

**The new Spanish Trade Marks Act from the standpoint of the patent and trade mark agent (lecture given by Mr Víctor Gil Vega on 19 December 2001, at the Seminar organized by the Spanish Patents and Trade Marks Office (OEPM))**

First of all, I should like to thank the organizers of this seminar for having arranged for a member of the *Colegio Oficial de Agentes de la Propiedad Industrial* (Chartered Institute of Industrial Property Agents – COAPI) to speak on the provisions of the new Act that directly affect the activities of Patent and Trade Mark Agents.

In the brief period at my disposal, however, I shall not be able to deal with all those provisions, but will confine myself to what seem to me to be the most important innovations.

Without further preamble, then, I will turn my attention to Title III, dealing with applications for registration and the registration procedure. It is certainly this Title that contains the most significant changes from the former Act that is still in force today.

These changes eliminate certain traditional features of Spanish trade mark legislation.

Two of these changes are of the utmost importance. They are the introduction of the multi-class application and the abolition of substantive examination by the Office against earlier rights.

Other changes, less important though still representing a break with tradition, are the possibility of having proceedings before the Office suspended in certain circumstances, the introduction of *restitutio in integrum* and the abolition of the grant or registration fee.

We will now look in detail at each of these five changes to the registration procedure.

**1. The multi-class system** has gradually been spreading to the major countries and is now in force in all States of the European Union; it also applies to the Community trade mark. The Spanish legislator has finally

accepted the need to introduce it here, to bring our legislation into line with the Trade Mark Law Treaty. In actual fact, the multi-class national application had already been established in Spain some time earlier for applications resulting from the conversion of a Community trade mark to national applications.

The new system allows a single examiner to process an application for the registration of the same trade mark in different classes. This has undoubted advantages over the present system, which results in the fragmentation of the examination procedure, with different examiners deciding at different times on whether to allow registration of the trade mark in question in the various classes, with the consequent risk of conflicting decisions.

One disadvantage that might have been expected here was that the processing of the mark in certain classes, where no obstacles existed, might have been slowed down by the delays caused by obstacles arising in connection with other classes. This has been circumvented by the option – provided in Section 24 – of dividing the application so that any stay of proceedings, opposition or appeal would be confined to one of the divisional applications or registrations, the other being able to be granted without delay or, in the event of an appeal, to be free of that obstacle.

The multi-class application will provide a solution to a problem that arises quite frequently at present, where an application, in the view of the examiner, includes goods or services contained in more than one class. At present the only solution is to restrict the application to the goods or services in one of the classes and to file one or more new applications for the remainder, thus forfeiting the priority of the first application.

Our interpretation is that, in such cases, the multi-class system will make it possible to delete those goods or services from the inappropriate list and introduce one or more additional classes, on payment of the appropriate fees, naturally.

**2. The other major innovation is the abolition of substantive examination by the Office against earlier rights.**

Our Association has always argued in favour of retaining this system, because, as a complement to the right to file oppositions, it offers greater

legal certainty to the proprietor of a registered trade mark and improved protection of registered rights, especially when they are held by small undertakings with limited resources to spend on the necessary monitoring of new applications with a view to filing an opposition.

For many years, this system has worked well enough to give complete satisfaction to users. Some aspects of it, however, are open to criticism, particularly since it was decided that one of the main objectives of the reform would be a radical shortening of the time occupied by the grant procedure. It was then argued that the substantive examination in connection with the relative grounds for refusal lengthened the procedure considerably and, in many cases, resulted in the protection of rights in which the own proprietors had lost interest for various reasons, for instance because the trade mark is no longer used.

Eventually, what I regard as a balanced solution was reached. Although substantive examination by the Office against earlier rights is being discontinued, the search for such earlier rights remains and Section 18(4) provides that publication of the new application will be notified to the proprietors of such earlier rights that could, in principle, serve as a basis for opposition. Apparently, regarding international trade marks registered in Spain, this notification will take place only if the proprietor of the right has designated a representative domiciled in Spain. **It is therefore advisable that a Spanish trade mark agent be recorded as representative in respect of any International trade mark effective in Spain.**

Thus, the Office will continue to keep watch over the interests of holders of earlier rights, although it will be left to their initiative to defend those rights by filing the appropriate notice of opposition.

Even so, there is no doubt that this will weaken the legal certainty of the proprietors of registered rights, since some earlier right that did not develop into an obstacle as a consequence of an opposition may subsequently serve as a basis for a threatened action for invalidity once the trade mark is already in regular use – at a time, therefore, when its withdrawal from the market would be highly prejudicial to its proprietor. This could occur if the holder of the earlier mark, having initially deemed it inappropriate to file notice of opposition, then recovers his interest in defending his trade mark, which can happen for a number of reasons, one of them being the success of the later

mark and the possibility of negotiating the sale of the earlier mark at a good price.

In order to avoid this, or to reduce the risk of its happening, it will be necessary to postpone the start of use of the mark – especially if a high level of investment is envisaged – until such time as a minutely detailed search of earlier rights has been undertaken and agreements have been negotiated with the proprietors of the most relevant marks to ensure, so far as possible, that the trade mark can be used without the risk of unpleasant surprises.

3. As a patent and trade mark agent who lives with the constant risk of failing to meet a deadline, however elaborate the precautions taken to avoid that risk, I must extend a warm and relieved welcome to the introduction, in Section 25, of the concept known as **re-establishment of rights** (or *restitutio in integrum*), whereby any party to proceedings before the OEPM will be entitled to seek re-establishment of rights lost as a result of non-observance of a time limit. The applicant will have to show that he was unable to observe the time limit, despite having taken all due care required by the circumstances, in other words despite having taken all steps that might reasonably have averted this non-observance of the deadline. The new Trade Marks Act provides, in additional provision No 7, that the principle of re-establishment of rights will also apply to proceedings regarding patents, utility models and designs.

The application, which entails the payment of a fee, shall only be admissible within one year of the missed deadline, and must be filed within a period to be determined by the implementing regulation (two months, according to the initial draft of the regulation) after the failure to observe the deadline becomes apparent. The omitted act must be completed within this period.

The provisions of re-establishment of rights will not be applicable to the time limits allowed for filing applications claiming priority, including exhibition priority; nor will it apply to the time limits allowed for filing notice of opposition or appeals against acts declaring the existence of rights.

Under Section 25(6), it will not be possible to invoke the re-established rights vis-à-vis any third party who, during the period elapsed between the lost of rights and publication of the mention of their re-establishment, has in good faith used an identical or similar sign in the market.

The Act states that the third party responsible for such use may file notice of appeal against the decision that re-establishes the rights, although I am unable to understand why he has to lodge an appeal in order to exercise the rights conferred upon him by the abovementioned subsection 6; what he should do is to invoke those rights in defence to any action taken by the proprietor against the use of the trade mark in question during the period elapsing between the lost and re-establishment of the rights.

Furthermore, according to Section 25(7), an application for re-establishment of rights will be unsuccessful if, during the period elapsing between the lost of rights and the application for re-establishment, an identical or similar sign has been the subject of an application for registration filed in good faith.

The party filing this application may lodge an appeal against the decision to re-establish the rights, We interpret this as meaning that the appeal will succeed – in other words, the decision according the re-establishment will be revoked – if the new mark is identical or similar, within the meaning of Section 6(1), dealing with earlier marks constituting relative grounds for refusal, unless it is shown that the applicant was acting in bad faith.

It is unclear whether the OEPM will act of its own motion or will merely revoke re-establishment of rights in the event that the applicant for the new trade mark files notice of appeal. The latter interpretation seems more consistent with the system of grant without substantive examination in relation to earlier rights.

Nothing is said regarding the content of the publication of the mention of re-establishment of the rights. In our view, it will have to include the sign itself and the goods or services, in addition to the dates of the unobserved time limit and of the application for re-establishment, in order to make it possible to decide easily whether it is necessary to appeal.

4. Another praiseworthy innovation is the introduction, in Section 26, of the concept of the **suspension of the proceedings**, which will be applicable when the opposition is based on a pending application or on a right that is the subject of revocation or invalidity proceedings or a claim of title, where a divisional application has been filed and, finally, where all interested parties

file a joint application for suspension. The duration of the suspension will not exceed six months.

The granting of a suspension of the proceedings on application by the interested parties, for a period of up to six months, will be very useful in view of the opportunity it offers for the negotiation of agreements between the applicant and the opponents. Our understanding is that it will be possible to negotiate at any time, in other words even during appeal proceedings, since the Act imposes no limits on the time at which a suspension may be applied for.

Where the opposition is based on a right that is subject to revocation or invalidity proceedings, a suspension may be allowed only if that action has been filed by the applicant. In our view, this limitation should not have been imposed, since it does not seem reasonable that the registration of a trade mark should be refused on the basis of earlier rights in respect of which a revocation or invalidity suit is pending, irrespective of who filed it, since this will oblige the applicant to lodge appeal after appeal in order to keep open the possibility that the obstacle will be removed and his trade mark granted.

5. We conclude this section by looking at the **abolition of the registration fee**, which is being incorporated into a single fee payable at the time the application is filed. This simplification seems to be a welcome step. Even so, it appears to me to be unfair that no provision has been made for partial reimbursement in the event that registration is refused, in the same way as occurs with renewal fees (75%) in the event that renewal is refused. Might it not be possible to correct this inconsistency in the implementing regulation?

**The trade marks as objects of a property** (the provisions covered in this section have already entered into force)

Another chapter of the new Act where considerable changes have been made is that relating to the trade marks as objects of a property, which is treated much more extensively and completely than in the Act currently in force.

The principle is maintained in the new Act that a trade mark is an intangible asset, forming part of the assets of the undertaking but being

entirely independent thereof, so that the trade mark may be assigned,, given as security or be the subject of other types of rights in rem independently of the undertaking. However, the forceful statement contained in the former Act regarding the trade mark's independence from the undertaking has been diluted in the new Act, and we now have what might be termed an eclectic system, in that restrictions upon this basic principle are introduced – in Section 47(2) – in the defence of the interest of consumers, allowing registration of the transfer where it is clear from the documents establishing the transfer that because of same the trade mark is likely to mislead the public, particularly as to the nature, quality or geographical origin of the goods or services in respect of which it is registered or has been applied for.

It is worthy of note that, as far as trade names are concerned, the new Act now does not make it necessary for them to be transferred together with the goodwill.

There is no doubt that the assignment of a trade mark independently of the undertaking can create deceptive situations, since the prestige of the trade mark and the aura of quality associated with it have their origin in the virtues of the undertaking itself. On the other hand, if the trade mark is closely linked to goods of a specific geographical origin, the assignment may result in its being applied to goods of a different provenance.

The purpose of the provisions of Section 47(2) is to avoid, or at least alleviate, these possible deceptive effects. Its efficacy will be limited, however, since the Office will be able to refuse registration only if these effects are manifestly obvious from the documents produced in evidence of the assignment, particularly when it is borne in mind that the documents produced may be very uninformative, since, as we shall see, it is not necessary to produce the actual deed of assignment.

It should not be forgotten, however, that even if registration of the assignment is granted, it would still be possible to remedy the deceptive effects of the assignment by applying to have the trade mark revoked, under Section 55(1)(f), if as a consequence of the use made by the new proprietor or with his consent, the trade mark is liable to mislead the public. Of course, it will be the task of the trade mark agent to examine the deed and inform their clients of the extent to which they may have become subject to any of these restrictions.

Regarding the documents that may be produced to substantiate a change of ownership or a licence, the new Act confines itself to transposing – in Section 49 – the provisions of the Trade Mark Law Treaty (“TLT”), which has been applicable since May 1999.

I need not add that, for obvious reasons of legal certainty, it will continue to be advisable to have the assignment notarized, even though use can be made of the certificate of transfer in order to simplify the registration procedures.

Another innovation is that there is no requirement to prove that the conveyance tax has been paid, which absolutely does not mean that fiscal obligations need not be complied with, a point that the trade mark agent will have to explain to his client.

Another innovation, deriving from the multi-class system, is the need to divide the registration or application in the event of a partial assignment.

With regard to licences, Section 48 of the new Act prohibits the assignment of a licence or the granting of sublicences in the absence of an agreement to the contrary. A licence is presumed to be comprehensive (extending to the entire territory of Spain and to all goods and services), of indefinite duration and non-exclusive, in the absence of any agreement to the contrary, the proprietor being required to enter an explicit reservation if the licence is exclusive and he wishes to use the trade mark.

The rules governing the application and the procedure for its registration are similar to the present ones, and it is expressly stated that the Office will be competent to assess the lawfulness, validity and efficacy of the documents to be registered.

### **Other important changes**

I shall now move on to look at other important aspects of the new Act which affect the activities of patent and Trade Mark Agents.

Section 12(1) lays down the minimum requirements for the application, in other words what the application must include “as a minimum”. This

coincides with what, under Section 20 of the Act currently in force, is required as the minimum in order to give rise to the existence of the priority right. Specifically, this means a request for the registration of the trade mark; information identifying the applicant; a representation of the trade mark; and the list of goods and/or services in respect of which registration is requested.

This list does not include a description nor the payment of a fee. Payment of the fee is required under subsection 2 and must be made within the period indicated for remedying formal deficiencies. Regarding the description, I have had the opportunity to observe that in the draft regulation, following the model of the Community trade mark, it is stated that a description will be optional.

The notice of publication of the application contains two innovations, welcome ones in my view, which are the inclusion of the name and address of the agent, if any, and, where appropriate, a disclaimer regarding any elements that are devoid of distinctive character or indicative of qualities or characteristics of the goods or services. The publication of the disclaimer will provide a useful way of avoiding or reducing the risk of oppositions based on absolute grounds for refusal.

In connection with appeals, an innovation is the reimbursement of appeal fees, which seems to me equitable and correct, that reimbursement being restricted to cases where the appeal is allowed in its entirety as a result of incorrect interpretations of law on the side of the Office.

As far as notifications are concerned, I have to say that we, as patent and Trade Mark Agents, are very satisfied with the system as it applies to professional representatives. Publication in the *Boletín Oficial de la Propiedad Industrial* (*Official Bulletin of Industrial Property* – BOPI) has been retained, while an innovation is the prior notification of the full text of the document, for information purposes, by post, electronic mail or any other suitable means available.

As far as renewals are concerned, a very positive change, in my opinion, is the abolition of the declaration of use, which under the present Act has to be submitted together with the application for renewal.

The payment of a single renewal fee is established; it includes both the application fee and the fee for the issuing of the document of title, as occurs

on first registration. In the case of renewal, however, provision is made for the reimbursement of 75% of the fee if renewal is refused. As I said earlier, this is equitable, though one cannot help wondering why the same procedure has not been applied to the single fee payable with the application for initial registration. Would it not still be possible to introduce a partial reimbursement of that fee in the implementing regulation?

The new Act re-establishes the possibility of filing oppositions on the basis of Article 8 of the Paris Union Convention (PUC), this option being extended to include Spanish legal persons, although it is laid down that it is necessary to prove use or extensive reputation of the trade name throughout Spanish territory.

The option of proving reputation as an alternative to the proof of use in Spain required under the present Act seems to me to be correct, although there is a risk that there will be a tendency to require that the use of the trade mark is also well known. This must be avoided at all costs, because it must be remembered that in actual fact the mere requirement of use is incorrect, since Article 8 PUC does not impose that condition. This, moreover, is the line adopted by the case law on this issue. We may recall, for example, the judgment of the 1st Division of the Spanish Supreme Court of 29 February 2000 – CASADEI. In the case, the Supreme Court, citing the “tenor of previous case law”, among other findings, stated categorically that in order for Article 8 PUC to apply it is not necessary for the trade name to have been used in this country, “proof of previous use in the country of origin being sufficient”.

In my opinion, it is correct that Section 30 has introduced the possibility of consultation of the file before its publication by any person against whom the applicant has attempted to exercise his rights.

With regard to the **obligation to use the trade mark**, we Trade Mark Agents will now have to alert our clients to the need to make use of the mark for each of the goods and services covered by the registration, since the possibility no longer exists of rescuing a registration by proving use for any of the goods or services covered by the registration or for goods or services similar to those covered by the registration, even if included in a different class. In future (and the future is already here – this rule is already in force), it will only be possible to retain the registration, in the event of revocation, for the specific goods and services for which it has been used. On the other

hand, however, if the trade mark has a reputation, its protection will extend to other classes without the need for registration.

A very satisfactory innovation along these lines is that trade marks that are widely known and enjoy a reputation are now held to constitute relative grounds for refusal and a basis for opposition. The Act also defines what is regarded as a well known trade mark or name, and what constitutes a trade mark or name with a reputation.

That concludes the text of the paper given by Mr Gil-Vega. We will now list some other important innovations under the new Trade Marks Act, which have already come into force.

1. The proprietor of a trade mark that is registered in Spain may prohibit a third party, acting without his consent, from using an identical or similar sign for goods or services other than those for which it is registered, where the trade mark is very well known in Spain, and in consideration of that familiarity and of the risk of possible association with the proprietor of the registered trade mark.
2. The proprietor of a trade mark that is registered in Spain may prohibit a third party, acting without his consent, from using it on telematic networks or as a domain name.
3. The right conferred by a trade mark becomes exhaust in relation to goods which have been put on the market in the European Economic Area by the proprietor or with his consent.
4. The proprietor of a registered trade mark with more than five years' seniority who brings an action for infringement, or for invalidity of a subsequently registered trade mark, will be required to prove, if so requested by the defendant, that the mark has been used during the five years preceding the date of the application.
5. In actions for revocation or infringement, the Act introduces the principle of prescription if use of the later mark has been tolerated for five years, except in cases of bad faith.
6. When, as a consequence of infringement proceedings, a third party is ordered to desist from use of a trade mark, the Act recognizes the

right of the proprietor of that mark to claim, as a minimum and by way of compensation for damage and prejudice suffered, 1% of the turnover earned by the infringer with the unlawfully marked goods or services. However, in order to be entitled to claim damages, it will in some cases be necessary for the trade mark proprietor to prove that he sent the infringer a formal notice to desist before bringing the legal proceedings. Moreover, the Act provides for “coercive damages”, which amounts to a fine (of not less than € 600) payable by the party against whom the infringement order has been made for each day of delay before the unlawful act is effectively discontinued.

7. Actions for infringement may be brought before the courts of first instance of the capital city of the Autonomous Community in which the infringement occurred or in which the defendant has his place of domicile. Hitherto, it has only been possible to bring such proceedings before the courts of first instance of the capital city of the Autonomous Community in which the defendant has his place of domicile.