

## Significant Changes to the Rules related to European Trademarks – Three Things You Should Know

Author: [Patrick Concannon](#), [Nutter McClennen & Fish](#)

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The [European Union's](#) ("EU") trademark regulations are [undergoing a significant overhaul as of March 23, 2016](#). For starters, the terminology is changing: the title "Community Trade Mark" will be replaced by "European Union Trade Mark," or "EUTM."

There are more changes than can be fully summarized within the scope of this blog post. Here are three changes in particular that brand owners should be mindful of:

- 1. You might need to specify the product/services wording in your existing registrations.** Many U.S. brand owners were happy to adopt the broad "Class heading"-style product and services wording approach that has been acceptable under the CTM regime. Under that approach, an applicant could claim the entirety of one of the International Classes (product and service categories) by merely reciting the brief wording that describes the contents of the Class. For example, the Class 42 heading reads: "Scientific and technological services and research and design relating thereto: industrial analysis and research services; design and development of computer hardware and software; legal services." If one was rendering, for example, software as a service under a mark in the EU, those services would be covered by a Class heading-style wording claim even though the Class heading wording does not mention specifically software as a service. The Class heading summary wording had always been construed as covering *all* types of services in the Class. This approach was convenient and thorough, and treated by many as a best practice.

In recent years, however, the [Court of Justice of the European Union](#) has taken the position that the product or service wording in an application now will be read literally. Suddenly, your Class heading wording does not cover software as a service after all.

There is good news for registrants who secured registrations prior to June 22, 2012. They can avoid the need for filing a fresh application to register what they thought they had covered all along by acting **within a six month window beginning on March 23, 2016, and ending on September 23, 2016**, to revise the wording to specify the products or services of interest (but that were not literally covered by the Class heading language).

- 2. The fee structure is changing.** The previous status quo, under which the standard trademark application official fee of €900 (~\$1,000<sup>i</sup>) automatically covered three International Classes has been changed in favor of a Class-by-Class surcharge approach as follows:

- application for a single class of goods and services—€50 (~\$95) for an electronic application, or €100 (~\$115) for a paper application;
- addition of a second class of goods and services—€50 (~\$55); and
- each additional class of goods and services exceeding two—€50 (~\$170).

Thus, while it is about €50 (~\$55) cheaper to pursue an application in a single class of goods and services than it was under the old fee structure, under the old fee structure up to two more classes of goods and services could be included at no cost. Now, applicants must pay €50 (~\$55) to get a second class of goods and services, thus giving applicants two classes of goods and services for the same price it used to get three classes of goods and services—€900 (~\$1,000). The surcharge of €150 (~\$170) per each additional class is the same under the old fee structure and the new fee structure; however, applicants are now getting one fewer class of goods and services for each €150 (~\$170) spent (*i.e.*, five classes of goods and services now costs €350, when it previously would have cost €200).

- 3. Enhanced anti-counterfeiting mechanism.** There is good news in terms of the use of an EUTM registration to combat counterfeiters. EUTM registration rights holders will now be able to prevent infringing goods entering the EU even where they are not released for free circulation within the EU. Under the existing legal regime, counterfeit products that merely pass through the EU on the way to destinations outside the EU have been beyond the reach of customs officials. That will now change. The transporter will be able to avoid seizure of the goods, however, if the transporter can show that the party looking to enforce rights against it does not have a legal basis for confronting its sale of the products in the destination country.

Moreover, EUTM registration holders will be able to use their registration rights to confront those engaging in acts preparatory to infringing activities, like designing or printing infringing labels or packaging.

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These changes appear to be sensible ones. The requirement for additional product and service wording specificity will in many cases make the goods of concern to a registrant clearer when searching the EUTM registry, and generally will make EU trademark clearance more streamlined and effective. The per-Class application fee approach will allow applicant's to pay lower fees where only one Class is of concern. Finally, the expanded anti-counterfeiting measures will be welcome to brand owners.

Watch this space in the coming months for practical guidance about preparing your trademark portfolio for life in a post-CTM, now EUTM, world.

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<sup>i</sup> All Euro to dollar conversions provided for are as of March 15, 2016.