

# THE NICE CLASSIFICATION – EVOLUTION AND INTERPRETATION

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## Abstract

*In the attributive system, an important element of the trademark registration procedure is the designation by the applicant of the goods and services for which it wishes its trademark to be protected. If in the declarative system the extent of trademark protection is given by the goods and / or services for which the trademark is actually used, therefore by an element of fact, in the attributive system the extent of protection is dictated by the applicant's expression of will, by choice, when filing a trademark application. As such, one of the main criticisms of this trademark protection system was that applicants may abuse the registration procedure in order to obtain protection for a wider range of products and / or services than those for which the trademark is, in fact, used. In this context, the Nice Classification is an essential tool accepted and used in most countries of the world for the designation of goods and services. Its wide spread use is determined, at a practical level, by the need for unitary cross-border protection of rights. At a legislative level, it was mainly imposed through international agreements. However, we will see below that European case law has sought to reduce the shortcomings of the attributive protection system, where the use of the Nice Classification is of essence, by encouraging trademark owners to seek protection for specific products and services, in full congruence with the use of those marks on the market.*

**Keywords:** *Nice Classification, attributive system, declarative system, IP Translator, SkyKick.*

## 1. Introduction

In the attributive system, an essential legal instrument in the trademark registration procedure is the Nice Classification. Using this classification, the applicant chooses those goods and services for which he wants his trademark to be registered.

As such, this choice dictates which are the goods and / or services in relation to which the proprietor will hold exclusive rights in respect of his trademark. Therefore, the designation by the proprietor of the goods and / or services for which it seeks protection formally replaces the public use of the mark in the from the declarative system. In other words, if in the system of priority by use the scope of protection is more or less obvious, in the attributive system the scope of protection is "chosen" by the applicant. However, as we will see below, trademark laws and the practice of courts and intellectual property offices have made efforts to balance the reality of registers with that of the market, and to eliminate possible abuses by applicants, as a result of their ability to freely choose the goods and services for which they seek protection.

Thus, given the need to designate goods and services in the trademark applications, and given that trade relations often extend across borders, so that trademark proprietors become entitled to registered rights in many jurisdictions, it was necessary that the

trademark registration procedures be standardized in relation to designating goods and services.

To this end, according to the World Intellectual Property Office (hereinafter "WIPO"), "*use of the Nice Classification by the competent trademark offices has the advantage of filing trademark registration applications with reference to a single classification system. The drafting of applications is thereby greatly simplified as the goods and services to which a given mark applies will be classified in the same way in all countries that have adopted the Classification. Moreover, as the Classification exists in several languages, applying the indications of goods and services of the alphabetical list can save applicants a considerable amount of translation work when filing a list of goods and services in a language other than that of the office of origin*".<sup>1</sup>

Although the above-listed advantages are, without doubt, a reality, as we will see below, the road to a uniform practice with respect to the designation of goods and services did meet obstacles and difficulties.

## 2. Historical considerations regarding the Nice Classification

Historically, the doctrine notes that the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, concluded at the Nice Diplomatic Conference on June 15, 1957, came in

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<sup>1</sup> Frequently Asked Questions: Nice Classification, section available on the WIPO website at the following link: <https://www.wipo.int/classifications/nice/en/faq.html>, accessed on April 10, 2021, at 21:31.

support of trademark applicants because it aimed to harmonize the practice with respect to designating goods and services in trademark applications, in different jurisdictions. To this end, the agreement created a system for classifying goods and services available to national intellectual property offices, in order to try to create a level of coherence in the classification of goods or services designated in the registration procedures. A uniform classification would make it easier for trademark proprietors to apply for trademarks in several jurisdictions and also to enable states which adopt such a classification to organize and administer their own trademark registers.<sup>2</sup>

The Nice Classification was revised in 1967 in Stockholm, in 1977 in Geneva and then amended in 1979. According to the agreement, each party has the obligation to apply the Nice Classification in connection with the registration of trademarks, either as the principal classification or as a subsidiary classification, and must include in the official documents and publications relating to its registrations the numbers of the classes in the classification to which the goods or services for which the trademark are registered belong. With respect to its content, the Nice Classification is based on the classification prepared by the United International Bureaux for the Protection of Intellectual Property (BIRPI) - the predecessor of WIPO - in 1935. It initially consisted of a list of 34 classes and an alphabetical list of goods, which was adopted under the Nice Agreement and later expanded to include eleven classes of services. The Nice Agreement provides for the establishment of a committee of experts in which all countries parties to the agreement are represented. The Committee of Experts shall decide on any changes to the classification, in particular the transfer of goods and services between different classes, the updating of the alphabetical list and the introduction of the necessary explanatory notes. The Committee of Experts has held numerous sessions since the entry into force of the Nice Agreement on 8 April 1961 and, among its most notable achievements, we note the general revision of the alphabetical list of goods and services in terms of form (in the late 1970s), substantial changes in general remarks, class headings and explanatory notes (in 1982), introduction of a "base number" for each good or service in the alphabetical list (in 1990), a number that allows the user to find the good or the equivalent service in the alphabetical lists of other language

versions of the Classification, and the revision of services class 42 by creating classes 43-45 (in 2000).<sup>3</sup>

Currently in force is the 11th edition of the Nice Classification, updated in 2021, and all editions, including the current one, can be consulted on the website of the World Intellectual Property Office.<sup>4</sup>

The Nice Classification has also been adopted by supranational offices or other international treaties: by the International Bureau of WIPO, under the Madrid Agreement and Protocol, by the African Intellectual Property Organization, by the African Regional Intellectual Property Organization, by to the Benelux Intellectual Property Office and by the European Union Intellectual Property Office (EUIPO).<sup>5</sup> Naturally, if we take into account the fact that this classification is indispensable for procedures such as invoking the conventional priority, conversions or transformations of European or international trademarks etc.

It should be noted, however, that the purpose of the Nice Classification was never fully achieved, in the sense that it did not lead to a perfect harmonization of the practices of the states or jurisdictions that adopted it. Although there is this common tool that Member States use to designate goods and services in trademark applications of proprietors, divergent practices continue to exist because of different interpretations, in different jurisdictions, of the list of goods and services designated by a trademark and their scope of protection.

From this point of view, the practice has identified a number of shortcomings due to either a too generous interpretation of the lists of designated products or services, which could lead to an unjustifiably wider protection offered to holders in relation to the goods or services for which the trademark is, in fact, used, or due to the lack of clarity of certain terms that constitute the Nice classification.

Thus, there are numerous initiatives and materials that have been created in order to contribute to the efforts to reach a uniform interpretation of the Nice Classification, carried out either by the European office, or by international associations. An example of this is a paper by the International Classification Subcommittee (2018–2019 Term), a subcommittee of the Harmonization of Trademark Law Practice Committee of INTA (International Trademark Association), which deals with the different interpretation of retail services and of those wholesale

<sup>2</sup> Jessie N. Roberts, *International Trademark Classification: A Guide to the Nice Agreement*, Oxford University Press, Fourth Edition, 2012, New York, p. xiii.

<sup>3</sup> Nice Classification, a presentation available on the website of the Hungarian IPO, which may be accessed at the following link: <http://classifications.sztnh.gov.hu/nice/ennpre.html>, accessed on March 28, 2021, at 21:04.

<sup>4</sup> The Nice Classification can be consulted on the official website of WIPO, at the following link: <https://www.wipo.int/classifications/nice/nclpub/en/fr/>.

<sup>5</sup> Jessie N. Roberts, *Idem*, p. 285.

in different jurisdictions.<sup>6</sup> This study serves as a perfect example on how even one of the most basic of commercial activities may lead to different interpretations, when it comes to trademarks designating this type of services.

### 3. The Madrid Agreement and Protocol - catalysts for the standardization of practices concerning the Nice Classification

As shown above, the main role of the classification was to determine a unitary practice regarding the designation of goods and services by the trademark applications. Undoubtedly, the Madrid Agreement and Protocol, designed to make it easier for trademark holders to break through the territorial limits of trademark protection, have to a large extent contributed to the spread of this classification system. However, they also highlighted the situations where the harmonization of practices regarding the designation of goods and services encountered difficulties due to local practices. We consider two examples eloquent in this regard.

For example, the American doctrine emphasizes that one of the reasons why the United States was hesitant to join the Madrid Agreement system was the different practices regarding the extent of trademark protection. Thus, in the United States, the practice has led applicants to adopt lists of goods and services that are very specific in terms of the scope of protection. However, given that, through the Madrid System, applicants did not have the opportunity to extend in designated contracting parties the scope of protection of their basic applications or registrations, they were at a disadvantage in those markets where the scope of protection benefited from a much broader interpretation. In other words, the disadvantage came from the fact that local national trademarks, designating more general specifications, benefited from a larger scope of protection. The American local practice has, in fact, been determined by the fact that in the United

States the trademark registration process is strictly dependent on its use.<sup>7</sup> As such, trademark owners have sought to designate highly detailed and specific goods or services in order to obtain coverage consistent with the actual use of their trademarks. From this point of view, it is important to note that until 1973, the United States used its own classification system for goods and services, the Nice Classification being applied to trademark applications filed starting with 1 September 1973.<sup>8</sup>

Another conclusive example from this point of view is Canada. In this jurisdiction, in 2019, two major changes took place: Canada became part of the Madrid Protocol and, we believe, as a consequence, it adopted the Nice Classification as a system for classifying designated goods and services.<sup>9</sup> Until then, Canadian applicants had the option of simply naming the goods and services for which they sought protection in "*ordinary commercial terms*". This system, however, causes applicants to choose, again, very specific goods or services. By way of example, offered by practice, an applicant could not simply identify his goods as "headrests"; but it had to indicate whether they were, for example, "vehicle seat headrests", "surgical operating table headrests" and so on.<sup>10</sup>

From the above, we can draw the following conclusions: firstly, the Nice Classification is an important tool in the implementation of international treaties on trademarks, thus helping to facilitate the means of obtaining cross-border protection. Second, the purpose of the Nice Classification, namely to standardize international practice regarding the designation of goods and services, has had to confront the realities and practices of other jurisdictions, such as the United States and Canada, which, either because obtaining protection through use was fundamental, or because the classification of products or services was never regulated, they had a stricter, more detailed, and perhaps more thorough approach with respect to determining the scope of trademark protection.

<sup>6</sup> The study *Nice Classification of Goods and Services—Retail and Wholesale Services in Class 35: A Study of Different Local Practices and Examination Standards* could be analysed at the following link:

[https://www.inta.org/Advocacy/Documents/2020/INTA\\_Nice\\_Classification\\_Retail\\_Services\\_Report\\_040120.pdf](https://www.inta.org/Advocacy/Documents/2020/INTA_Nice_Classification_Retail_Services_Report_040120.pdf), accessed on April 20, 2020, at 15:38.

<sup>7</sup> For a more detailed analysis, please consult Daniel C. Schulte, *The Madrid Trademark Agreement's Basis in Registration-Based Systems: Does the Protocol Overcome Past Biases (Part II)*, published in *Journal of the Patent and Trademark Office Society*, vol. 77, no. 9, 1995, pp. 738 – 748.

<sup>8</sup> For more details you may consult *Trademark Manual of Examining Procedure*, available on the USPTO website at the following link: <https://tmap.uspto.gov/RDMS/TMEP/Jan2017#/Jan2017/TMEP-1400d1e20.html>, accessed on April 03, 2021, at 15:58.

<sup>9</sup> For a detailed analysis of recent changes of the Canadian trademark legislation you may consult *Legal Update: On June 17, Canada will join the Madrid Protocol and offer broader rights to TM holders*, article published in June 2019 on the website of the company Sideman Bancroft LLP, which may be consulted at the link: <https://www.sideman.com/legal-update-on-june-17-canada-will-join-the-madrid-protocol-and-offer-broader-rights-to-tm-holders/>, accessed on April 03, 2021, at 16:23.

<sup>10</sup> Toni Polson Ashton, *Is it Time to Dispense with Trademark Classification Systems?*, article published on the website Lexology on July 07, 2017, available at the following link: <https://www.lexology.com/library/detail.aspx?g=c0a32f8d-be3c-4a4c-889e-d0f8869a564e>, accessed on April 03, 2021, at 16:33.

#### **4. What are those considerations for which a good choice of designated products and services is essential, and why the interpretation regarding the scope of protection matters so much**

The main importance of using the Nice Classification is undoubtedly the fact that, by designating the goods and services for which registration is sought, the proprietor defines the scope of his trademark protection. However, this leads to a number of procedural consequences.

As such, some of the absolute grounds for refusal are examined in relation to the goods and services designated by the trademark. In that regard, we consider the absolute grounds for refusal relating to the distinctiveness of the trademarks: "*Again, according to settled case-law, such distinctiveness can be assessed only by reference, first, to the goods or services in respect of which registration is sought and, second, to the relevant public's perception of that sign (Procter & Gamble v OHIM, paragraph 33; Eurohypo v OHIM, paragraph 67; and Audi v OHIM, paragraph 34).*"<sup>11</sup> As such, naturally, the descriptiveness of a trademark, as a particular situation of lack of distinctive character, is also analysed in relation to the designated goods or services. Furthermore, the ground for refusal relating to signs or indications which have become customary in the current language or in the bona fide and established practices of the trade shall, in turn, be considered in relation to the designated goods or services: "*Article 3(1)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as only precluding registration of a trade mark where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought.*"<sup>12</sup> Finally, for the following absolute grounds for refusal, the reporting of the analysis to the designated goods and / or services clearly results from the actual text of the legal provisions: "*A trade mark shall not be registered or, if registered, shall be liable to be declared invalid, for the following absolute grounds: (...) d) trade marks which consist exclusively of signs or indications which*

*may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics thereof; e) signs which consist exclusively of the shape, or another characteristic which results from the nature of the goods themselves or which is necessary to obtain a technical result or which gives substantial value to the goods; f) trade marks which are of such a nature as to deceive the public, for instance, as to the nature, quality or geographical origin of the goods or service;*"<sup>13</sup>.

Further, Law no. 84/1998 provides that some of the absolute grounds for refusal regulated at letters (b), (c) and (d) may be overcome in so far as the applicant proves the distinctive character acquired by its trademark as a result of its use on the market.<sup>14</sup> This is another reason why the choice made by the applicant is important because, in the scenario described by this article of law, it will acquire protection only for those or goods for which the trademark has been used in such a way as to conclude the acquisition of character distinctive.

Furthermore, the choice of products or services is also relevant from the perspective of avoiding conflict with other earlier trademarks. Indeed, with the exception of the special situation of conflict with earlier trademarks enjoying reputation, the principle of the specialty of trademarks requires that similar or identical marks may coexist in different markets. In other words, "*The right of the owner of a mark to prevent third parties from using that mark in trade is subject to the principle of specialty, according to which this right can only be asserted with regard to those goods and services in respect of which the trademark is protected, usually as a result of registration. In principle, other traders may use an identical trademark for dissimilar goods or services, provided that no risk of confusion, association or dilution is caused.*"<sup>15</sup>

Last but not least, the way in which the designated goods and services are chosen protects the trademark owner or, on the contrary, exposes him to the risk of loss or subsequent limitation of his rights, if the revocation of his trademark is caused due to not being used. In such a context, the case-law has shown that the applicant is not only in danger of losing the designation of those goods or services for which his trademark is not used, but also of suffering the limitation of a larger

<sup>11</sup> Para. 24 of the Judgment of the Court of July 12, 2012 in the matter C-311/11 P, in the proceedings Smart Technologies ULC vs. Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM).

<sup>12</sup> Pt. 1 of the operative part of Judgment of the Court of October 4, 2001 in the matter C-517/99, in the proceedings regarding the preliminary ruling in the proceedings pending before that court brought by Merz & Krell GmbH & Co.

<sup>13</sup> Art. 5 para. (1) letters d), e) and f) of Law no. 84 of April 15, 1998 (republished) on trademarks and geographical indications, published in the Official Bulletin no. 856 of September 18, 2020.

<sup>14</sup> *Idem*, Art. 5 para. (2).

<sup>15</sup> Standing committee on the law of trademarks, industrial designs and geographical indications, Relation of Established Trademark Principles to New Types of Marks, 2007, p.8, paper available on WIPO's website at the following link:

[https://www.wipo.int/edocs/mdocs/sct/en/sct\\_17/sct\\_17\\_3.doc](https://www.wipo.int/edocs/mdocs/sct/en/sct_17/sct_17_3.doc), accessed on March 28, 2021, at 19:12.

category of goods or services: "*Second, as the Advocate General noted in point 52 of her Opinion, with regard to goods or services in a broad category of goods, which may be sub-divided into several independent subcategories, it is necessary to require the proprietor of the earlier mark to adduce proof of genuine use of that mark for each of those autonomous subcategories. Indeed, if the proprietor of the earlier mark has registered his trade mark for a wide range of goods or services which he may potentially market, but which he has not done during the period of five years preceding the date of publication of the trade mark application against which it has filed an opposition, his interest in enjoying the protection of the earlier mark for those goods or services cannot prevail over his competitors' interest in registering their trade mark for those goods or services.*"<sup>16</sup>

Consequently, the choice of the designated goods and services must take into account at least three essential elements: their relation to the sign chosen as trademark, in so far as they may give rise to an absolute ground for refusal, possible conflicts with other earlier rights and, last but not least, the reality of the market, namely which are those products or services for which the trademark is actually used.

### 5. The IP Translator judgment

As we have seen above, the interpretation of the scope of trademark protection, either in the registration or post-registration procedure, is essential. Nevertheless, one of the reasons that brought inconsistency with respect to the interpretation of the scope of protection for trademarks was the structure of the Nice Classification itself. As we know, the Nice Classification consists of a class heading, explanatory notes and an alphabetical list of goods and / or services. In practice, applicants use wordings from all three elements, and also descriptions that are not enclosed in the classification, when it comes to designated the desired specifications in their trademark applications.

As such, one of the most debated elements of interpretation regarding the Nice Classification, which benefited from different solutions at the level of the Member States of the European Union, and which was to be decided by European jurisprudence, was to determine the scope of protection for the trademarks designating the class headings contained in the Nice Classification.

At a practical level, this type of designation could allow three interpretations: either that the applicant wanted to obtain protection exclusively for those goods or services described in the class heading, strictly

related to their meaning, or that his intention was to designate all goods or services designated in the alphabetical list of that class or, in general terms, the fact that the applicant has considered all the goods or services that could be included in that class. However, given the importance of understanding the designated products and services and the continuing dynamism of that classification, the above interpretations undoubtedly showed significant differences.

It is also worth mentioning that the structure of the class headings does not follow the same patterns. Some class headings, such as those of classes 15 or 25, consist of general indications that are able to cover all the goods or services they cover. Other classes, and from this standpoint class 9 is the best example, include both general and very specific indications. Consequently, especially for these types of classes, the interpretation approach is of high importance.

Moreover, in our opinion, the more generous the interpretation of the scope of protection for the trademarks designating these class headings is, the more we believe that it is moving further and further away from the reality of the market, namely the goods and services for which the trademark is actually being used.

In this context, the IP Translator judgment was issued, where the European jurisprudence established the following guidelines in interpreting the extent of the protection offered by class headings:

*"Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that it requires the goods and services for which the protection of the trade mark is sought to be identified by the applicant with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection conferred by the trade mark.*

*Directive 2008/95 must be interpreted as meaning that it does not preclude the use of the general indications of the class headings of the Classification referred to in Article 1 of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, concluded at the Nice Diplomatic Conference on 15 June 1957, last revised in Geneva on 13 May 1977 and amended on 28 September 1979, to identify the goods and services for which the protection of the trade mark is sought, provided that such identification is sufficiently clear and precise.*

*An applicant for a national trade mark who uses all the general indications of a particular class heading*

<sup>16</sup> Para. 43 of the Judgment of the Court of July 16, 2020 in the matter C-714/18 P, in the proceedings ACTC GmbH vs. the European Union Intellectual Property Office (EUIPO) and Taiga AB.

of the Classification referred to in Article 1 of the Nice Agreement to identify the goods or services for which the protection of the trade mark is sought must specify whether its application for registration is intended to cover all the goods or services included in the alphabetical list of that class or only some of those goods or services. If the application concerns only some of those goods or services, the applicant is required to specify which of the goods or services in that class are intended to be covered."<sup>17</sup>

As such, the IP Translator judgment raised two key issues. First, it emphasized the need for the designated goods and services to be clear and precise enough to establish the extent of protection, without ambiguity and without the need for further research. However, we are of the opinion that this requirement brings the attributive system closer to the declarative one, in the sense that, if in the case of the latter the scope of protection is established without a doubt, by simply observing the goods or services for which the trademark is being used, in the attributive system the applicant, who has the prerogative to choose the designated goods and services without being able to be censored, has nevertheless the obligation to make this specification in a manner that does not give rise to ambiguity regarding the scope of protection.

However, the main novelty brought by this judgment concerns the interpretation of the class headings of the Nice Classification. The practice of class headings covering a wide range of goods or services remains in place, but two amendments are made: first, the interpretation of the scope of protection for these class headings in general, for the "entire class" is excluded, and its maximum extent can be represented by the "*alphabetical list of the Nice Classification*". A list that, although very generous, does not include a multitude of goods or services that would naturally be classifiable in certain classes. Secondly, for such an extensive interpretation, the applicant needs to make an express statement to the effect that this was his intention at the time the trade mark application was filed.

It should be noted, however, that the solution adopted by the Court seems to be, rather, a compromise solution. In that regard, we note that, in his view, Advocate General Yves Bot recommended that the Court should conclude in the sense that „*Communication No 4/03 of the President of the Office for Harmonization in the Internal Market (Trade marks*

*and designs)* (OHIM) of 16 June 2003 concerning the use of class headings in lists of goods and services for Community trade mark applications and registrations, by which the President indicates that OHIM does not object to the use of any of the general indications and class headings as being too vague or indefinite and that the use of those indications constitutes a claim to all the goods or services falling within the class concerned, does not guarantee the clarity and precision required for the purposes of the registration of a trade mark, whether a national or a Community trade mark".<sup>18</sup> However, the court did not follow this recommendation, but neither did it encourage the practice of designating, through class headings, a wider range of goods or services. It chose what appears to be a middle ground.

Thus, the European practice tends to restrict the scope of protection afforded by the use of class headings, encouraging applicants to adopt brief, clear and precise classifications that describe only those goods or services for which they intend to actually use the trademark.

## 6. Common communications following the IP Translator judgment and the approach of the New Directive

But what were the practical consequences of this decision?

A first step was the review by some EU Member States of how they interpret the designation of class headings by applicants. The Romanian Office - OSIM - is one of the offices that, taking note of this decision, modified its own practice. According to the Common Communication on the Implementation of 'IP Translator' v1.2 of 20 February 2014, for trademarks filed after the IP Translator ruling containing full class headings of the Nice Classification, OSIM will interpret the scope of protection of these classes as follows: "*Class headings cover the literal meaning of the class headings plus the alphabetical list of the edition of Nice at the time of filing*"<sup>19</sup>, practice showing that the choice of one of the two options is made by the applicants at the time of filing the trademark application.

The next step was to establish the interpretation offered by IP Translator judgment the at legislative level. Thus, unlike its predecessor, the New Directive devotes a special article to the interpretation of the

<sup>17</sup> Operative part of the Judgment of the Court of June 19, 2012 in the matter C-307/10, in the proceedings concerning Chartered Institute of Patent Attorneys vs. Registrar of Trade Marks.

<sup>18</sup> Opinion of Advocate General Bot delivered on November 29, 2011, in the matter C-307/10, in the proceedings Chartered Institute of Patent Attorneys vs. Registrar of Trade Marks.

<sup>19</sup> *Common Communication on the Implementation of 'IP Translator' v1.2 of 20 February 2014*, p. 5, available on the Romanian PTO's website at the following link: <https://osim.ro/wp-content/uploads/2017/12/RO-Common-Communication-1-updated-v1-2.pdf>, accessed on April 18, 2020, at 20:50.

classification of goods and services covered by a trademark<sup>20</sup>. Thus, the directive focuses on the principles set by the *IP Translator* judgment as described above, and which were analyzed in the subsequent common communications of February 2014. The directive states that „*The use of general terms, including the general indications of the class headings of the Nice Classification, shall be interpreted as including all the goods or services clearly covered by the literal meaning of the indication or term. The use of such terms or indications shall not be interpreted as comprising a claim to goods or services which cannot be so understood*”. At the same time, the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark established the following: "*Proprietors of EU trade marks applied for before 22 June 2012 which are registered in respect of the entire heading of a Nice class may declare that their intention on the date of filing had been to seek protection in respect of goods or services beyond those covered by the literal meaning of the heading of that class, provided that the goods or services so designated are included in the alphabetical list for that class in the edition of the Nice Classification in force at the date of filing.*"<sup>21</sup> This practice was adopted by numerous national legislations at the time of the implementation of the New Directive, including by the Romanian legislator.<sup>22</sup>

It should be mentioned that such a practice is indeed desirable, in order to align the interpretation with respect to the scope of protection for trademarks filed before the *IP Translator* decision and before implementing the New Directive, with that of more recent trademarks. However, in our opinion, the time-window offered by the Romanian law (of approximately 2 months and a half) to trademark owners to file such declarations was unreasonably constraining. For trademark owners with significant portfolios, the need to file the declaration was more of a race for trying to meet the deadline, instead of an effort to make an informed and calculated decision. Time-wise, we believe the Finnish legislation found the right solution to this problem, where "*the owners of trademark registrations must specify their list of goods*

*and services by the renewal of the respective trademark registrations at the latest to ensure that they follow the new classification provisions. However, if the last date for the renewal of a trademark is within six months of the law's entry into force, such specification may be submitted within six months from the entry into force of the new act*".<sup>23</sup>

## 7. The SkyKick Judgment

Also in the sense of encouraging trademark owners to limit their list of designated goods and services to restricted categories, which they actually use in the market, we mention the judgment in the *SkyKick* case.

This case aroused great interest when Advocate General Evgeni Tanchev launched his opinion, as follows: "(...) *if registration can be obtained too easily and/or too widely, then the result will be mounting barriers to entry for third parties as the supply of suitable trade marks is diminished, increasing costs which may be passed on to consumers, and an erosion of the public domain; (...) If terms which are not applicable, but which anyway appear in the register, are vague and uncertain, then this will also lead to a dissuasive effect on competitors considering entering the market, in so far as a company such as Sky will appear larger on the market than it is in reality; (...) In certain circumstances, applying for registration of a trade mark without any intention to use it in connection with the specified goods or services may constitute an element of bad faith, in particular where the sole objective of the applicant is to prevent a third party from entering the market, including where there is evidence of an abusive filing strategy, which it is for the referring court to ascertain.*"<sup>24</sup>

This opinion has caused a great deal of controversy, creating the expectation of a radical court decision. Finally, the Court ruled as follows: "*I. Articles 7 and 51 of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as amended by Council Regulation (EC) No 1891/2006 of 18 December 2006, and Article 3 of First Council*

<sup>20</sup> Art. 39 of the Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks, published in the Official Journal of the European Union of December 23, 2015.

<sup>21</sup> Art. 33 para. (8) of the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark, published in the Official Journal of the European Union of June 16, 2017.

<sup>22</sup> See provisions of art. 11 of Law no. 84 of April 15, 1998 (republished) on trademarks and geographical indications, published in the Official Bulletin no. 856 of September 18, 2020.

<sup>23</sup> *The New Finnish Trademarks Act entered into force on 1 May 2019*, article published on the website of Borenius on May 02, 2019, at the link: <https://www.borenius.com/2019/05/02/the-new-finnish-trademarks-act-has-entered-into-force-on-1-may-2019/>, accessed on April 11, 2021, at 17:11.

<sup>24</sup> Opinion of Advocate General

Tanchev of October 16, 2019, in the matter C-371/18 *Sky plc., Sky International AG, Sky UK Limited vs. SkyKick UK Limited, SkyKick Inc.*, para. 62, 72, 143, consulted on the Curia website at the link:

<http://curia.europa.eu/juris/document/document.jsf?text=&docid=219223&pageIndex=0&doclang=RO&mode=req&dir=&occ=first&part=1&cid=7381341> on December 14, 2019, at 15:23.

Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that a Community trade mark or a national trade mark cannot be declared wholly or partially invalid on the ground that terms used to designate the goods and services in respect of which that trade mark was registered lack clarity and precision.

2. Article 51(1)(b) of Regulation No 40/94, as amended by Regulation No 1891/2006, and Article 3(2)(d) of First Directive 89/104 must be interpreted as meaning that a trade mark application made without any intention to use the trade mark in relation to the goods and services covered by the registration constitutes bad faith, within the meaning of those provisions, if the applicant for registration of that mark had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark. When the absence of the intention to use the trade mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that application constitutes bad faith only in so far as it relates to those goods or services.

3. First Directive 89/104 must be interpreted as not precluding a provision of national law under which an applicant for registration of a trade mark must state that the trade mark is being used in relation to the goods and services in relation to which it is sought to register the trade mark, or that he or she has a bona fide intention that it should be so used, in so far as the infringement of such an obligation does not constitute, in itself, a ground for invalidity of a trade mark already registered.<sup>25</sup>

In reaching that conclusion, in paragraph 66 of the recitals, the Court held that "In that regard, it suffices to note that the concept of 'public policy', (...), cannot be construed as relating to characteristics concerning the trade mark application itself, such as the clarity and precision of the terms used to designate the goods or services covered by that registration, regardless of the

characteristics of the sign for which the registration as a trade mark is sought."<sup>26</sup>

Regarding the aspect of bad faith, the literature notes that in this context it can be retained if objective evidence can be provided regarding the applicant's intention to undermine the activity of third parties. However, as one of the practitioners called to comment on this decision very well points out, it remains to be seen how these conditions will be analysed, related to the subjective attitude of the applicant.<sup>27</sup>

As far as we are concerned, we agree that the mere fact of registering a trademark for goods or services for which it is not used does not automatically lead to the conclusion that there is conduct in bad faith. No one can assume that the applicant did not intend to use the trademark for all designated goods or services, as long as the law generally gives him a five-year grace period to use the trademark for those goods or services. We therefore agree that bad faith must be proved, which, according to the case law of the court, "presupposes the presence of a dishonest state of mind or intention".<sup>28</sup>

The above-mentioned judgment made the literature write "SkyKick: the Disappointment of the Decade", considering that following this decision the trademark owners will continue to agglomerate the trademark register with trademarks designating goods or services they do not actually use, and the specifications will not become shorter. However, the quoted author argues that, at some point, this practice will be discontinued, and other approaches or lobbies will have to be found to change the applicants' practice.<sup>29</sup> In another article, from the same publication, the article describes this judgment as "a disappointing end to an exciting series of events".<sup>30</sup> However, without commenting on the issue brought before the court, namely whether the software goods are indeed sufficiently clear and precise, we agree that too broad an interpretation of the grounds for annulment of a trade mark may trigger a subsequent non-uniform practice. Also, even if it did not have the result expected by some practitioners, this judgment is intended to call into question the need for applicants to choose more carefully the goods and services designated under their trademark applications. The

<sup>25</sup> Operational part of the Judgment of the Court of January 20, 2020 in the matter C-371/18, in the proceedings Sky plc., Sky International AG, Sky UK Ltd vs. SkyKick UK Ltd, SkyKick Inc.

<sup>26</sup> *Idem*, Pt. 66.

<sup>27</sup> Jonathan Walfisz, *Sky v SkyKick: "sigh of relief" or "sting in the tail"?* Legal experts react to CJEU's long-awaited decision, article published in the *World Trademark Review* on January 29, 2020, available at the link <https://www.worldtrademarkreview.com/brand-management/sky-v-skykick-sigh-relief-or-sting-in-tail-legal-experts-react-cjeu-long>, accessed on March 20, 2020, at 12:41.

<sup>28</sup> Para. 45 of the Judgment of the Court of September 12, 2019 in the matter C-104/18 P, in the proceedings regarding Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ vs. European Union Intellectual Property Office (EUIPO), Joaquín Nadal Esteban.

<sup>29</sup> Darren Meale, *SkyKick: the disappointment of the decade*, editorial published in the *Journal of Intellectual Property Law & Practice*, 2020, at the link <https://academic.oup.com/jiplp/article/doi/10.1093/jiplp/jpaa045/5819581?searchresult=1>, accessed on de April 18, 2020, at 22:05.

<sup>30</sup> Darren Meale, *SkyKick: a disappointing end to an exciting series of events*, article published in the *Journal of Intellectual Property Law & Practice*, 2020, at the link <https://academic.oup.com/jiplp/article/doi/10.1093/jiplp/jpaa046/5819578?searchresult=1>, accessed on April 18, 2020, at 22:20.



reactions to this decision, as exemplified above, show just that. Furthermore, we consider that this judgment is intended to increase the examiners' attention in the preliminary examination procedure of the trademark applications, and thus the echoes aroused by this decision are not without consequences.

In this, we mention the conclusion of Léon Dijkman, which we consider brief and correct. He notes that "*from a systematic point of view, the CJEU's decision in Sky is convincing*" in the sense that legal certainty would be rather infringed if the cancellation of a trademark were accepted for a legally unforeseen express reason, or if other reasons would be "forced" to cover the situation of unclear and imprecise specifications. The problem of these specifications, however, remains unresolved. Therefore, the quoted author concludes, probably the solution at this time is to make the trademark offices stricter at the time of registration, in order not to allow the registration of trademarks for such terms.<sup>31</sup>

## 8. Conclusions

The choice of the goods and services designated by a trademark application is of particular importance,

both for the registration procedure and for subsequent procedures in which the trademark may be involved during its validity.

The Nice Classification has been a fundamental instrument in tailoring the practice around concerning the designation of goods and services at international level. However, in time, the use of the Nice Classification lead to interpretations of the scope of trademarks' protection that were inconsistent with the realities on the market.

In this context, the tendency of European case law is to direct applicants to choose designations that are as clear, precise and as specific as possible, in order to avoid trademark protection for those goods and services for which it is not actually used.

Thus, even if the SkyKick judgment was not, perhaps, as courageous as some practitioners wanted, it came in addition to the IP Translator judgment, which has already outlined a series of principles in this regard. The SkyKick judgment certainly drew attention to the need for trademarks to designate goods or services that are clear, precise, specific, and that express as accurately as possible the intention to use of the applicant or of their proprietor.

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