

validity of the CTM concerned can still be questioned. Imagine a scenario in which two national trademarks (i.e. NTM1 and NTM2), which were registered in different Member States in 1970 and 1993 respectively, are in issue. Suppose further that in 1994 the proprietor of NTM1 successfully registered a CTM and claimed the seniority right of his 1970 national trademark. Under this scenario, the proprietor of NTM2 may challenge the validity of a CTM even if NTM2 is very junior to NMT1. NTM2 can, thus, be based upon as a relative ground for a CTM refusal.<sup>690</sup> This is the result of the territoriality principle of trade mark rights, which holds a particular national trade mark as valid only in the country where such mark is registered.

In view of the above conclusion, it is clear that seniority right is not entirely a safety valve, since various national trademarks unknown to the proprietor of NTM1 may be based upon to challenge his CTM. In the circumstances where the CTM is challenged as above, the principle of trademark conversion enables the proprietor to transform his CTM registration into national registrations.

### III. Trade mark conversion

A CTM proprietor has a right to convert his CTM registration or application into national trademark applications in the Member States where similar trademarks do not exist. The right and the procedure leading to conversion are regulated under Articles 112 to 114 and 159 to 161 of the CTMR as well as Rules 44 to 47 and 122 to 124 of the CTMIR. It is important to note that:

The national trade mark application resulting from the conversion of a Community trade mark application or a Community trade mark shall enjoy in respect of the Member State concerned the date of filing or the date of priority of that application or trade mark and, where appropriate, the seniority of a trade mark of that State claimed under Articles 34 or 35.<sup>691</sup>

#### 1. Grounds for conversion

##### a) Withdrawal of a Community trade mark application

An applicant for a CTM registration has a right, pursuant to Article 43(1) of the CTMR, to withdraw his application. This may happen, for instance, where a

690 *Cf.* in this respect Article 8 of the CTMR.

691 *Cf.* Article 112(3) of the CTMR.

CTM applicant learns about the existence of some prior rights after he had already applied for a CTM registration. Article 112(1) (a) of the CTMR permits a person who has withdrawn his application for a CTM registration to convert the application into applications for national trademarks. Only a CTM application, to which a filing date has been assigned, in accordance with Article 26(1) of the CTMR, may confer a right of trademark conversion. A CTM application may, nevertheless, retain an original filing date only if the trademark proprietor pays a basic application fee within a month following a date, on which the competent office received the application. Thus, a trademark application withdrawn before a basic application fee is paid does not confer a right of conversion to the trademark proprietor. Under certain circumstances, a CTM applicant may be deemed to have withdrawn his application.<sup>692</sup> A constructive withdrawal, for instance, will be confirmed if the class fees,<sup>693</sup> or if the registration fee is not paid within a prescribed period, or when a central trademark office of the Member State fails to forward to OHIM a CTM application channelled through it.<sup>694</sup>

#### b) Cessation of effects of Community trade mark

A CTM shall cease to have effect if it is not renewed, if it is surrendered, or if it is cancelled.<sup>695</sup> If the effects of a CTM cease, the proprietor has a right, under Article 112(1) (b) of the CTMR to convert it into national applications for trademark registration.

#### c) Refusal of registration

A trademark must be refused registration, unless it fulfils the conditions for CTM registration.<sup>696</sup> Article 112(1) (a) permits a proprietor whose CTM application has been refused registration to convert the refused application into applications for national trademark registrations. It is important to note that registration of a

692 Cf. Articles 36(5) and 45 of the CTMR.

693 Cf. Article 36(1) (c) of the CTMR requiring fees to be paid for each class applied for.

694 Cf. Article 25(3) of the CTMR. See also McGOVERN, P., "Conversion", in: POULTER, A., BROWNLOW, P. & GYNGELL, J. (eds.), "the Community Trade Mark: Regulations, Practice and Procedure" (2nd ed., Release #4) IXA.8 (INTA, New York 2005).

695 See, respectively, Articles 47, 50 and 55 of the CTMR.

696 See the grounds for trademark refusal in section D of chapter 4.

trademark can be approved in part (i.e. in respect of some of the goods and services). If this happens, the proprietor shall have the right to convert the mark into national applications for the goods and services in connection with which a CTM registration has been refused.

#### d) Successful cancellation proceedings

A CTM registration may be cancelled either by being revoked or by being invalidated.<sup>697</sup> Cancellation of a CTM may be based on some grounds available in a single Member State. In the circumstances, the proprietor can be allowed to convert his CTM into national registrations in the Member States where grounds for cancellation do not exist.

### 2. Grounds for excluding conversion

#### a) Non-use of a Community trade mark

Article 15 of the CTMR warrants revocation of a CTM, which has not been put to genuine use.<sup>698</sup> According to Article 112(2) (a) of the CTMR, a CTM revoked on non-use grounds does not confer on the proprietor a right of conversion.

#### b) Grounds for refusal available in one Member State

Within the ambit of Article 112(2) (b) of the CTMR, a CTM cannot be converted into a national trademark in the Member State where, due to some grounds for trademark refusal or for revocation or for invalidity available in this Member State, the subject matter of a CTM registration would not have been registered as a national mark. However, such a trademark can be converted into national trademarks in other Member States where no such prior rights exist.

697 See respectively Articles 51 and 52 of the CTMR.

698 Regarding the use requirement, see section E (VI) (2) of chapter 4.

### *C. Enlargement of the European Union and Community trade marks*

Any accession to the European Union by new Member States impacts on the CTM.<sup>699</sup> Arrangements have to be made to ensure that the unitary character of a CTM and the rights protected in the new Member States before accession date are not affected. To facilitate integration of national trademark systems of new Member States into the CTM system, two solutions were conceived, namely, automatic extension of earlier CTMs and the “possibility for the holders of earlier national rights in the new Member States to prohibit the use of such extended Community rights in case of conflict”.<sup>700</sup>

#### *1. Automatic extension of Community trade marks*

A registered CTM, or an application for a CTM registration made, before the date of accession of a new Member State, extends automatically to the territory of this new Member State. This is what Article 165(1) of the CTMR stipulates.

#### 1. Absolute grounds for trademark refusal

Accession of new Member States to the EU results in “potential conflicting additional new prior” or earlier trademark rights.<sup>701</sup> It might happen that, in the light of a language in use in the acceding State, a registered CTM becomes descriptive of the goods or services it markets. Under the general rules,<sup>702</sup> this CTM must be cancelled. However, a special provision was enacted in the CTMR to the effect that, no registration of a CTM applied for before the date of accession may be refused on the basis of absolute grounds for trade mark refusal, which becomes relevant upon accession of this new Member State.<sup>703</sup> This does not, nevertheless, “mean that Community trade mark of this nature, once

699 Cf. GASTINEL, E. & MILFORD, M., “The Legal Aspects of the Community Trade Mark” 143 (Kluwer Law International, The Hague 2001).

700 Cf. Communication No 05/03 of the President of the Office (i.e. OHIM) of 16 October 2003, available at <<http://oami.europa.eu/en/office/aspects/communications/05-03.htm>> (status: 30 July 2012).

701 Cf. GEVERS, F. & PIRE, J. L., “European Union, Enlargement to ten new Member States and the impact on the Community trade mark” in: POULTER, A., BROWNLOW, P., & GYNGELL, J. (eds.), “the Community Trade Mark: Regulations, Practice and Procedure” (2nd ed., Release #4) XIII.7 (INTA, New York 2005).

702 Cf. Article 7(1) of the CTMR.

703 Cf. Article 165(2) of the CTMR.