

Albania Introduces Substantive Changes to Industrial Property Law

By Irma Cami, PETOŠEVIĆ, Albania

First published on www.petosevic.com

Multiple changes to the Albanian Industrial Property Law debated since August 2016 were recently approved by Law No.17/2017, which will enter into force on March 24, 2017.

According to the IPO, the main goal of these changes is to further harmonize Albanian law with the EU *acquis* and to create an equal level of enforcement to that existing in the EU. This is due to obligations deriving from Article 73 of the Albania-EU Association and Stabilization Agreement, in force as of April 2009.

However, IP professionals in Albania do not share the same opinion. While they agree with most of the changes, they think that some important issues were left unaddressed, and fear that certain changes may adversely affect Albanian IP case law, which has recently been in line with that of the EU.

This article addresses the most significant changes and the most concerning issues, reflecting my viewpoint, and that of other Albanian IP professionals.

Functional and Structural Changes in the Albanian IPO

The approved changes grant a larger role to the IPO in enforcement procedures. The IPO will not only examine oppositions but will also handle different kinds of enforcement claims, including cancellation, invalidation and non-use actions and claims based on well-known status. Until recently, these actions were brought directly to court, while the IPO's role was only to examine oppositions and appeals against refusal on absolute grounds.

The changes also affect the IPO's structure. Until now, there was only one body within the IPO for examining oppositions, the Appeal Board, whose decisions could be appealed before the court of first instance. The changes to the IP law establish two instances in the IPO, the first being the Examination Division, and the second being the Appeal Board.

Although this change may increase the time needed to conclude certain procedures, Albanian IP professionals believe that it will, along with the IPO's expanded role in enforcement procedures, have a positive impact on establishing a good IP tradition. They anticipate that the IPO's greater involvement in examining diverse cases will raise its level of expertise and will put pressure on it to improve the quality of its decisions. Further, having two instances within the IPO will prompt more discussions on its decision-making process, making it more accountable for providing consistent decisions.

Additionally, under the approved amendments, claims will not be examined on their merits if the holder of the contested application or registration does not reply on time to the opposition or cancellation lodged against it. Until recently, the IPO examined any opposition on its merits regardless of whether the opposed party replied.

The changes also clearly define who is entitled to file trademark oppositions. They now include holders of unregistered well-known trademarks and any person that contests a trademark applied for in bad faith. While previous provisions granted protection to well known unregistered trademarks and allowed any person to cancel a registered trademark applied for in bad faith, it did not specifically mention these claimants among those that had the right to file an opposition against a registered mark.

Introducing Observations by Third Parties

According to the changes, any third party that objects to the registration of a trademark has the right to submit a written observation, only on absolute grounds, to the Examination Division. The observation should explain on which grounds the trademark should not be registered ex officio, without being required to disclose direct interests. Nevertheless, the third party will not become party to the proceedings before the IPO. The applicant may comment on the observation or present additional arguments within a month following the notification of the observation. It seems that this provision was taken from Regulation (EU) 2015/2424 (EU Trademark Regulation, Article 40).

Prior to the changes, the law did not formally provide for a third party to file observations. While filing observations was not unusual, there was never a consistent practice established. The approved changes will bring an improvement in this area.

Unlike the functional and structural changes in the IPO and the introduction of observations by third parties, which caused positive reactions among IP professionals in Albania, the rest of the changes led to disagreements between the IPO and IP practitioners.

Court Competence for Appeals against IPO Decisions Remains Unclear

The amendments could have contributed to clarifying a longstanding issue regarding court competence for appeals against IPO decisions, but failed to do so.

Namely, since November 2013, when administrative courts appeared in Albania, there has been a heated discussion about whether administrative courts or civil courts should have the competence to examine appeals to IPO's Board of Appeal decisions. Until November 2013, all IP related cases, including appeals against IPO decisions, were examined by civil courts' commercial divisions.

The debate over the courts' functional competence stems from conflicting provisions, namely, article 348 of the Civil Procedural Code, which regulates proceedings held before civil courts, states that disputes involving industrial property rights fall under the jurisdiction of Tirana District Court. On the other hand, law 49/2012, which regulates proceedings held before administrative courts, provides that disputes arising from individual administrative decisions issued by a public body in the course of administrative activity fall under the jurisdiction of administrative courts. According to this law, the IPO is considered a public body, meaning the examination of its decisions falls under the functional competence of administrative courts.

Both provisions are set by organic laws (laws approved by three fifths of the Parliament), and have equal power according to the Albanian Constitution – neither of them prevails over the other. Additionally, case law is rather contrasting. In its rulings, the Supreme Court has mostly defined the Administrative Court as the competent one, but has decided otherwise on various occasions.

The recent changes to the IP law could have expressly stated which is the competent court in such cases, but this issue was not addressed even though IP professionals raised it.

The Non-Use Issue in Opposition Proceedings Remains Unaddressed

While the IP law has addressed the non-use issue in cancellation actions since it was approved in November 2008, it still fails to address the non-use issue in opposition procedures despite the recent changes and the amendments it underwent in 2014.

Namely, the law obliges the holder of an earlier mark to prove use of the mark in cancellation actions against a later mark, otherwise the claim can be rejected. This obligation derives from article 173(3) of the law. The tolerable non-use term is 5 years following the registration date or, as the case may be, following the suspension of use (article 159 of the law).

There have been several attempts by IP professionals to urge the IPO to examine the non-use issue in opposition proceedings by drawing an analogy to cancellation actions. In my opinion, the IPO could have considered this issue, as cancellation actions and opposition procedures are, by nature, the same.

The approved changes have granted the IPO more competence and should therefore have included a provision that clarifies this matter, rather than again leaving it to the discretionary power of the IPO.

Nevertheless, I believe the changes create more ground for IP professionals to influence the IPO to consider this issue in the future. As the IPO will now examine, non-use cancellation actions, among others, it will be more specialized and well equipped to handle this matter.

Establishing IP Experts – a Regression in Recent Court Practice

The Albanian IPO has established the “IP expert” figure and introduced criteria for becoming qualified as one. Although the approved changes do not outline specific duties, IP experts are to be invited to court hearings to give their testimony on whether there has been an infringement. Their testimony cannot be challenged by the parties or the court and will be legally binding.

IP experts will be given more authority than registered IP agents, even though they will not be able to work as agents or as attorneys at law. IP experts will be certified by the IPO, which will also have the right to revoke their certification. The IPO is justifying this change by claiming that the court is not capable of examining IP-related cases and that “qualified expertise” is needed in court proceedings.

Whereas establishing IP experts for patents and utility models is highly appreciated, IP professionals in Albania believe that involving an expert in other IP cases will adversely affect court practice. In the past five years, Albanian courts have relied on EU rulings and have shown willingness to implement the criteria established by these rulings in IP-related cases. This positive development culminated in the [Motorex v. Motex case](#) in 2015 and the Red Bull v. Turbo case in February 2017, in which the Albanian Supreme Court pointed out the importance of the implementation of EU rulings. In all of these court proceedings, the court came to conclusions by examining the legal and factual background and the arguments brought forward by the parties, without being assisted by this kind of IP expert.

IP professionals in Albania believe that involving IP experts in such cases cannot guarantee an impartial opinion. First, having an absolute right to decide whether there is IP right infringement can lead to abuse of power. Second, how are they supposed to challenge the IPO’s decisions when it is the IPO that has the right to revoke their qualification? Finally, this will increase the cost of court proceedings, as this service is expected to cost over EUR 1,000 (USD 1,045 USD).

Equal Status for Used Marks and Unregistered Well-Known Marks

According to Article 23(3)(ii) of the amended law, the holder of a prior unregistered mark has the right to oppose or cancel a later conflicting trademark application or registration. The provision expressly defines this right as pertaining to holders of “non-registered marks or other signs, acquired through long term use and wide territorial coverage”. Considering its wording and placement in the law, it is obvious that this provision does not refer to unregistered well-known marks. It seems that this provision was taken from Article 8(4) of Regulation (EU) 2015/2424 (EU Trademark Regulation).

This change is problematic. As Albania has always been a first-to-file jurisdiction the only occasion when the IP law used to recognize unregistered marks was when they had a well-known status. Granting the same rights to used marks and unregistered well-known marks does not make much sense.

Additionally, there is no definition of the requirements that a mark should meet in order to acquire the status of a prior unregistered mark, which will cause uncertainties as neither IP professionals nor the IPO can predict the outcome of trying to rely on this status. There is a risk this provision will be left inapplicable as few practitioners will rely on it.

This was one of the most debated issues during the public discussion phase, when IP professionals brought the above arguments to the IPO's attention, but these concerns seem to have been ignored.

Adding “Trade Origin” to Deceptive Marks Provision

There is a provision in the Albanian IP law that speaks about deceptive marks stating that “a mark shall not be registered if it consists of such elements which deceive the public about the nature, quality or geographical origin of the goods or services” [Article 142(1)(e) of the law]. It coincides with Article 7/g of Regulation (EU) 2015/2424 (EU Trademark Regulation).

The approved changes add the term “trade origin” to this provision. According to the IPO, this term covers identical marks, and this provision will allow the IPO to intervene ex-officio in identical marks cases.

Albanian IP professionals have strongly opposed this during the public discussion phase, arguing that the term “trade origin” has to do with the producer or with the likelihood of association, and has nothing to do with the concept of a deceptive trademark. In addition, this change will broaden the category of marks the IPO will be able to intervene in ex-officio, creating grounds for abuse by the IPO, as well as unsteady practice.

Proposal Diminishing the Right to Appeal IPO Decisions Not Approved

Nevertheless, the IPO did resign one of its proposals that diminished the right to appeal IPO decisions. According to the proposal, all claims should have first passed the administrative proceedings in the IPO and IPO decisions could later be challenged through the Administrative Court for reasons related to procedural misconduct and not so much to substantive law. The proposal also stated that if the Court found the claim grounded, it should return it to the IPO for further examination, and could not judge on its own. IP professionals believed that this change could have severely decreased the Court's competence and the number of cases that end up in the Court, as IP rights holders would not be willing to go through numerous and unfair procedures. After a long debate in the IP community and even in Parliament, this proposal was finally not approved.

The approved changes entered into force on March 24, 2017. For all prosecution and enforcement cases that started prior to March 2017, previous provisions will apply.

For more information, please contact:



Irma Cami

Associate and Attorney at Law

PETOŠEVIĆ Albania

irma.cami@petosevic.com

www.petosevic.com

Irma Cami has been working at PETOŠEVIĆ since 2008 as Associate and Attorney at Law in the area of Intellectual Property, mainly focusing on IP litigation, enforcement matters, and rendering opinions on validity and infringement. She is a registered attorney at law and a Trademark and Patent Agent; Mrs Cami is an active member of the International Trademark Association and has been recognized by WTR 1000 and Chambers & Partners as a leading IP practitioner in Albania.