

Since the old search system allowed the national offices to submit search reports to OHIM within three months, OHIM could transmit the search reports to the applicant within three months as well. However, where the optional search is preferred and granted under the new system, the national office has the maximum duration of two months within which it has to submit to OHIM the national search report. OHIM has therefore to transmit such national search reports immediately to the CTM applicant after receiving them.<sup>573</sup>

Thus, both new and old search systems oblige OHIM to inform the proprietors of any earlier CTM rights or earlier CTM applications of the fact that a Community search report in respect of CTM application similar to, or closely resembling, theirs has been published.<sup>574</sup> Publication of the CTM application is mandatory under Article 39 of the CTMR. Such publication allows proprietors of earlier rights to challenge registration of the published CTM application on the basis of relative grounds for trademark refusal.

## *II. Opposition against CTM registration*

Where, in the opinion of OHIM, a particular sign has met the requirements of the CTMR,<sup>575</sup> such a sign will be registered as a CTM, provided no objection against its registration has been raised, or where such objection has been raised, it has not been successful, or has been withdrawn; and the registration fee has been paid.<sup>576</sup>

Opposition is a procedure which enables proprietors of earlier trademark rights to oppose registration of junior marks. The opposition proceedings are therefore “concerned with the ability of an applicant to acquire proprietary rights in the mark for which he sought registration”.<sup>577</sup> Oppositions may generally be based on relative grounds for trademark refusal mentioned under Article 8 of the CTMR. While third parties are not entitled to institute opposition proceedings before OHIM, they may still raise an objection against CTM registration. As a

573 See article 38(6) of the CTMR (new system) and Article 39(5) of the Council Regulation (EC) No 40/94 as it stood before 10 March 2008 (old system), respectively.

574 Cf. Article 38(7) of CTMR.

575 These requirements include those respectively described under Articles 4, 7, 8, 25 and 26 of the CTMR; namely, subject matter of the CTM registration, absolute grounds for refusal of registration, relative grounds for refusal of registration and conditions with which applications must comply.

576 Cf. Article 45 of the CTMR.

577 PHILIPS, J., “Trade Mark Law: a Practical Anatomy” 425 (Oxford University Press, Oxford 2003).

matter of law, a third party objection must be based on absolute grounds for trademark refusal. Hence, the objection procedure is distinguishable from opposition procedure in various ways which are discussed below.

## 1. Objection procedure

Since the CTM system is designed to accommodate the highest degree of transparency, third parties are allowed to submit their observations to OHIM where they think that a CTM applied for may not be registered because one or more of the absolute grounds for trademark refusal are applicable to the said mark. Following the publication of a CTM application, Article 40 of the CTMR entitles a prescribed group of third parties<sup>578</sup> to communicate to OHIM their written observations pointing out some absolute grounds under Article 7 of the CTMR that are likely to defeat registration of the CTM applied for.

The aim of these observations is to move OHIM to reopen the examination procedure to see whether the absolute grounds of refusal put forward preclude registration of the mark claimed. Based on a need to comply with the European Convention on Human Rights<sup>579</sup> enshrining a right to be heard, the above observations have to be communicated to the CTM applicant for possible comments. However, the right to submit observations is separable from the right enjoyed by the parties to the proceedings before OHIM.

Within the letters of the last sentence of Article 40(1) of the CTMR, persons submitting observations to OHIM are not parties to the proceedings before it.<sup>580</sup> Since third parties have relatively limited and weaker rights in relation to CTM proceedings,<sup>581</sup> their observations cannot, in most cases, pose an insurmountable

578 These are “any natural or legal person and any group or body representing manufacturers, producers, suppliers of services, traders or consumers” (cf. Article 40(1) of the CTMR).

579 See in particular Article 10 of the European Convention on Human Rights signed in Rome on 4 November 1950.

580 Recall should thus be had to the position that pursuant to article 59 of the CTMR, an action may be brought before the Board of Appeal only by a party to a proceeding before OHIM. Additionally, under Article 65(4) of the CTMR, an action before the CTM courts is available only to parties to the proceedings before the Board of Appeal which led to the contested decision (cf. CFI, 9 April 2003, Case T-224/01, *Durferrit GmbH v. OHIM* [2003] ECR II-01589, para. 74).

581 In view of the fact that they are not considered as parties to any proceedings before OHIM (cf. Article 40(1) of the CTMR). However, as of recent time, third party observers have regained some rights which they could not enjoy previously. For instance, Communication No. 1/00 of the president of OHIM dated 25 February 2000 concerning observations under Article 41 of the Council Regulation (EC) No 40/94 had

threat to the registrant, since the CTM examiner will have considered all relevant absolute grounds before the publication of the CTM application.<sup>582</sup> On the contrary, an opposition right remains the main stumbling block, which the CTM applicant must overcome in order to secure a CTM registration.<sup>583</sup>

## 2. Grounds for opposition

Proceedings relating to oppositions against CTM registrations are regulated under Articles 41 and 42 of the CTMR as well as under Rules 15 to 22 of the CTMIR.

Pursuant to Article 41 of the CTMR,<sup>584</sup> an opponent has a maximum period of three months, counted from the date of the publication of a CTM application,<sup>585</sup>

limited the observer's rights only to the submission stage; meaning that he was not entitled to be informed specially on the action taken by OHIM in response to his observation, even if the observer retained a right to be informed on the OHIM's receipt of his observation and a confirmation that the applicant will receive such observation. While the above Communication remains OHIM's key document setting out the procedure of the Office concerning third party observations, it was amended in part by Communication No 3/02 of the President of the Office of 5 March 2002. According to this new communication, the observer is not only entitled to know the contents of the communication made to the CTM applicant by OHIM, but also to be informed about the action taken by the Office against the applicant.

582 Regarding this position see Articles 37(1) and 41(1) of the CTMR which indicate that in the normal examination procedure and before the opposition stage, "OHIM automatically examines whether registration of the mark claimed is precluded by an absolute ground of refusal" (*cf.* CFI, 9 April 2003, Case T-224/01, *Durferrit GmbH v. OHIM* [2003] ECR II-01589, para. 72).

583 A rough statistical data may reveal that "more than 20 per cent of CTM applications do not result in the registration of a CTM because of what happens during opposition proceedings" (*cf.* GASTINEL, E. & MILFORD, M., "The Legal Aspects of the Community Trade Mark" 110 (Kluwer Law International, The Hague 2001).

584 Article 41(1) of the CTMR provides that:  
Within a period of three months following the publication of a Community trade mark application, notice of opposition to registration of the trade mark may be given on the grounds that it may not be registered under Article 8:

By the proprietors of earlier trade marks referred to in Article 8(2) as well as licensees authorised by the proprietors of those trade marks, in respect of Article 8(1) and (5); By the proprietors of trade marks referred to in Article 8(3); By the proprietors of earlier marks or signs referred to in Article 8(4) and by persons authorised under the relevant national law to these rights.

585 Publication date includes the date of republication of an amended application allowed under Article 43(2) of the CTMR (*cf.* Article 41(2) of the CTMR). On how the time limits enshrined in the CTMR are calculated see MÜHLENDAHL, A., et al, "Die Gemeinschaftsmarke" 94 (Staempfli Verlag AG, Bern 1998).

within which to oppose registration of the CTM in the form it is applied for.<sup>586</sup> Such opposition may be based on prior rights established under Article 8 of the CTMR<sup>587</sup> mentioned in Section D(II) and discussed in Section E(I)(2) of this chapter.<sup>588</sup>

### 3. Entitlement to file a notice of opposition

Given the various potential prior rights that may be invoked against a CTM application, the CTM applicant's chances of success plummet, whereas the position as to who may enjoy the *locus standi* to oppose is certain and stable. As a general rule, only a proprietor of earlier rights<sup>589</sup> is automatically entitled to lodge a notice of opposition<sup>590</sup> by advancing an argument that a particular trade symbol should not be registered as a CTM in view of his "pre-existing

586 BASTIAN, E.-M., KNAAK, R. & SCHRICKER, G., (eds.) "Gemeinschaftsmarke und Recht der EU-Mitgliedstaaten" 87 (Verlag C. H. Beck, München 2006).

587 On the basis of these prior rights, opposition proceedings are seen as a peculiar danger to the success of the CTM application. Since there are numerous prior rights, opposition to a CTM registration may base on a source in respect of which the applicant had no knowledge of its existence at the time when he filed his application. In the circumstances, even where the applicant is presumed to have acted with due diligence in searching for possible prior rights, he cannot discover some of the potential rights that end up ruining his chances of securing a CTM registration. This is the case particularly because some prior rights other than trademarks may entitle their owners to object registration of a CTM. These rights may, for instance, include copyrights or design rights. Moreover, oppositions may base on the "use of prior unregistered rights which cannot be searched and identified"; or may as well base on "prior and yet unpublished application to register a mark" (Cf. PHILIPS, J., "Trade Mark Law: a Practical Anatomy" 428 (Oxford University Press, Oxford 2003).

588 For an extensive discussion on the various prior rights stipulated under Article 8 of the CTMR cf. MÜHLENDALH, A., et al, "Die Gemeinschaftsmarke" 36 (Staempfli Verlag AG, Bern 1998).

589 While persons other than the proprietor may lodge an opposition notice, where such notice is based on the grounds stipulated under Article 8(3), which deals with agent's mark, only the proprietor of the trademark is entitled to oppose registration of the mark concerned.

590 Thus, on the basis of this general rule, OHIM will always assume that the one lodging opposition notice is the proprietor of the earlier rights, hence no obligation on the part of owner of earlier rights to state in the opposition notice that he is the proprietor (cf. "Opposition guidelines" (part 1) 20(OHIM 2007)). However, pursuant to Rule 15(2) (h) & (i) of the CTMIR, an opponent who acts as a licensee or an authorised person has to include in the opposition notice his particulars such as a name and address as required under Rule 1 (1) (b) of the CTMIR.

conflicting right”,<sup>591</sup> namely; an earlier mark or particular sign used in business.<sup>592</sup> As an exception to the general rule, some categories of persons other than the proprietor may also enjoy the *locus standi* to oppose a CTM registration provided a relevant conditionality is met. Accordingly, within the ambit of Article 41(1) (a) licensees of trademark rights based on registrations or applications for registration as stipulated under Article 8(1) and (5) of the CTMR may file a notice of opposition in their own names, provided they are authorised by the owner. Similarly, on the authority of Article 41(1) (c) of the CTMR, persons authorised under the relevant national law to enjoy some rights in relation to earlier marks or trade symbols as described under Article 8(4) of the CTMR, are entitled to lodge a notice of opposition on their own.<sup>593</sup>

#### 4. Opposition proceedings

After the notice of opposition has been received and examined by OHIM and found to be admissible pursuant to Rule 17 of the CTMIR, both parties are informed on the time limits of the opposition proceedings. The first stage of the proceedings is the “cooling-off stage” during which parties can negotiate aiming to secure an amicable solution or agreement.<sup>594</sup> This stage lasts for two months with a possibility of extension of the period for up to 22 months and thus making the maximum duration for cooling-off to be 24 months.<sup>595</sup> After the expiry of the

591 Cf. GASTINEL, E. & MILFORD, M., “The Legal Aspects of the Community Trade Mark” 110 (Kluwer Law International, The Hague 2001).

592 These trademarks and signs may cumulatively be summed up as follows: “earlier identical trade marks for identical goods or services; earlier identical trade marks for similar goods or services; earlier similar trade marks for similar goods or services; earlier similar trade marks for identical goods or services; earlier identical trade marks for not similar goods or services; earlier similar trade marks for not similar goods or services; earlier trade marks, where an agent or representative of the proprietor applies for registration thereof without the consent of the latter; earlier non-registered trade marks or other signs used in the course of trade of more than mere local significance” (cf. KOOIJ, P.A.C.E. van der, “The Community Trade Mark Regulation: An Article by Article Guide” 84 (Sweet & Maxwell, London 2000).

593 As an example of the rights protectable under the national law, one would cite Section 5(4) of the 1994 UK’s Trade Mark Act which offers trademark protection under the law of passing off. One of the successful opposition based on passing off is Case R-906/2001-1, *Real Time Consultants v Manpower* (Da Vinci device), O.J. OHIM 7-8/02, p.1427.

594 Cf. Article 43(4) of the CTMR and Article 18(2) of the CTMIR, which entitle OHIM to “invite the parties to make a friendly settlement”.

595 Nevertheless, any party to the opposition proceedings can bring to an end the cooling-off stage by sending a letter to OHIM. This possibility allows the parties to enjoy a freedom

cooling-off stage, the parties are given four months to litigate the opposition. Out of these four months, the opponent gets two months to build up his case by submitting to OHIM all evidence, facts and observations on whose basis his opposition was tendered;<sup>596</sup> whereas the CTM applicant will be given two months as well to respond to the opponent's evidence and arguments.

## 5. Strategies and defences

Opposition proceedings manifest a tug of war-like scenario. Where an opposition is lodged against a junior mark on the ground that the opponent owns an identical or similar senior mark or rights, the CTM applicant is entitled to attack his attacker by asking for evidence of genuine use made of the opponent's mark within the past five years. According to Rule 22(3) of the CTMIR it may suffice to discharge his obligation to provide proof of use of his mark if the opponent indicates the "place, time, extent and nature of use of the opposing trade mark for the goods and services in respect of which it is registered and on which the opposition is based". Evidence of such proof is particularly confined to the "submission of supporting documents and items such as packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements and statements in writings".<sup>597</sup> Where the opponent opts to give statements in writings, they must be sworn or affirmed statements or statements having a similar effect under the law of the Member State in which the statement is made.<sup>598</sup> Should the opponent fail to provide proof of use, he should then provide proper reasons for non-use; or else his opposition will fail.<sup>599</sup>

The case of *Fiat veicoli Industriali S.P.A. (Iveco S.P.A.) v. Volkswagen AG*<sup>600</sup> demonstrates an instance in which an opposition against a CTM application was rejected by OHIM's Opposition Division on the ground that the opponent's mark was not put to genuine use as required under Article 42(2) of the CTMIR. In this case, in order to sustain its opposition against registration of LUPO mark by Volkswagen, Fiat (the opponent) was required to furnish evidence of use of the mark (LUPO). The opponent (Fiat) failed to adduce satisfactory evidence

to go fast to the adversary stage (cf. Communication No 1/06 of the President of the Office of 2 February 2006 on extensions of the cooling-off period, which can be found at <<http://oami.europa.eu/en/office/aspects/pdf/co1-06en.pdf>> (status: 30 July 2012).

596 Cf. Rule 19 of the CTMIR.

597 Cf. Rule 22(4) of the CTMIR.

598 Cf. Article 78(1) (f) of the CTMIR.

599 Cf. Article 42(2) of the CTMIR.

600 [2000] E.T.M.R. 320.

resolving the question whether Fiat had used the mark LUPO within five years preceding publication of the Volkswagen's CTM application.<sup>601</sup>

Moreover, the applicant may dispute the opponent's opposition by relying on Article 54(2) of the CTMR which bars a holder of senior trademark rights from opposing registration of a junior mark where the proprietor of senior mark acquiescence for a continuous period of five years in the use of his rights by third parties including a CTM applicant who later on seek to register the junior mark in his name.<sup>602</sup>

To carry forward the “tug-of-war concept”, the CTM applicant is entitled to attack his attacker by alleging that the goods and services in respect of which the applicant seeks registration of the CTM applied for are different from those in respect of which the opponent's mark is protected.<sup>603</sup> Where the danger of confusion is not dependent on the similarity between the junior and senior marks as well as similarity of the goods and services marketed under them, as the case is, for instance, with the well known or famous marks, the applicant may advance an argument disputing such a fame or a degree of knowledge on the part of consumers as far as the mark claimed to be famous or well known is concerned. While the opponent's proprietary interests in a mark, particularly a famous or well known mark, is hinged on goodwill generated by a respective mark, hence a reason to object free riding of the same, it must also be recalled that the logical basis for opposition is to avoid consumer confusion where the earlier and junior trademark rights are more or less the same. Thus, the opposition will generally fail if the opponent is unable to prove to the satisfaction of the Opposition Division the existence of eminent danger of confusion.

The opposition proceedings in *Brauerei Beck GmbH & Co* case<sup>604</sup> support the foregoing conclusion. In this case, the CTM applicant (Warsteiner) sought registration of the word mark ISENBECK for beer. The opponent (Brauerei Beck) opposed the registration on the basis of its earlier mark BECK's on the

601 The use evidence submitted by Fiat include a price list, newspaper advertisements and invoices which all together referred directly or indirectly to a trademark LUPO. The opponent also submitted lists of vehicles sold, evidence of use and a renewal certificate of mark “LUPETTO” which would be confused with LUPO – a contested mark. Nevertheless, the evidence revealed that the opponent did not use the mark within the five years period required under the law.

602 For the extensive discussion on the legislative history of the doctrine of acquiescence stipulated under Article 54 of the CTMR, *cf.* FERNANDEZ-NOVOA, C., “Die Verwirkung durch Duldung im System der Gemeinschaftsmarke”, 45(4) GRUR Int 442 (1996).

603 See Article 8(1) (a) of the CTMR.

604 *Brauerei Beck GmbH & Co. v. Warsteiner Brauerei Haus GmbH & Co. KG* [1999] E.T.M.R. 225.

ground that the applicant's mark was likely to be confused by the opponent's mark. The opponent argued that since it was also a proprietor of another trademark HAAKEBECK, public would take it for granted that beers whose names end with the suffix BECK were part of the family mark used to market beers brewed by the opponent. In disregarding the opposition, the Board of Appeal stated as follows:

While the products on which each mark were identical, there was no likelihood of confusion between them. There was little similarity between the marks in their appearance, or conceptual content. Even where there is an element which is common to the two marks (in this case, the word BECK), there is no likelihood of association between them unless the public understands that the element which is common refers in each case to the proprietor of the earlier mark, which could not be said to be the case here where ISENBECK would not convey the message of "a beer brewed by BECK". The claim that the public would assume there to be a series of beers brewed by Brauerei Beck on account of the use of "-beck" suffix would be disregarded in the absence of evidence as to whether, and if so to what extent, the HAAKEBECK mark was used.

It is noteworthy that where the opponent loses the case, he will be obliged to pay all costs of the suit. Pursuant to the provisions of Article 85(1) of the CTMR, "the losing party in opposition proceedings shall bear the fees incurred by the other party as well as all costs, without prejudice to Article 119(6)<sup>605</sup> of the CTMR, incurred by him essential to the proceedings".<sup>606</sup> Similarly, costs may also be apportioned. This is possible if both parties lose in part. Rules of equity require each party to bear its costs "unless the goods and services on which one party loses are clearly negligible".<sup>607</sup>

The Opposition Division is duty-bound to issue a reasoned decision at the end of opposition proceedings. Such a decision is notified upon the parties. A party aggrieved by the decision of the Opposition Division has a right under Article 58 of the CTMR to appeal against that decision.<sup>608</sup> Such an appeal lies with the Boards of Appeal.

605 According to this Article, a party opposing registration of a particular CTM may be required, under the circumstances prescribed in the Article, to produce a translation of his application at his own expense.

606 See *Brauerei Beck GmbH & Co. v. Warsteiner Brauerei Haus GmbH & Co. KG* [1999] E.T.M.R. 225, 232.

607 Cf. "Opposition Guidelines" (Part 1: Procedural Matters) 58 (OHIM 2007).

608 Where an appeal is properly lodged, it "shall have suspensive effect" (cf. Article 58 of the CTMR).

## ***G. Cancellation of CTM rights***

Cancellation is a legal concept, according to which CTM rights may either be revoked or invalidated.<sup>609</sup> Revocation invalidates the CTM rights from the day on which such rights are revoked, whereas, as a result of successful invalidity proceedings, the respective rights are taken to have been non-existent from the time when registration certificate was issued by OHIM. Availability of the cancellation procedure under the CTMR affords to a person who would have objected to the registration of the mark, but for the limitation of time, an opportunity to challenge the validity of a CTM.<sup>610</sup> Grounds for CTM revocation and invalidity are discussed below.

### *I. Revocation*

The use of a CTM as described above, is central for determining the question whether a pertinent trade sign is prone to be revoked or not. Article 51 of the CTMR provides in no uncertain terms that “the rights of the proprietor of the Community trade mark shall be declared to be revoked on application to the Office or on the basis of a counterclaim in infringement proceedings” on the basis of non-use or, where allegations of non-use are rebutted by the proprietor, on the basis of improper use of a CTM.

#### 1. Non-use

In order for a non-use of a trademark to constitute a ground for revocation of a CTM, the proprietor must not have complied with the provisions of Article 15 requiring him to put a mark on a genuine use within five years following registration. While Article 51(1) (a) of the CTMR reiterates the genuine use requirement, it additionally provides that even where there are no proper explanations for non-use of a CTM within the statutory period of five years, “no person may claim that the proprietor’s rights in a Community trade mark should be revoked” provided that “during the interval between expiry of the five-year

609 Cf. Article 56(3) of the CTMR.

610 This is particularly the case where invalidity issues are the basis for the cancellation proceedings. Cf. BASTIAN, E.-M., KNAAK, R. & SCHRICKER, G. (eds.), “Gemeinschaftsmarke und Recht der EU-Mitgliedstaaten” 88 (Verlag C. H. Beck, München 2006).