

## Appeal Decision Emphasises Care Needed In Renewing Community Trade Marks: Using A Computer Renewal Service May Not Be Good Enough

### 1. Introduction

1.1 The General Court in Luxembourg<sup>1</sup> has recently refused an appeal against a decision of a Board of Appeal of the Community Trade Mark Office (OHIM) relating to an application to restore a lapsed Community Trade Mark (case T187/08<sup>2</sup>). In doing so, failings of professional representatives were considered, but perhaps more generally concerning, the Court did not overturn or confirm a finding by the Board of Appeal that use of a computer renewals service was, in itself, "careless". This has important potential implications for the way in which Trade Mark proprietors will need to organise maintenance and renewal of their Community Trade Marks.

### 2. The Fact Pattern

2.1 In the case considered by the General Court, a New Zealand company ("the Proprietor") applied for a Community trade mark ("the CTM"), with instructions being provided by a New Zealand trade mark firm to the professional representative in the UK. However, subsequent to filing the CTM, responsibility for renewals was transferred by the New Zealand trade mark firm to an outside computer renewals service. Unfortunately, the computer renewals service failed to renew the CTM in a timely manner, and the UK professional representative filed an application for restoration.

2.2 The application for restoration was refused by the Trade Marks and Register Department of OHIM.

<sup>1</sup> The General Court in Luxembourg is that part of the Court of Justice of the European Union which provides the judicial authority of the European Union ensuring even development and interpretation of European Union Law

<sup>2</sup> Case T-187/08 – Rodd & Gunn Australia Ltd v Office for Harmonisation in the Internal Market

2.3 On appeal to the Board of Appeal<sup>3</sup>, the Board dismissed the appeal finding the conduct of the UK professional representative as failing to meet the required standard of all due care in the circumstances, in particular because the UK professional representative had not undertaken any activity or exercised any control regarding the renewal. The Proprietor was also criticised by the Board of Appeal for delegating renewal to a third party other than the professional representative before OHIM, namely the computer renewals service. The Board stated that relieving a professional representative of his task of monitoring the legal status of a mark was, in itself, careless. Along with other criticism, the Board of Appeal also found that the computer renewals service had acted in error, and this was because of a serious internal problem.

2.4 The Proprietor appealed to the General Court.

### 3. The Broad Findings of the General Court

3.1 The General Court observed that the requirement to exercise due care lay in the first instance with the Proprietor. A choice of the Proprietor to delegate administrative tasks relating to renewal to a third party required assurances that the tasks would be carried out properly and with the same standard of due care expected of the Proprietor. The Court found that the computer renewals service had failed to exercise the necessary care, and for this reason alone refused the appeal.

### 4, "Carelessness" in Employing a Computer Renewals Agency

4.1 Importantly, in view of the above, the Court declined to rule on whether a non-professional representative can renew a Community trade mark using a non-professional representative, neither confirming nor rejecting the Board of Appeal's finding that delegation to such a non-professional representative was "careless" on the part of the Proprietor.

<sup>3</sup> Right of first appeal on such matters as in the case here reported is to a Board of Appeal

4.2 Our view is that, as this effectively leaves the Board's opinion unchallenged<sup>4</sup>, the current position on payment of renewal fees is that OHIM approves of renewal fees paid by, or at least monitored by, a professional representative but does not necessarily regard other forms of payment as alone meeting the requirement for "*all due care*". It is therefore reasonable to assume that this will be the basis for testing applications for restoration of lapsed EU trade mark registrations going forward.

4.3 Moreover, the Court also criticised the New Zealand trade mark firm because, having informed the computer renewals agency of the need to renew the CTM, it did not take measures to ascertain whether renewal was being properly effected.

## 5. Conclusions

5.1 There are four practical issues emerging from the outcome of the above case:

- The comments of the Board of Appeal regarding carelessness in delegating renewal to a computer renewals service are worrying, particularly since they were not criticised by the General Court
- In addition:
  - there is clearly an expectation that a responsibility for monitoring successful renewal of a Community trade mark should not disappear on the part of professional firms involved merely because a computer renewals service is used
  - a similar expectation may also burden another professional party involved (such as the New Zealand firm in the fact pattern of the case here reported - although we suspect that any such expectation would have been dissipated had the UK firm monitored the renewal process)

<sup>4</sup> The General Court could very easily have made some remark on this if it felt that the Board had ventured too far

- However, there is plainly a marked tension in this respect between what OHIM, led by the Court's views, may now expect and the contractual realities which exist in real life – where trade mark proprietors formally preclude continued representative responsibility (on cost grounds) despite what the Appeal Board's view of that clearly is
- At the very least, there is now self-evidently a much enhanced risk for proprietors when responsibilities are delegated to computer agencies and all burdens are removed from the shoulders of the professional representative

## 6. HLBBshaw Views on Managing Renewals

6.1 The Appeal Board, with at least the acquiescence of the General Court, has in effect proposed an ideal which is not readily deliverable, and on that we have the following comments, noting, however, that official attitudes to expected management of IP may be changing in a way that could have a serious impact on how IP is managed by its owners:

- The only safe way to proceed in the light of the decision reported here, and its history, is for the professional representative before OHIM to be given the responsibility to maintain, renew and monitor a Community trade mark
- In practice, that responsibility is, however, an ideal and is not, at least in the immediate future, going to be given across the board in many cases - because to do so would do violence to IP budgets and seek to disrupt what has become accepted practice in the field of IP maintenance
- However, new processes for managing IP maintenance are required in order to address the situation and the more innovative IP service providers will no doubt recognise this
- Prophetically, the views of the Court in the above reported case may

become more far reaching and logically may affect other forms of IP in other jurisdictions:

- IP is now a much more significant, and moreover a much more evident, component of corporate capital than has customarily been the case
- For this new financial milieu to influence tribunals in the development of case law would be nothing more than an alignment between the current importance of IP in business and expected proprietorial attitudes to managing that IP
- Somewhat allied to this thinking, we are aware of T832/99 in which a Technical Board of Appeal of the European Patent Office challenged common practices and effectively held that both qualified patent attorneys and technical employees under their supervision had a responsibility to keep a *personal* diary of due dates (in addition to the so-called *docket systems* kept by paralegal work forces)<sup>5</sup> and that a failure to do so would mean that the EPC requirement for the exercise of "*all due care*" had not been met (with the result that a restoration application following a deadline default would, in principle, not be allowable).

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<sup>5</sup> HLBBshaw is aware of at least one other undecided case in which the possibility of this principle being extended to apply to experienced trainee patent attorneys was also envisaged. In short, the Boards of Appeal at the European Patent Office can be assumed to expect to see attorney back up to systems-based processes

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