

IP Report

Trademark Law



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Reform of the German Trademark Act transposing Trademark Directive (EU) 2015/2436: Significant amendments and new possibilities

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On December 11, 2018, the German Bundestag adopted the German Trademark Law Modernization Act transposing the Directive (EU) 2015/2436 of the European Parliament and of the Council dated December 16, 2015 (TMD). The Modernization Act came into effect in two steps:

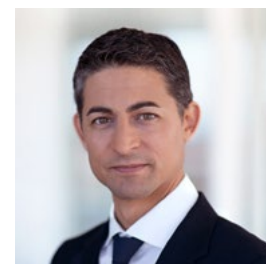
The first part became effective on January 14, 2019, introducing a new trademark category (certification marks), new types of trademarks (position marks, tracer marks, pattern marks, motion marks, multimedia marks, hologram marks), and new absolute grounds for refusal (conflicting earlier protected geographical designations of origin, protected geographical indications, traditional terms for wine, traditional specialities guaranteed with regard to foodstuffs as well as protected variety denominations).

The second part came into effect on May 1, 2020. Now, conducting adversarial revocation and invalidity proceedings due to conflicting earlier rights before the German Patent and Trademark Office (GPTO) is possible, for example. The transposition of the TMD was concluded when the second part of the German Trademark Law Modernization Act came into effect.

1. Key amendments as of May 1, 2020

The amendments which came into effect on May 1, 2020 particularly pertain to cancellation proceedings (revocation and/or invalidity proceedings). In addition to adaptations of proceedings due to absolute grounds for refusal and for revocation, invalidity proceedings due to conflicting earlier rights were introduced. The provisions of revocation and invalidity proceedings apply to German trademarks and to International Registrations correspondingly insofar as their protection extends to Germany.

Now, it is possible to continue revocation proceedings – proceedings for the declaration of revocation due to a lack of genuine use, in particular – in the form of adversarial proceedings before the GPTO after an opposition by the trademark proprietor. This is an alternative of pursuing matters before ordinary courts which is still admissible. For revocation proceedings relating to collective marks and certification marks, however, the GPTO has exclusive competence. This constitutes further convergence with EU Trademark law, where adversarial proceedings for the declaration of the revocation of EU trademarks before the EUIPO have always been possible. As opposed to EU trademark law, German Trademark Law does not provide for a counterclaim directed towards the declaration of the revocation of a collective or certification mark. However, defendants can raise the defense of vulnerability to cancellation due to a lack of genuine use.



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In addition, invalidity proceedings due to conflicting earlier rights may now also be conducted before the GPTO, not only before ordinary courts as had previously been the case. Before the GPTO, such proceedings are only continued in the form of adversarial proceedings after an opposition by the trademark proprietor. Here, German law and EU law further converge: The latter has always provided for proceedings for the declaration of the invalidity of an EU trademark due to conflicting earlier rights before the EUIPO.

Decisions the GPTO renders in revocation or invalidity proceedings can be appealed to the German Federal Patent Court.

Invalidity proceedings due to absolute grounds for refusal, however, remain essentially unchanged. The GPTO continues to hold exclusive competence at first instance.

Thus, choosing between invalidity and/or revocation proceedings before ordinary courts on the one hand and before the GPTO on the other hand is possible. Initiating parallel proceedings is inadmissible, however. Rather, the proceedings initiated first eliminate the possibility of initiating additional proceedings.

What is also new is the possibility of a third-party joining invalidity or revocation proceedings if they are attacked based on the trademark in question before or out of court. However, the intervention has to be declared within three months as of the event which triggers the right to intervene (such as the receipt of a warning letter based on said trademark).

Hearings in revocation or invalidity proceedings before the GPTO now also take place upon request by one party without any further requirements. Thus far, they were only possible if the GPTO affirmed expediency or scheduled a hearing itself.

What is probably of particular relevance for applicants based outside the EU, or EEC, is that they may now become obligated to provide a security upon the request by the trademark proprietor. Analogously to the provision that had already existed in German patent law, the court hearing the case, or the GPTO as the case may be, will exercise its discretion to determine the amount of the security to be provided, which will presumably be based on the relevant procedural fees.

2. The amendments effective as of January 14, 2019 – Practical indications and new possibilities of protection

When the first part of the reform became effective on January 14, 2019, not only new specific types of trademarks, such as hologram marks, position marks, tracer marks, pattern marks, motion marks, and multimedia marks, were introduced; rather, now, the "sweep up" "other trademarks" also allows for the new types of trademarks to be combined, for example holograms and patterns. Additionally, "conceptual marks", which can be defined by text description alone, for example, are generally also eligible for registration now. Registering a trademark for certain marketing concepts would be conceivable in this context, for example, if they actually function as a trademark, i.e. can serve as designations of origin in particular.

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The stores of the fashion label Abercrombie & Fitch might come to mind. The scented air, the appearance of the employees, and the choice of music become etched on the memory and, thus, might now be eligible to protection under trademark law.

Adventurous applicants also benefit from a liberalization of the options of representing trademarks in this context. Now, for example, it is admissible to (exclusively) determine a trademark by text description (depositing a video including text description to determine a trademark is also admissible now). In this regard, detailed requirements for the file format and size as well as for the technical specifications (e.g. a maximum size of 20 MB, a maximum resolution of 1900 x 1080 pixels in case of video files) do admittedly exist; but no specific limits exist for the maximum duration, or duration of the reproduction of representation means. According to the GPTO, these aspects will be considered on a case-to-case basis. However, even in such cases, one requirement for the eligibility to registration is that the reproduction enables the GPTO and interested third parties (such as competitors) to clearly and unambiguously determine the subject-matter to be protected.

Applicants have been reluctant to make use of the new types of trademarks so far. For example, as far as we know, not one application for a hologram mark has been filed with the GPTO, yet. It remains to be seen how the Offices will deal with priority claims in case of a divergent classification/representation of types of trademarks. Applicants need to keep in mind that WIPO does not yet accept any of the new types of trademarks. Hence, the question remains of whether extending

the protection of these new types of trademarks to other states by way of an International Registration under the Madrid System will be possible at all.

The new certification marks, on the other hand, have already become quite popular. The GPTO has already received more than 80 corresponding applications. However, only six of them have been registered (e.g. the “Green Button” as a certification of textiles from fair and ecological production). Some applications have failed, inter alia, because they did not adhere to the neutrality requirement – i.e. the required legal and economic independence of the proprietor and the user of a trademark – or because they failed to file orderly regulations governing use of the trademark. In view of the frequent errors, the Office is now planning to publish template regulations governing use of a trademark. According to our knowledge, the GPTO also generally considers helpful the use of word components which indicate a guarantee, such as “tested”, “certified”, “quality seal”, “test label”, “certification”, or image components which indicate a guarantee, such as a “tested” check in the drawing.

Moreover, with the transposition of the Directive, new absolute grounds for refusal have been introduced (protected designations of origin, protected geographical indications, traditional terms for wine, traditional specialities guaranteed with regard to foodstuffs as well as protected variety denominations). In this regard, the GPTO might accept trademark applications for signs which contain a protected geographical indication, for example, if the protected geographical indication is accordingly taken into consideration in the list of goods

and services. For example, the trademark “OUZO MAMA“ (DE no. 302019224892) was registered, inter alia, for the “operation of restaurants in hotels” in class 43 with the addition that, if “anise liquor” is served, said liquor corresponds to the applicable specification of the protected geographical indication “Ouzo”.

Furthermore, the shifting period of use in opposition proceedings was eliminated for oppositions filed as of January 14, 2019. This means that the potential revocation of the earlier mark must already have occurred prior to the date of priority or application of the later mark, where a plea of lack of genuine use is raised in opposition proceed-

ings. In invalidity proceedings, however, the shifting period of use is still applicable which means that, where a plea of lack of use is raised, the trademark proprietor might have to prove in the course of proceedings that they genuinely used the trademark not only at the time the request for declaration of invalidity was filed, but also at the time of the decision on the request.

Additionally, a “cooling-off” phase has now been codified for opposition proceedings before the GPTO. However, it differs from proceedings before the EUIPO in that it is possible at any stage of the proceedings upon request and opposition fees are not reimbursed in case of an agreement.

Comments

All in all, we welcome the reform of German Trademark Law. What is particularly positive is the fact that now, thanks to the new categories and types of trademarks, legislation is clearly closer to the understanding which today’s consumers have of a trademark. Corresponding applications admittedly entail the usual uncertainties always entailed in choosing a new path; however, it will certainly be worthwhile for companies to review their IP portfolios in terms of potential additional trademark protection. In this context, national trademarks will probably regain the focus of applicants when portfolio strategies are developed.

The procedural changes, particularly the possibility of choosing between conducting revocation and invalidity proceedings before the GPTO or before ordinary courts, certainly consider the needs of proprietors of IP rights, and those who want to become proprietors of IP rights, to a higher degree.

It remains to be seen how the Offices and courts will (continue to) apply and implement these changes in practice.