LEGAL ENFORCEMENT OF SECURITY INTERESTS OF TRADE MARKS IN THE MEMBER STATES (PROJECT 9)

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SUMMARY

Trade marks are to be considered as property rights and as such can be used as security for loans or other financial obligations and enforcement procedures against trade marks are permissible in order to satisfy the claims of the creditors of the trade mark owner. Considering that the rules applying to liens and encumbrances on trade marks as well as the attachment of trade marks in enforcement procedures are not regulated by European law, the national law will apply in all such cases and is very different from country to country. The purpose of this project was therefore to determine the differences of the respective legislation and practice in each Member State. The Questionnaire attached was answered for all countries but Slovakia and Lithuania.

(1) The comparison yielded that it is possible in all member countries of the EU to create legally valid security interests in trademarks. However, it is to be taken into account that in some cases special formal requirements have to be fulfilled. In most countries the contract has to be in written form and in some countries like Greece, Estonia and Bulgaria the contract has also to be duly notarised. While it is certainly common and useful to establish a contract on a security interest or lien in written form, it should be notarised in addition, if the effect should extend to all countries of the Union.

(2) In most countries it is possible to register a security interest in the trademark register. However, there are exceptions to this rule and in Malta and Cyprus such possibility does not even exist. If registration is possible, it must also be taken into account that in some countries the contract itself must be registered in order that the security interest will be legally effective. These countries are Estonia, Finland, Czech Republic, France, Portugal, Benelux and Sweden. Even if the local law does not provide for compulsory registration, it is recommendable in some countries to have it registered anyway. One interesting advantage mentioned is for instance in Spain, where the registration of the security interest constitutes an exemption for non-use.

(3) An interesting question is, whether the contract itself evidencing the security interest must be submitted to the Patent Office or whether other documentation will suffice. Only in a few countries, where registration is possible or compulsory, the contract does not necessarily have to be submitted as for instance in Austria, Romania, Slovenia and the United Kingdom.

(4) While in those countries where registration is possible the requirements for registration seem to be clearly stated in the law, the requirements for cancelling such registration seem to be less specific. Generally it results from the survey that the conditions for cancelling a security interest are the same as those for registering it. However, the laws are in some cases not very specific and several trademark laws do not contain respective provisions.
The requirements go from “appropriate documents” to the submission of a contract between the debtor and the creditor and a court order. It seems therefore recommendable to agree on the modalities of the cancellation of the recordal already in the original contract on the creation of the security interest.

(5) In several countries court decisions are required in order to satisfy the claim of the creditor out of the security interest. This is the case in Austria, Benelux, Bulgaria, Germany, Hungary, Italy, Latvia, Portugal, Romania, Slovenia and Spain. In some countries it is possible to obtain satisfaction out of the security interest without the help of the courts, if the original contract so provides. This applies in Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Ireland, Malta and Sweden. In some countries a court decision may be replaced by a notarial deed. This is the case in Czech Republic, Greece and Poland.

(6) The survey yielded that there are no differences in the national laws as regards security interests whether such lien concerns a national trademark or a Community Trade Mark. However, precedents seem to be sparse in this field.

(7) The conclusion of the survey is that the rules governing security interests in trademarks differ very much in the specific countries in the Union and are far from any harmonisation. Particularly the rules on the enforcement of the security interest vary. On the other hand, the concept of liens in trademarks is generally accepted, but special interest must be attached to the issue whether a contract is sufficient or a registration is required by law.

According to Article 19, Article 16 CTMR, CTMs may be given as security or be the subjects of rights in rem under the national law of the trademark owner. The recordal of such rights in a CTM on the CTM Register according to Article 19(2) CTMR is not mandatory. Such recordal has only limited effect vis-a-vis third parties according to Article 23 CTMR but no constitutive effect. Several national laws, however, require recordal in the trademark register – see under 2. above – as a prerequisite for the validity of the security interest/right in rem in the trademark. With regard to these countries the survey has no answer so far for the question how and where a security interest in a CTM should or must be registered. This will create problems in countries, which require registration for the validity of security interests.