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EUIPO Executive Director's referral to the Grand Board – Something the Grand Board has been asked does not sound quite right

Sara Parrello, Fabio Angelini (Bugnion S.p.A) · Monday, April 15th, 2024

A few days ago, we reported that the Executive Director (ED) of the EUIPO had referred questions to the Grand Board of Appeal ([see here](#)). The full referral has now been published ([see here](#)) so that stakeholders can present observations to the Grand Board under Article 37(6) EUTMDR.

The referral regards the decision by the Board of Appeal in 'NIGHTWATCH' (R 1241/2020-4 of 26/09/2022 – see [here](#) our previous comment) that, diverging from the EUIPO Guidelines, allowed the conversion of a refused EUTM application following its withdrawal within the appeal period, without the necessity to file an appeal. The ED at §3 of the referral noted that “*The practice in question has an impact on the Office's users who wish to avail themselves of the conversion mechanism. Indeed, 'Nightwatch' has caused a stir in the IP world and prompted questions from user associations as to why the matter was not sent to the Grand Board and whether the Guidelines will be updated as a result*”.

The aim is to clarify if the admissibility of conversion depends on whether an appeal was subsequently filed. The answers depend on the interpretation of “decision of the Office” in Article 139(2)(b) EUTMR and “take effect” of Article 66(1) EUTMR (second sentence).

The EUIPO's current practice is that a conversion request is rejected if follows a withdrawal of a refused EUTM application during the appeal period and no appeal is filed. This originates from the Grand Board decision in 'OPTIMA' (R 331/2006-G of 27/09/2006). While an application that has been refused and subsequently withdrawn during the appeal period is not treated as *refused* but as *withdrawn* in the Office database, the refusal remains in existence and may exclude conversion (unless an appeal is filed). In *Optima*, the Grand Board based its reasoning on the suspensive effect of the appeal. However, as noted also by the ED, at that time, the regulation did not contain the specification provided now by Article 66(1) EUTMR (second sentence), which states that Office decisions shall take effect only after the expiration of the appeal period.

In his referral, the ED observes that no words included in a law must be considered superfluous, and the fact that Article 139(2)(b) EUTMR does not talk about ‘final’ decision suggests that a refusal need not be final to exclude conversion. The ED seems concerned about the ‘unfair’ consequences of interpreting Article 139(2)(b) EUTMR as applying only to decisions that become final, such as the possibility to circumvent the EUIPO's decision and having a second chance at national level.

This begs the question: since when has the EUIPO cared for what happens after conversion?

The ED says: “*if conversion were allowed where the EUTM applicant withdraws its application within the appeal period, the successfully opposed EUTM could be converted into national marks all over the EU. The owner of the earlier mark (who had already succeeded before the EUIPO) would need to instigate opposition proceedings yet again at the national offices concerned. **This results in uncertainty as well as additional costs, time and resources for trade mark owners**” (page 16). This directly contradicts what EUIPO itself stated in case T-342/02 at §26-28: “OHIM submits that the main purpose of the opposition procedure is to provide an instrument to the owners of earlier rights in order to prevent the registration of Community trade marks [...], **and not to protect trade mark rights or to resolve conflicts between signs at national level** (emphasis added)”. It is also at odds with EUIPO’s practice not to examine all prior rights in oppositions or invalidity actions but to focus on “*the most effective opposition, ground and bases*” (Guidelines, Part C, §4.1). If EUIPO really wanted to eliminate “*uncertainty as well as additional costs, time and resources for trade mark owners*” arising from conversion, then it should start with modifying this. But will it ever do so?*

Besides, it remains unexplained why the filing of an appeal, the payment of the appeal fee, and then the withdrawal would prevent “*uncertainty as well as additional costs, time and resources for trade mark owners*”. But that’s another issue that the Grand Board will have to deal with....

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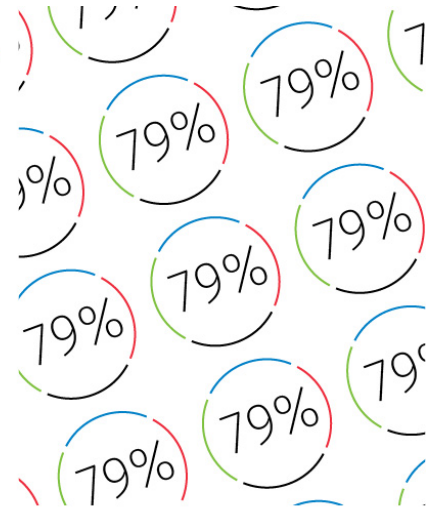
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