;

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, 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.

(2) 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 that right is recognized by the laws of the Member State in question and within the limits of the territory in which it is recognized.
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.
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 licence 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 licensing contract in particular with regard to its duration, the scope of the goods or services for which the licence is granted, the territory in which the trade mark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee.

18 The Working Party agreed to postpone examination of this Article until agreement had been reached on Article 21 of the Regulation.

19 During the first reading, 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

Deleted (see Article 8a)
Article 9

Friendly settlement

(1) Where, in the course of proceedings to oppose registration of a trade mark or for revocation or invalidity of 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. 20

(2) Deleted.

20 Reservation by the Belgian and French delegations in respect of this Article.
Article 10\textsuperscript{21}

Limitation in consequence of acquiescence

(1) Where, in a Member State, the proprietor of an earlier trade mark as referred to in Article 2a paragraph 2 or of any other earlier right referred to in Article 2a paragraph 4 has acquiesced in the use of a later trade mark registered in that Member State for a period of five successive years\textsuperscript{22}, 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.\textsuperscript{23}

(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.

\textsuperscript{21} The German delegation suggested to complete Article 10 by a provision covering further cases of acquiescence.

\textsuperscript{22} Reservation by the Netherlands delegation which considered that each Member State should be free to determine the length of the period up to a maximum of five years.

\textsuperscript{23} The Italian delegation considered that it should be made clear that no "a contrario" conclusion in respect of a right to a name and a right to personal portrayal could be drawn from Article 10 paragraph 1. It subsequently submitted Working Document No. 63 (EN 2938/87).
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.  

(2) Deleted.

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24 The German delegation reserved the right to submit a proposal according to which the period starts at a different moment.

25 The Italian delegation maintained a scrutiny reservation concerning 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 such 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.
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 proof26 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.27

26 The German delegation proposed to replace the words "furnish proof" by the words "furnish evidence in accordance with the relevant provisions of the law of that Member State".

27 The Greek, Spanish and Portuguese delegations expressed a reservation in respect of this Article.
Article 13 (new)

Use of a trade mark averred in invalidity proceedings in respect of a later trade mark

On request by the proprietor of a trade mark in respect of which invalidity proceedings have been instituted, the proprietor of an earlier trade mark referred to in Article 2a paragraph 2(a), being a party to the invalidity proceedings, shall furnish proof that, during the period of five years preceding the date of commencement of the invalidity proceedings, the earlier trade mark has been put to genuine use in the Member State concerned or, in the case of a Community trade mark, in the Community - 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 also registered. In the absence of proof to this effect the earlier trade mark shall be ignored. 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 purpose of the invalidity proceedings, be deemed to be registered in respect only of that part of goods or services.29

28 See footnote 26 to Article 12.

29 This text, which was submitted during the Working Party's meeting of 17 and 18 September 1987, has not yet been examined by the Working Party.
Article 14

Grounds for revocation

(1) A trade mark shall be liable to revocation if, within a continuous period of five years 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; however, no person may claim that the proprietor's rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use, shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed;

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

(a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;
Artículo 14 (continuación)

(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.

(3) Deleted see Article 13.
Article 15
Grounds for refusal or revocation or invalidity relating to only some of the goods or services

Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.
Article 16

Special provisions in respect of collective marks, guarantee marks and certification marks

(1) Without prejudice to Article 2a, 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 revoked or declared invalid, on grounds additional to those specified in Articles 2 and 14 where the function of those marks so requires.

(2) In derogation from Article 2 paragraph 1(c), Member States may provide that signs or indications which may serve, in trade, to designate the geographical origin of goods or services may constitute collective marks.30

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30 The French delegation expressed a reservation in respect of paragraph 2 of this Article.

The United Kingdom delegation expressed a scrutiny reservation.
Article 17
Procedure

The laws of the Member States shall determine the procedure for registration and for revocation or invalidity of trade marks and the effects of revocation or invalidity.\textsuperscript{31}

\textsuperscript{31} Waiting reservation by the German delegation. The Council Legal Service was asked to examine the need for and the desirability of such a provision.
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

Addressees

This Directive is addressed to the Member States.
Re Article 1

The Council and the Commission consider that the Directive is to apply in each Member State to service marks, collective marks and guarantee or certification marks only insofar as marks of these types are the subject of laws in that State; the Directive does not oblige a Member State which does not have such types of marks to introduce them.

Re Article 2, paragraph 1(e)

The Council and the Commission consider that where goods are packaged, the expression "shape of the goods" includes the shape of the packaging.

Re Article 3, paragraph 1(b)

For the purposes of Article 3 of the Directive, goods may be considered to be similar to services in appropriate circumstances.