INTELLECTUAL PROPERTY - SPAIN

Preliminary draft Trademark Act approved: declarations of invalidity and cancellations of registered signs

05 November 2018 | Contributed by Grau & Angulo

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Introduction

On 20 July 2018 the Council of Ministers approved a preliminary draft law which will partially amend the Trademark Act (17/2001) in order to incorporate the EU Trademark Directive (2015/2436/EC).

Ahead of the parliamentary approval procedure, in which the presentation of amendments is foreseen, various consulting bodies provided their opinions on the government-approved text. One such body was the Economic and Social Council (ESC), which issued its report on the preliminary draft law on 19 September 2018. According to the ESC, the draft law reflects the directive's objectives and transposes it correctly. Similarly, the General Council of the Judiciary (GCJ), which issued its report on 27 September 2018, provided a positive overall evaluation of the preliminary draft law.

However, both reports set out certain aspects of the preliminary draft law which they believe could be improved.

Some improvements proposed by consulting bodies

One consideration raised by both the ESC and the GCJ concerned one of the most significant changes that the reform has introduced: the radical modification of the trademark invalidity and cancellation action system contained in Title VI of the Trademark Act.

According to the preliminary draft law, declarations of invalidity and trademark cancellations must be filed:

- directly through an administrative procedure before the Spanish Patent and Trademark Office (SPTO); or
- indirectly through a counterclaim as a defence against a trademark infringement action before the civil jurisdiction.

The existing Trademark Act reserves trademark invalidity and cancellation actions for the civil jurisdiction and, specifically, for certain commercial courts which have specialist jurisdiction on trademark matters.

According to the reform, decisions issued by the SPTO in trademark invalidity and cancellation proceedings which are raised directly would be reviewed by the Superior Courts of Justice's administrative courts.

For their part, the judgments of the civil jurisdiction's specialist bodies, which would retain

competence to hear only invalidity and cancellation actions brought by way of a counterclaim within a trademark infringement proceeding, would be reviewed by the corresponding specialist sections of the Courts of Appeal.

In this context, the bodies which were consulted regarding the preliminary draft law have not questioned the SPTO's new competence to issue declarations of trademark invalidity or cancellation, as the EU Trademark Directive requires the creation of an administrative procedure to obtain these declarations. It should nevertheless be noted that the ESC's report stressed that this new competence imposes a number of new obligations on the SPTO in terms of its operability and examination and management capacity. These obligations will ensure that the SPTO has the necessary accuracy, speed and legal certainty to fulfil its new role, particularly with regard to the complexity of the issues raised in this type of procedure.

However, both the ESC and the GCJ challenged the fact that the courts in charge of reviewing SPTO decisions are contentious-administrative courts rather than those which are specialised in such civil matters. The latter will continue to hear these issues only when they have been raised through a counterclaim in a trademark infringement procedure.

For this reason, both bodies are in favour of unifying the judicial review of SPTO decisions concerning the validity or cancellation of trademarks in the civil courts with competence in commercial matters. According to their respective reports, this "would be convenient, in order to ensure the unity of doctrine in these matters" (ESC). The opposite would entail "a splitting of the jurisdictional examination" (GCJ), which could lead to legal insecurity "given the risk of establishing divergent case-law criteria and issuing contradictory and irreconcilable judgments" (GCJ).

Another controversial change regarding the specialist doctrine is the competence granted to the SPTO in declaratory actions which are not brought via a counterclaim, which is exclusive and not an alternative to court proceedings, at least in certain cases. Removing the possibility of going to court would create, in practice, situations in which the owner of a priority trademark seeking declarations of infringement and the invalidity of the infringer's trademark would have to bring the matter simultaneously before the civil courts (infringement) and the SPTO (invalidity), regardless of the inconveniences and costs that such a bifurcation would entail and the breach of the principles of efficiency and procedural economy that a suspension of the proceedings could lead to.

The same reasoning which led to the maintenance of the judicial competence over invalidity and cancellation actions concerning a plaintiff's trademark when the defendant in an infringement action brings the action in a counterclaim should be taken into account in order to allow plaintiffs in infringement actions to bring, together with such infringement action, an action for the invalidity or cancellation of the alleged infringer's trademark.

Entry into force

The preliminary draft law provides, in line with the EU Trademark Directive, that the reform will enter into force on 14 January 2019, except with regard to the competence to issue declarations of invalidity and cancel registered distinctive signs, which has been postponed until 14 January 2023.

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