



FICPI SWEDEN

Gothenburg, 1 December 2022

Evaluation of Regulation (EU) 2017/1001 on the European Union trade mark

International Federation of Intellectual Property Attorneys (FICPI) - Sweden

FICPI Sweden is the Swedish national intellectual property association having joined FICPI International for the benefit of its members. FICPI is the only international NGO whose membership consists entirely of IP attorneys in private practice. As a result, the FICPI community is driven by a shared interest among like-minded people to promote common solutions and advocacy for private IP practitioners.

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FICPI's interest in the evaluation of Regulation (EU) 2017/1001 on the European Union trade mark

FICPI's members in their private practices serve clients ranging from individuals and small businesses, to large multinationals, as well as universities, government and non-government bodies and other organisations that require representation in patent, trademark, design, copyright, trade secrets and other forms of IP. FICPI's perspective and influence helps members to understand better, and to have a greater opportunity to impact, developments in the IP world, than if they were standing alone.

FICPI Sweden provides the following suggestions in response to the European Commission's Call for evaluation of Regulation (EU) 2017/1001 on the European Union trade mark – *"The impact, effectiveness and efficiency of the EUIPO and its working practices, and in particular examining the possible need to modify the mandate of the EUIPO, and the financial implications of any such modification"*.

Concerning the fee and cost structure at the EUIPO

With the update to the EU Trademark Regulation in 2017, the fee system for trademark applications was revamped in order to better reflect the need of those who seek to register trademarks within the EU. The previous system, where 1-3 trademark classes were offered at the same fixed fee (the 'basic fee' system), was scrapped in favour of a new system which was subsequently adopted in 2017. The new system offered a fee structure with a fixed fee for one class, a lower fixed fee for the second class, and another fixed fee for every additional class after the second class (the 'pay-per-class' system). There was also an overall decrease in fees payable to the Office at this time.

We believe that this change to the fee structure better reflects the need of the users of the trademark system, especially when it comes to the ability to tailor their applications to cover the goods and services that are actually needed in the trademark registrations. The previous system (perhaps inadvertently) invited applicants to apply for trademark classes that may not have been strictly needed, which in turn muddled the landscape for trademarks within the EU. A large amount of trademarks were registered for certain classes (such as classes 9, 35, 41 and 42), where these classes and the associated goods and services were often only 'thrown in



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because it was free'. This also meant that genuine use of these classes could oftentimes not be shown after the grace period, further complicating the picture needlessly.

The updated system offers a larger freedom to pinpoint the exact classes and goods and services that are required, with a fairly inexpensive first and second class also offering small and medium sized entities a cheap and easy way to (hopefully) cover the goods and/or services of their core business. As such, we believe that the current system which follows from Regulation better reflect the needs of applicants that make use of the system, and that it prevents unnecessary clutter within the EU trademark landscape.

We also find it prudent that the fees are presented clearly directly in connection with the Trademark Regulation, namely in Annex 1 (Part A: Fees to the Office, and Part B: Fees to the International Bureau), to offer full and easy access (if not insight) into the fee-structure. The need to have the fees clearly stated in connection to the Regulation follows from the Recitals to the Regulation (39), as opposed to when they were previously stated separately in the CTM Fees Regulation.

Furthermore, in the Recital to the Regulation (38-39), it is stated that "the accumulation by the Office of significant budgetary surpluses should be avoided" and that the amounts of the fees should be fixed at a level which ensures that: "first, the revenue they produce is in principle sufficient for the budget of the Office to be balanced; second, there is coexistence and complementarity between the EU trade mark and the national trade mark systems [...] ; and third, the rights of proprietors of an EU trade mark are enforced efficiently in the Member States."

In light of this, one could perhaps further assess the methodology that is used by the EUIPO to determine the fees for EU-trademarks. In fact, there appears to be no clear methodology in the Regulation as to how to determine the structure and amount of fees, resulting in a level of fees which have produced accumulated surpluses for the Office (which has been the case for several years). As stated in the Recitals, the accumulation of significant surpluses is contrary to the principles set out in the regulation, and the EUIPO is also obliged to compensate Member States, for the additional costs incurred by them in participating in the EU trademark system (see for example Article 172 EU trademark regulation). Because of this, we question whether the actual fee system, in its current form in the Regulation, provides adequate transparency and a clearly set out method for determining fees, in relation to the articles set out in the Regulation as well as the budget of the EUIPO.

We also wish to broach the issue of costs awarded to the winning party in opposition proceedings, proceedings for revocation, proceedings for a declaration of invalidity or appeal proceedings, i.e. the set maximum costs (Article 109). Beyond the costs for the above-mentioned proceedings, the representation costs are limited to EUR 300. While there are some positive aspects to a set maximum amount in regard to costs for representatives, it may also lead to some parties "trying their luck" in these types of proceedings, since the downside of losing is fairly small. It also follows that it is oftentimes hardly worth the cost of trying to pursue the other party into paying the decided upon costs (since the total amounts awarded are so low). We therefore question whether this current arrangement aligns with the need for an efficient enforcement system as set out in the Recitals to the Regulation.

Comments concerning implementation of new digital solutions, products and services in the Nice classification to ensure consistent practice between the EUIPO and the Intellectual Property Offices of the Member States, keeping cost, efficiency and user friendliness in mind

The European Intellectual Property Office (EUIPO) has adapted the Nice Classification for classifying goods and services. There has been a recent increase of EU trademark applications covering downloadable virtual goods



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and non-fungible tokens (NFTs). We see a need for the EUIPO and the Intellectual Property Offices of the Member States to adapt its systems and tools quickly and consistent to such new products and services, keeping cost, efficiency and user friendliness in mind.

Currently, the main issues users are facing are classification issues and description of the goods and services. Typically, classes 9, 35 and 41 are used for downloadable virtual goods and NFTs, and it is an issue in particular for the fashion, gaming, entertainment, education and e-learning industries. In particular, the decision to classify virtual goods in the already cluttered class 9 instead of classifying the virtual goods in the same class as the 'real goods', means additional costs and issues for trademark owners.

As an example, a trademark owner in the fashion industry, with trademark registration in class 18 for bags and class 25 for clothes, must register its mark in class 9 as well to cover the corresponding virtual goods. Consequently, new trademark clearance must be made as well as new trademark filings. The trademark watch must be updated by adding class 9 and possible trademark license agreements and coexistence agreements should be reviewed and updated.

In most cases, the typical user may not be a new company offering virtual goods only, but an existing company in the real world wanting to protect its trademark in the virtual world as well. Most likely, in the industries mentioned above, companies would like to protect their trademarks for products both in the real world and as virtual goods.

As a key aspect of virtual goods is to emulate core concepts of real-world goods, the goods should belong to the same class, which would save costs and facilitate for trademark owners. We see a need for the EUIPO and the Member States to quickly cooperate to ensure a consistent view and adoption of new goods and services into existing systems and tools, to facilitate for the users.

Comments on the need for clearer guidelines on Office practice for response times and evidence for decisions.

Response times from the Office

We believe that further clarity and transparency is required for the users of the EU Trademark system (both for the applicants and representatives) in relation to handling times for matters. This is required in order to provide legal certainty for applicants and enable EU Trademark representatives to provide sound legal advice to EU trademark applicants and owners based on predictable timeframes. It is no secret that users of the EU Trademark system make wider strategic decisions based on their trademark rights. As a result, it is essential that such decisions can be made on an informed basis and based on predictable timeframes. At present, there can be inconsistent timeframes for responses from the Office, in particular in relation to difficult or borderline decisions. Whilst we agree that the Office should consider all decisions carefully and we would not want any decisions to be rushed, this should be balanced with the requirement that the users of the EU Trademark system require legal certainty and should not be left in limbo indefinitely while waiting for communications from the Office.

We consider that it would assist if the Office were to provide guidelines or guaranteed response times, for the main actions it undertakes e.g. issuing of office actions relating to an application, final response to arguments against a provisional refusal, issuing of decisions relating to refusals on absolute grounds or for oppositions. If decisions are delayed for any reason, the reason and revised timeframes should be clearly communicated to the relevant party. We consider that this will increase the effectiveness and efficiency of the Office and also enable the users of the European Union Trademark system to formulate its strategy based on predictable timeframes for decisions.



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Standard of evidence for Office decisions

We consider that further clarity or guiding principles are required in relation to the Office's examination of matters of its own motion pursuant to Article 95 EUTMR, in particular in relation to the examination of applications based on absolute grounds. It is common for the Office to provide justification for its decisions and reasoning via online searches or website links. However, there are currently no guidelines as to what is considered to be an acceptable source for the Office's online search results, such that these should be considered a "fact" by the Office that can form the basis for a decision. At present, we feel there is inconsistency in the practice of the Office and the search results provided, as there is no base standard or requirement for the reliability of source material. Notwithstanding this, such material can be used to show, for example, that a mark is descriptive or lacks distinctiveness. We consider that the lack of guiding principles or standards for the Office's searches can lead to inconsistent and sometimes incorrect decision making.

When considering evidence to be filed by parties to proceedings before the Office or the courts of the European Union (whether *ex parte* or *inter partes* proceedings), guiding principles for acceptable evidence and evidentiary weight are developed through the jurisprudence of the Office and the courts of the European Union. However, we do not feel that these principles that are placed on parties to proceedings are also applied to Office practice in its examination of matters of its own motion, and further the Office is not currently required to "prove" the truth of matters examined of its own motion.

We consider that clearer guidelines on Office practice and what can be considered reliable sources of evidence would provide increased legal certainty for applicants and reduce the risk that decisions of the Office are appealed, thus increasing procedural efficacy of the EU Trademark system.

Concerning correction of technical errors in registering a trademark or publishing the registration

Article 44 (1) Regulation (EU) 2017/1001 on the European Union trademark (hereinafter EUTMR) states that European trademark applications (hereinafter EUTM) that have not been refused on absolute grounds must be published. Article 44(3) and (4) EUTMR refer to the possibility of correction of errors in the publication of the application. Where the publication of an application contains an error attributable to the Office (EUIPO), the Office shall of its own motion or at the request of the applicant correct the error and publish the correction.

Article 102 EUTMR refers to errors in the registration of an EUTM or in any entry made in the Register in accordance with Article 111(2) and (3) EUTMR or a Decision of the Executive Director pursuant to Article 111(4) EUTMR, and to errors in the publication of those entries in the Register.

There is no time limit for corrections pursuant to Article 44 or Article 102 EUTMR, the correction can be made at any time once the error has been detected.

We believe that the current legislation where there is no time limit to detect and correct an error in the publication or in the registration of a EUTM, is well in accordance with the rule of law enshrined in Article 2 of the Treaty on European Union. However, the lack of time limitations regarding "when" EUIPO at the latest shall execute a correction after the fact an error (mistakes referred to Article 102 or Article 44) has been detected, is causing uncertainty and unforeseeability for the users of the Trademark system and thus making it difficult for them to inter alia plan ahead for their business operations, and, in worst case, may be detrimental e.g. if the trade mark right cannot be timely used to prevent infringement and/or as an IP asset in transactions.

We believe that stipulating a time limit for when the Office at the latest shall execute a correction would benefit not only users, but also the Office at large. A time limit would increase foreseeability in general and



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effectiveness of the Office and its working practices. Furthermore, by stipulating a time limit the core values of the rule of law, such as quality and efficiency of the EU and its institutions, would be improved.

Concerning co-operation between EUIPO and WIPO when it comes to both technical standards and legal praxis

We of course agree upon, and assist, the work within the EUIPO to co-operate with the national IP offices, both when it comes to the technical standards for filing, renewal, and managing of the cases, as well as the legal praxis.

Here, the implementation of the convergence programme together with the national offices is important.

However, it is also important to co-operate with WIPO, especially as the normal praxis for expanding a trademark protection to several countries is to start with an EU Trade Mark registration, rather than base the Madrid application on a national registration in a member country.

Here, we have noted that the EUIPO filing system and trademark database, eSearch Plus, differs from the system used by WIPO, eMadrid. Without expressing an opinion on which system works best, or which details in the online filing and search systems that work better than the other, we want to point out the importance of co-operation between EUIPO and WIPO, so that both the users and EUIPO/WIPO will have a smooth and workable technical base for handling the same trademark.

For example: Goods and services accepted by EUIPO, should automatically be formally accepted by WIPO in a Madrid application based upon a registered EUTM. It is then up to each designated national offices to – if their praxis differs – make a provisional refusal. On the other hand, if there are goods/services specifications accepted by EUIPO that WIPO generally may not accept, as being too vague, it can be an indication that EUIPO shall consider updating the guidelines and accepted specifications.

This response to the European Commission's Call for evaluation was adopted by the Board of FICPI Sweden on 2 December 2022.