EU TRADE MARK LAW REFORM - REVISED DRAFTS RELEASED

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IP Procurement and Portfolio Management Alert

By: Arthur Artinian

The Council of the European Union has published the final texts of its proposal to amend the Community Trade Mark Regulation and Trade Mark Directive.

The revised drafts reflect the key issues which have been the subject of significant debate in the last year, including:

- harmonisation of trade mark law and practice between EU member states;
- measures to protect brand owners' rights with respect to counterfeit goods in transit;
- cooperation between OHIM and national trade mark offices; and
- governance and finances of OHIM.

In addition to various procedural guidelines which will apply to the newly named "European Union Intellectual Property Office", the revised draft Regulation provides for:

- a procedure for existing Community trade mark owners to amend specifications of goods and services that are based on Nice class headings;
- limitations of costs payable by a losing party in opposition proceedings before the EUIPO;
- the introduction of an offsetting mechanism to cover expenses incurred by national EU IP offices in connection with the handling of procedures involving EU trade marks.

A significant change of note is an amendment to the previous proposed regime for trade mark owners to enforce their EU trade mark rights with respect to counterfeit goods in transit. Article 10(5) of the draft Directive now states that a trade mark proprietor may prevent third parties from bringing goods into an EU Member State where the mark is registered, without the goods being released for free circulation in that state, where such goods or their packaging come from third countries and bear without authorisation a trade mark which is identical to the trade mark registered in respect of such goods, *or which cannot be distinguished in its essential aspects from that trade mark.* However, the trade mark proprietor ceases to have this right if during infringement proceedings *evidence is provided by the declarant or the holder of the goods that the trade mark proprietor is not entitled to prohibit the placing of the goods on the market in the country of final destination.*

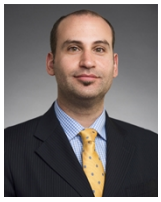
This amendment suggests that Community trade mark courts will be required to consider trade mark rights and laws in foreign jurisdictions, which will present a range of challenges for plaintiffs and defendants alike. The practicalities of determining the "final destination" of particular consignments of goods remains to be seen.

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The next step is for the Permanent Representatives Committee to consider whether it will endorse these two final compromise texts to allow for an early second reading agreement on them.

Copies of the draft texts are available online here: **Regulation** and **Directive**.

KEY CONTACTS



ARTHUR ARTINIAN
PRACTICE AREA LEADER -
INTELLECTUAL PROPERTY

LONDON
+44.20.7360.8207
ARTHUR.ARTINIAN@KLGATES.COM

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