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"Legally unnecessary and detrimental to the economy of the proceedings". A chance to change EUIPO's practice on conversion?

Sara Parrello, Fabio Angelini (Bugnion S.p.A) · Wednesday, February 8th, 2023

A recent decision of the EUIPO's Fourth Board of Appeal (BOA) dealing with conversion deserves a closer look at this instrument, and at the practice of the EUIPO relating to conversion (decision of September 26, 2022, Case R 1241/2020-4).

To recap: when an EUTM application fails, or a registered EUTM is cancelled, it can be converted into national applications in those EU Member States where the ground for refusal or cancellation does not apply. This is a "safety net" that smoothens the consequences of the "all-or-nothing rule" relating to EUTMs: you either get them for the whole EU, or not at all. Conversion is also possible following a withdrawal or surrender of an EUTM (application), and in that case, it can be requested for all Member States as there is no EUIPO decision finding a ground for refusal or cancellation.

In the case of the withdrawal of an application, the request for conversion, according to the EUIPO Guidelines, is rejected if the application is withdrawn during the appeal period following a refusal by the Office, if no appeal has been filed (cf. EUIPO's Guidelines for examination, Part E, Register Operations, §4.3). In other words, filing an appeal is a prerequisite to file a conversion, and it's a costly prerequisite, given that the EUIPO appeal fees are 720 Euro.

The BOA decision discussed here has cast serious doubts on this practice.

Without mincing words, the BOA held that the filing of an appeal cannot be required for a conversion request to be acceptable. According to the BOA, "requiring an appeal to be filed would only complicate matters and be legally unnecessary. It would be detrimental to the economy of proceedings if a party to the proceedings were required to file an appeal merely for the purposes of requesting conversion after withdrawing an application" (§44-45).

The BOA held that with the withdrawal of the EUTM application, the applicant terminated the examination proceedings and since there was no final refusal, conversion was possible. There is no legal basis for the requirement of an actual appeal. The withdrawal that enables conversion cannot be seen as an abuse of process. Indeed, the BOA added that, even assuming that "the applicant intended to file an appeal against the refusal decision and then to withdraw its application only after that moment, the Board would have stated in its decision that the applicant had terminated the proceedings by withdrawing its EUTM application [...] and, as a consequence of the withdrawal of the EUTM application, the examination and appeal proceedings had become

without purpose. In addition, the Board would have declared both proceedings closed and held that the contested decision of the examiner would not become final. However, within three months of the withdrawal, the applicant would still have had the possibility to file its conversion request [...]".

A single decision by a BOA does not usually change EUIPO's practice, but we can expect that other applicants, relying on this precedent, will try to file conversion requests in the appeal period without filing (and paying for) any appeal. It will be thus interesting to see if EUIPO stands by its rigid interpretation and refuses conversions requests and what the other Boards will say. If they confirm this decision, EUIPO might be forced to change its practice (unless it does so on its own, before other cases are filed).

Finally, it will be interesting to know whether this approach (which in the case at issue regarded an *ex parte* procedure, i.e. a refusal for absolute grounds) also applies in *inter partes* proceedings, especially where the initially successful opposition was based on an EUTM preventing conversion in all Member States (as an EUTM being the ground for refusal applies everywhere in the EU). Theoretically, there should not be obstacles, as the principles are the same, i.e. a decision is "final" only after the appeal period has lapsed, regardless of whether or not an appeal has been filed. But of course, we will have to wait and see.

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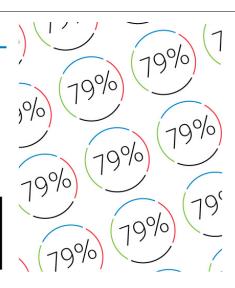
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