

Romania

EU accession prompts changes to trademark legislation

As part of Romania's accession to the European Union, one of the government's key priorities has been the amendment of the Law on Trademarks and Geographical Indications (84/1998) in order to transpose the First Trademark Directive (89/104, December 21 1998) and create a legal framework in order to enforce the EU Community Trademark Regulation (20/1994).

In this regard, the Romanian Patent and Trademark Office (ROPTO) issued a draft law to amend Law 84/1998. The law is under debate in Parliament and is expected to be published in the first quarter of 2009.

The object of the amendments is to harmonise the national trademark legislation with EU law in order to:

- ensure the extension of Community trademark protection to Romania;
- waive examination by ROPTO on relative grounds;
- allow only interested persons to file oppositions to the registration of a trademark; and
- reduce the time it takes to register a new trademark.

Under existing regulations, prior to trademark publication ROPTO considers the request to register a trademark without looking at any earlier similar trademarks. Under the new procedure, the trademark registration request will be published so that interested parties can notify ROPTO of any identical or similar existing trademarks.

Another important amendment to the law will be the publication in electronic form of the registration application within 30 days of the application being registered by ROPTO.

Within three months of publication of the trademark application, any interested person will be able to object to the registration on absolute grounds for refusal or to file an opposition based on relative grounds for refusal. If the registration requirements are met, ROPTO will register the trademark and publish the registration decision in

the *Official Bulletin for Industrial Property*. A certificate of trademark registration will then be issued.

Advantages of the new bill

The new bill will introduce time limits aimed at substantially reducing the time taken to register a trademark. The submission of the registration application in electronic form will reduce the costs and duration of the process.

Another favourable aspect of the new bill is that a request to renew a trademark registration will be possible within six months of the trademark protection expiry date.

Counterfeiting

The new bill makes some major amendments in regard to counterfeiting. On this subject, Article 83 of Law 84/1998 provides that: "The following are considered felonies and are punishable by a prison term of three months to three years or by a fine of up to Lei15 million:

- a) counterfeiting, imitation or use of a trademark without having the right to do so for the purpose of misleading the public as to the quality of the products or services related to the trademark;
- b) circulating without having the right to do so a product bearing a trademark that is identical or similar to a trademark registered for identical or similar products and that prejudices the owner of the registered trademark;
- c) circulating products bearing geographical indications that show or suggest that the product in question originates from a different geographical region than its true place of origin, with the purpose of misleading the public as to the geographical origin of the product.

The perpetration of any action set forth in Article 35(2) by a third party without the approval of the owner

of the registered trademark is considered counterfeit. No action set forth in Article 35(2) is considered counterfeit if performed prior to the trademark publication date. The owner of the trademark may initiate a counterfeit action only after the date of trademark registration with the Romanian Trademark Registry. Legal actions are initiated on account of prior complaint of the damaged party."

The new bill proposes to amend Article 83 to read as follows: "Performing any action set forth in Article 35(2) after the trademark registration publication date and without having the right to do so is considered a counterfeit felony and is punishable by a prison term of six months to five years. The punishment set forth in paragraph 1 is also applicable in the case of circulating products bearing geographical indications that show or suggest that the product in question originates from a different geographical region than its true place of origin, with the purpose of misleading the public as to the geographical origin of the product. If the actions set forth in paragraphs 1 and 2 are likely to jeopardise the safety or health of consumers, the punishment consists of a prison term of two to 10 years and the removal of certain rights. The infringement of Articles 9 to 11 of the EU Community Trademark Regulation is also considered counterfeit and is punishable under paragraph 1."

The amendments set forth in the bill are favourable to the owners of industrial property trademarks. The bill sets out a definition of 'counterfeit' for the first time and imposes more severe punishments, eliminating the option of a fine for counterfeiting activity. Actions "likely to jeopardise the safety or health of consumers" are considered to be aggravating circumstances and the factual hypotheses of the Community trademark legislation are included.

By eliminating the phrase "with the purpose of misleading the public", the IP rights owner need no longer prove that the public has been misled; in future, where the constitutive elements of a counterfeit infringement are met, the infringement will be presumed to have been misleading.

Identical or similar marks

Article 35(2) of Law 84/1998 provides that: "The owner of the trademark may request the competent court of law to forbid third parties from using in their commercial activity, without the approval of the owner:

- a) a sign identical to the mark for products or services identical to those for which the trademark has been registered;
- b) a sign that, given its identity or similarity to the trademark, or given the identity or similarity of

products or services to which the mark is applied to the products or services for which the trademark has been registered, would cause a risk of confusion in the public perception, including the risk of association between the trademark and the sign; and

- c) a sign identical or similar to the trademark for products or services different from those for which the trademark is registered, where the latter has become well known in Romania and if, by using the sign with no good reason, the infringer can take advantage of the distinctive character or the notoriety of the trademark or use of the sign would prejudice the owner of the trademark."

Article 35 of Law 84/1998 will be amended to ease the burden of proof in case of the infringement of a well-known trademark right and to lay down a presumption of law for trademark infringements: "The owner of the trademark may request a court of law to forbid third parties from using in their commercial activity, without its approval:

- a) a sign identical to the trademark for products and services identical to those for which the trademark has been registered;
- b) a sign for which, due to its being identical or similar to a trademark and due to the fact that the products or services to which the trademark is applied are identical or similar, there is a risk of confusion in the public perception, including the risk of association between the sign and the trademark; and
- c) a sign identical or similar to the trademark for products or services different from those for which the trademark is registered when the latter has become well known in Romania, if using the sign without having the right to do so would damage the distinctive character of the trademark or its notoriety."

Thus, in a counterfeit situation the owner of a well-known trademark will no longer be required to prove that the unauthorised use of its trademarks prejudiced it, as the prejudice is implicit.

A presumption of law is also laid down in case of the unauthorised use of an identical or similar sign for identical or similar products where this leads to a risk of association. The trademark owner is required only to prove identity or similarity between the mark and the sign.

Forfeiture

An action for forfeiture for a lack of use by the trademark owner may be submitted within five years of the date of registration with the Trademark Registry. The current

law does not set down the date on which the five-year deadline commences, which has allowed many different interpretations. Under the new bill, forfeiture will take effect as of the date of filing of the request to take legal action with the competent court of law, and not from the date of the final court decision as the law currently states.

Appeals

The bill also reduces the term for appealing a ROPTO decision from 30 days to 15 days. Moreover, appeals against judgments of the Bucharest Court of Law regarding the registration, forfeiture and cancellation of trademarks and geographical indications must also be submitted within 15 days, rather than the previous 30 days.

Criminal cases

In criminal cases based on the infringement of IP rights, criminal investigation authorities may order the seizure of products bearing counterfeited trademarks and evidence on their own initiative. The proposed legal provisions complement recent amendments to the criminal legislation whereby criminal investigation authorities have been granted the right to act on their own initiative when they become aware of IP infringements. Thus, expenses derived from the retention of counterfeit goods (eg, transport and storage) need no longer be borne by IP rights owners.

Unfair competition

By the abrogation of Article 86 of the Trademark Law, the use of trademarks and geographical indications against loyal practices in industrial or commercial activity in order to mislead consumers will no longer be considered an act of unfair competition.

Licences and assignments

Under the new bill licences and assignments shall be opposable to third parties as of the date of publication in the *Official Bulletin of Industrial Property*, rather than as of the date of registration with the Trademark Registry, as under the current law.

Disadvantages of the new bill

The main disadvantage of the new procedure is that it gives rise to the possibility of the registration of similar or identical trademarks, even for the same products or services, if the owner or applicant of a previously registered trademark does not oppose the registration within the given legal term. The submission of notifications and oppositions is limited to three months from the date of publication of the trademark registration request. If this term ends, the only possibility is to file a cancellation action with the Bucharest Court of Law,

which can take between three and eight months at first instance.

In order to avoid this negative consequence, trademark owners will need to resort to the services of industrial property agencies to monitor the national trademark registration process continuously.

Overlap between Community and national trademarks

Automatic extension of rights

According to the EU Accession Treaty, from the date on which a new member state is integrated, Community trademark owners benefit from automatic protection in that new member state. In such cases, if a trademark registered in Romania is identical or similar to a Community trademark registered for identical or similar goods, a solution must be found because such trademarks cannot coexist without an agreement between the owners.

The principle of the territoriality of trademarks does not prevent situations where an identical or similar trademark, in regard to both the name and the protected goods or services, is registered by different owners in different member states.

After Romania's accession to the European Union, certain overlaps are likely to appear between Community trademarks and national trademarks. Therefore, Community trademarks registered before Romania's accession must extend their effect to Romania. If a national trademark is identical or similar to a Community trademark registered for identical or similar goods, even though both marks were registered in good faith they cannot coexist without the agreement of their owners.

Solutions

Depending on when the trademarks were registered, there are two possible solutions if the owners fail to reach agreement regarding the coexistence of the trademarks:

- If the Romanian trademark was registered earlier, the Community trademark cannot be used in Romania, but remains valid for the rest of the European Union, where the Romanian trademark cannot be used; or
- If the Community trademark was registered earlier, the annulment of the Romanian trademark may be ordered.

If both parties wish to resolve the conflict amicably, they may at any time conclude an agreement regarding the use of the trademarks by either varying where they are used or limiting the registrations to different classes of goods or services.

Therefore, although the national system coexists with the Community system, identical or similar trademarks

cannot coexist, even though they were registered in good faith, if their use is likely to create a risk of confusion or association for the consumer. Thus, when a national trademark and a Community trademark conflict, the principle of priority of registration shall apply so that the trademark registered first in Romania shall survive.

Trademark conflicts will be settled amicably or by applying to the courts for the annulment of the trademark registration. In some cases an annulment order is likely to cause substantial damage – for example, where a trademark was registered in Romania after an identical Community trademark was registered, the Romanian mark will be annulled.

Conclusion

By extending the effect of Community trademarks to Romania, it is hoped that Romania will become a fully

competitive market, allowing the focus to shift to quality and prices.

In spite of the small number of Community registrations belonging to Romanian IP rights owners, a growth in interest in the European market is expected over the next few years. Similarly, the number of Community trademark applications is expected to double.

The enlargement of the scope of trademarks will also affects ROPTO procedures at other levels, such as oppositions. The number of opposition notices against Community trademark applications filed at ROPTO may increase, since more national rights can be invoked against Community trademark applications. The real impact of the accession on the Community trademark and registered Community design systems will be seen over the coming months and years.

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