II

(Preparatory Acts)

COMMISSION

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

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

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 harmonization 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;

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 marks 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 abovementioned 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 the case-law be examined. It is necessary, in particular, that by simultaneous comparison of signs, goods and services it be certain in each case that customers are likely to be confused as to the goods or services which are identified by the signs. Where a trade mark consists of several elements it must be considered in its entirety in determining whether the sign which is alleged to infringe it is so similar to it that the sign may be confused with the trade mark. It is no longer possible, in determining whether, in a particular Member State, two verbal signs are homophones or are, at any rate, phonetically similar, to disregard the existence of the Community and the fact that the public is increasingly aware of the correct pronunciation of words in the languages which are spoken therein; the function of indicating origin which is fulfilled by a trade mark implies that it is not, in principle, possible to prohibit its use by a third party in respect of goods marketed within or outside the Community under the trade mark by the proprietor or with his consent, or to prohibit its use, for reasons based on trade mark law, by a licensee supplying goods or providing services under the trade mark outside the territory covered by the licence.

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 by the Community, to contemplate new measures which would enable such conflicts to be resolved more easily.

HAS ADOPTED THIS DIRECTIVE:

Article 1

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

Article 2

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

(a) those which consist solely of signs or indications which in trade may be requisite for the purpose of showing the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service or other characteristics of the goods or service, unless those marks have acquired distinctive character in consequence of the use made of them;

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

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

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

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

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

3. A trade mark shall also be invalidated where the goods for which it is registered in the Member State concerned 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;

2. Where the conditions specified in paragraph 1 are satisfied, the following types of use, in particular, may be prohibited:
   (a) affixing the sign to the goods or to the packaging thereof;
   (b) putting the goods on the market under that sign, or supplying services thereunder;
   (c) using the sign on business correspondence or invoices.

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

Article 4

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

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

Article 5

The trade mark shall not entitle the proprietor thereof to prohibit a third party from using, in the course of trade:
   (a) his surname or address;
   (b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of the goods or of rendering of the service or other characteristics of the goods or service;
   (c) the trade mark for the purpose of indicating the intended purpose of accessories or spare parts, provided he does not use them as a trade mark.

Article 6

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

2. Paragraph (1) shall not apply:
   (a) where there are legitimate grounds for opposing importation into the Community of goods put on the market outside it;
   (b) where the condition of the goods is changed or impaired after they have been put on the market;
   (c) where the goods are repackaged by a third party.

Article 7

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

Article 8

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

2. Paragraph (1) (b) shall also apply to prohibition of the use of a trade mark based on the existence of another exclusive prior right.
Article 9

1. Where, in the course of proceedings to oppose registration of a trade mark or to invalidate a trade mark or to prohibit the use of a trade mark, the authority seised 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 seised of the matter may order that he be summoned.

Article 10

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

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

Article 11

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

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

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

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

Article 12

Where the law of a Member State provides that the existence of a trade mark may be averred in opposition to the registration of a later trade mark, it shall provide that, at the request of the applicant for registration or the competent authority, the party opposing registration shall furnish proof that the earlier trade mark has been used in the manner required by Article 11 during the five years preceding publication of the application for the later trade mark, on condition that on that date the earlier trade mark has been registered for not less than five years. In the absence of such proof, the opposition shall be rejected. Where the earlier trade mark has been used only in respect of part of the goods or services for which it was registered, it shall, for the purposes of examining the opposition, be deemed to be registered in respect only of that part of the goods or services.

Article 13

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

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

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

Article 14

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

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

(a) it has become, in consequence of acts of the proprietor, the common name for a product or service in respect whereof it is registered;
(b) it is liable, in consequence of the use made of it in respect of the goods or services for which it is registered, to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.

Article 15

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

Article 16

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

Article 17

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

Article 18

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

They shall immediately inform the Commission thereof.

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

Article 19

This Directive is addressed to the Member States.

Proposal for a Council Regulation on Community trade marks

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

THE COUNCIL OF THE EUROPEAN COMMUNITIES

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

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

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

Whereas:

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

action by the Community would appear to be necessary for the purpose of attaining the Community's said objectives. Such action involves the creation of Community arrangements for trade marks whereby undertakings can by means of one