



Brands in the Boardroom 2013

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IP TRANSLATOR: earthquake or tremor?

The European Court of Justice's eagerly awaited decision in the *IP TRANSLATOR* case marks a turning point in the examination of trademark applications across the European Union. Applicants will need to review their filing strategies accordingly

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The *IP TRANSLATOR* decision issued by the European Court of Justice (ECJ) on 19th June 2012 generated considerable interest – not least since the Office for Harmonisation in the Internal Market (OHIM) had to change its practice overnight as a result.

The decision caused uproar among certain parts of the European trademark community, with the OHIM president even comparing it to an “earthquake” at a trademark conference in Munich. On the other hand, most national trademark offices were unsurprised, as their practices were already in line with the decision and have simply been confirmed. However, the decision will force applicants to reconsider their filing strategies and may also require action from those that own older trademarks.

***IP TRANSLATOR*: facts**

The case centred on the application of the Nice Classification system. It arose in the course of proceedings between the Chartered Institute of Patent Attorneys and the UK trademark registry in respect of an application to register the mark *IP TRANSLATOR* in Class 41 for “education, providing of training, entertainment, sporting and cultural activities”. The UK

registry refused the application, arguing that the sign lacked distinctive character and was purely descriptive for translation services, and thus could not qualify as a trademark. Although the applicant stated that the application did not include translation services, the registrar refused the application. As the application mentioned all services in the class headings (the list of general terms available for each class to describe the type of goods and services that fall into that class) of Class 41, the registrar concluded that the application claimed protection for all possible goods and services in that class. Translation services are not part of these class headings, but rather fall within Class 41 of the Nice Classification.

This point of view is in line with established practice at OHIM, which has always considered a particular class in the list of goods and services of a trademark to contain all possible goods or services, even if only the class headings of this particular class are claimed. In the case at hand, OHIM would thus have assumed that the application for *IP TRANSLATOR* included translation services, although these services were not mentioned explicitly in the list of goods and services and do not fall directly under one of the headings. Like OHIM, several other national trademark offices (eg, in Bulgaria, Estonia, Finland, Hungary, Italy, Lithuania and Romania) have taken a ‘class heading covers all’ view, in the belief that applicants which list a Nice class heading in their application should be granted protection for all goods and services in that class. Many trademark owners liked the idea of securing protection for more goods and services than originally expected for their registration fee. Since they must use the Nice Classification in their Community trademark applications, they sought to cover as many as possible of the goods and

services that fall within those classes. As OHIM did not accept the phrase ‘all goods in class’, best practice to cover all goods or services within a class was to use the class heading wording.

Therefore, the Nice class headings proved popular with trademark owners and were routinely claimed in large numbers of Community trademark applications. Further to the advantage of covering a wide list of goods and services, the class headings are available in all languages. In addition, these terms come directly from the Nice Agreement and are broadly accepted by national trademark offices.

Other courts and trademark offices (eg, the German Patent and Trademark Office) grant protection only for specific and clearly defined goods and services, whether a class heading wording is used or not, under a ‘means what it says’ approach - leaving trademark owners with different rights in different EU countries.

Against this background, the UK High Court of Justice, which had initially handled the conflict between the Chartered Institute of Patent Attorneys and the UK registry, referred the case to the ECJ in order to clarify whether the EU Trademarks Directive must be interpreted as meaning that the goods and services for which protection by a trademark is sought must be identified with sufficient clarity and precision. If so – and the answer to the first question can be presumed – the High Court further asked whether the Trademarks Directive must be interpreted as precluding an applicant from identifying those goods and services merely by means of reference to the class headings of the Nice Classification.

Decision

In its ruling the ECJ stated that the Trademarks Directive must be interpreted to require that the goods and services for which protection is sought be identified by the applicant with sufficient clarity and precision in order to enable both the competent authorities and competitors to determine the actual extent of protection on that basis alone.

Moreover, the ECJ held that the Trademarks Directive does not preclude the use of general indications of class headings of the Nice Classification to identify the claimed goods and services. However, such identification must still be sufficiently clear and precise. In that respect, the ECJ found (without giving examples) that some such general indications are in themselves sufficiently clear and precise; however, others are too general or cover goods or

services which are too variable. Accordingly, it is for the competent authorities to make an assessment on a case-by-case basis, according to the goods or services for which the applicant seeks trademark protection, in order to determine whether those indications meet the requirements of clarity and precision. The ECJ found OHIM’s current practice unacceptable insofar as the extent of protection conferred by a trademark depends on the approach to interpretation adopted by the competent authority, rather than the applicant’s actual intention.

As a result of these findings, the ECJ stated that an applicant which uses all of the general indications of a particular class heading to identify the goods or services for which protection is sought (as in the application for IP TRANSLATOR) must specify whether its application is intended to cover all or only some the goods or services included in the alphabetical list of that class. If the application concerns only some of those goods or services, the applicant is required to specify which of the goods or services in that class shall be covered. According to the ECJ, such future practice will ensure the harmonisation of laws across member states.

Following the decision, trademark applications must specify with sufficient clarity and precision the goods or services which are to be protected. However, the ECJ provided no suggestions or proposals as to which class headings were sufficiently clear and which were not. Therefore, the competent authorities are responsible for assessing the clarity and precision of the headings, and the applicant must be clear whether it is seeking protection for all or some of the goods or services covered by the class heading.

OHIM reaction

As a result of the ECJ’s decision, an application using the class heading which does not specify whether the applicant is seeking protection for all or some of the goods or services covered by that class heading cannot be regarded as sufficiently clear and precise. The principles of precision, sufficient clarity and reliability require a specific designation which is recognisable without any intensive research. Former OHIM practice (and that of several national offices), which accepted class headings and assumed that goods and services which are not part of the class heading or do not clearly fall within the scope of any items in the class heading fall into the class in question, is no longer valid.



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The day after the decision was handed down, OHIM accordingly issued Communication 2/12 concerning the use of class headings in lists of goods and services for Community trademark applications. This communication set out OHIM's interpretation of the decision on its classification practice and tried to answer questions raised by the decision. One of the main issues is how OHIM plans to deal with older trademarks which were applied for before this decision was issued. In this context, OHIM made clear that only applicants which filed a Community trademark application that adopts a class heading as its specification on or after 21st June 2012 must complete a declaration expressly indicating whether the application is intended to cover all or only some of the goods or services included in the alphabetical list of the class concerned.

OHIM also emphasised that Community trademark applications containing class headings which were registered before 21st June 2012 will cover all of the goods or services included in the alphabetical list of that class in the edition in force at the time when filed. Community trademark applications which use class headings filed before 21st June 2012 but registered after that date will cover all of the goods or services included in the alphabetical list of the class concerned. This is the case unless the applicant specifies that protection is sought only in respect of some of the goods or services in that class.

With respect to new applications filed on or after 21st June 2012, OHIM had asked applicants to attach to their application a PDF declaration that they wish the class heading to cover all of the goods or services included in the alphabetical list of the class concerned. However, OHIM abandoned this approach and added a new feature to the online application form. The PDF declaration is no longer necessary. Applicants which choose a class heading now have the opportunity to tick a box referring to the alphabetical list. By ticking the box, all goods or services of a specific class will be added to the list of goods and services. This approach ensures the broadest possible protection, as OHIM will automatically import all goods or services contained in the class into the application. If this box is not ticked by the applicant, OHIM assumes that protection is claimed only for the general terms contained in the class headings in their literal sense.

Filing a new Community trademark

The main consequence of OHIM's new

procedure is that applications will most likely be much longer and contain a much larger list of goods and services. Ultimately, an oversized list of goods and services is being forced on applicants, which – apart from the class headings – includes all goods and services contained in the alphabetical list. As a result, applicants will most likely claim more goods and services than they actually require. Thus, there will be an increased risk of applicants receiving objections from OHIM due to absolute grounds for refusal. In addition, there will be a higher risk of potential oppositions, since the owners of prior marks will be more likely to file oppositions against trademarks with large lists of goods and services than against trademarks that cover only a few specific goods or services. Furthermore, after expiry of the grace period of non-use, there will probably be a higher risk of revocation actions due to non-use for particular goods and services.

In view of these issues, Community trademark applicants should carefully consider whether they wish to (automatically) extend their lists of goods and services to all goods and services of a particular class as offered in the OHIM application form. Taking into account the aforementioned risks, applicants are advised to determine exactly which goods and services are of interest now and in the future, and to claim only those goods and services in their lists. Applicants are still free to use the class headings of the Nice Classification and to specify them, if necessary.

Registered trademarks

The ECJ has not commented on the effect of the decision on existing trademark applications and registrations. This is relevant for registered trademarks in which all general indications in the class headings of a particular class are listed, without indicating whether the relevant application is intended to cover all of the goods or services in the class. A proper restriction of the specification or surrender of some of the goods or services, making the specification as a whole compliant with the 'clear and precise' standard, would appear to be the proper approach. This can easily be done by adding words such as 'namely' and/or 'in particular'. OHIM's Communication 2/12 points out that the right to restrict or surrender in part is expressly reserved.

However, it will be possible only to restrict the list of goods and services that is claimed in the application or that has already been registered. An extension of the list of goods and services will not be

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accepted, so a clarification of the old list of goods and services might in some cases be difficult. Thus, a clarification cannot extend the existing list of goods and services.

This potentially narrows the scope of trademark registrations. However, it does help to a certain extent to clarify what is covered by existing registrations. Where the general indications are sufficiently clear and precise, they can still be relied on to cover all goods or services that fall under them. An applicant which is interested in clarifying its registration or which wants to register new goods and services can strive only for a new trademark application with later priority. This is the only approach that will avoid chaos. To avoid unlawful and unjust decisions in such cases, the national or European court must obtain the full registration list of the opposing marks to ensure that the decision is not based on subsequently added goods and services.

Comment

The *IP TRANSLATOR* decision marks a turning point in the examination of trademark applications across the European Union, as the partially divergent practices of the 25 national registries (including the joint registry for the Benelux countries) and OHIM practice must now follow the general guidelines established by the ECJ. Before the ruling, there had been heated debate on whether the practice established by OHIM

(and followed by some national registries) was useful or rather led to unforeseeable consequences. The critics' arguments held merit.

However, taking all details of the case into consideration, it may be argued that the *IP TRANSLATOR* decision was no earthquake, but merely a slight tremor. Most national trademark offices were unsurprised by the change in OHIM practice and did not have to adapt their current practice at all. Instead, they feel vindicated in their previously established practice. It remains to be seen whether the decision will meet expectations and how OHIM will decide on the admissibility of subsequent amendments of old trademarks registered before 21st June 2012, and the consequences in proceedings before the national and European offices and courts based on added goods and services. ■

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