

Max Planck Institute for Intellectual Property, Competition and Tax Law
Munich - Germany

Study on the Overall Functioning of the Trade Mark System in Europe
Hearing on 8 June 2010 - 10:30 - 17:30

The meeting was initially scheduled for April, but had had to be postponed due to the ash cloud. The organisations were sent an invitation with the following draft agenda:

“We would like to start the Hearing by giving each of the associations the opportunity to summarize in a statement of not more than 10 minutes their main ideas on the Study issues. Thereafter, the Hearing will continue with a discussion on selected topics. We propose the following:

1. Further harmonisation of trade mark law (amendments of the Directive) including procedural law aspects.
2. Amendments of the CTMR:
 - Adding a catalogue of sanctions (cf. Directive 48/2004/EC)
 - Regulating use of a sign other than for purposes of distinguishing goods or services (cf. Art. 5 (5) TMD)
3. Limitations of rights conferred; in particular genuine use of Community trade marks
4. Wording of the lists of goods and services (“class headings”)
5. Fee structure (questions in the Commission's invitation to tender under No. 5. 2 (13) (b) on page 28).
6. Further questions addressed in OHIM's contribution of 11 January (give the opportunity for remarks especially to those proposals in Annex 3 of OHIM's contribution which are not covered by the Commission's questionnaire)”.

The following associations were present at the hearing:

ICC, AIM, APRAM, BusinessEurope, CNIPA, ECTA, EFPIA, GRUR, FICPI, INTA, LESI, MARQUES, UNION, OHIM, VFA, AIPPI. The OHIM was also represented and Mr. Eichenberg attended on behalf of the European Commission.

All the Users Associations sent to the MPI written documents with their views on the study. These documents may be consulted at

http://www.ip.mpg.de/ww/de/pub/aktuelles/studie_zum_europ_ischen_marken.cfm

Dr. Reto M. Hilty opened the meeting. Prof. Annette Kur and Prof. Roland Knaak also attended on behalf of the Max Planck Institute. The meeting started out with a 10 minutes round for all organisations attending. The following are some very brief notes on the Associations' statements.

AIM

1. No justification for diversion

Renewal fees have not been reduced in spite of council conclusions

2. Governance

Clear separation from those deciding on use of funds from those who will be benefitting

3. Self-financing

Trademark fees are not tax, and national offices should be self financed.

Re. extending the role of NPTOs into counterfeiting

Improvements of existing services need to be looked at first, and we do not wish to see the creation of an extra layer.

APRAM

1. fundamental elements that must be maintained, namely:
 - two level systems that are proposed to the actors between which the choice is free
 - first to file
 - the language of the OHIM
 - the absence of ex-office examination of relative grounds
 - the present rules for mandatory use
 - the possibility to renew without providing evidence
2. further push for harmonisation
3. the role of the offices
 - simplification of the proceedings
 - we do not favour the transfer of the 50%

BusinessEurope

CTM works well, change for just the sake of change is not recommended

The choice for applicants should not be limited. Decision regarding filing strategy is taken on a case-by-case basis.

Study should look into the national offices as well

Harmonisation should be furthered through amendments that will take effect in national laws

The issue of genuine use is vital and must be analysed carefully

Offices should perform services to the users and being fee-funded

Financial autonomy is a key factor

Proper governance of OHIM is vital and bodies deciding and receiving must be kept apart

We are worried about the proposal to extend the role of the offices on to counterfeiting

CNIPA

We are an organisation of attorneys and we will be submitting a response

The CTM system should introduce some best practices from the national systems: for example, in the UK the notification from UKIPO to trade mark owners when a new mark is filed. This procedure was put into place when the UKIPO stopped analysing relative grounds.

We believe that it is best not to have examination of prior rights

National offices should have records of seniority claims.

Cooperation between the OHIM and national offices has had as a result very good projects.

Classification of goods and services: needs to be further investigated: it is not acceptable to have fixed lists of goods and services; the applicants should be free to draft their own list.

Conversion: this process raises a lot of concerns and must be evaluated.

Genuine use: it is not a territorial issue but a question of what is use.

Acquired distinctiveness, moderate requirements need to be applied

ECTA

Europe has changed

We need look forward and look ahead for the Europe of the next century

The Commission must make a bold step

We must look not for harmonisation, but for unification

We should use OHIM funds and surplus to make the offices the centres of information

Let's be visionary - let's not miss this occasion to make a difference for our children

EFPIA

The function of trademark as an indication of origin is too narrow

We have a double check as pharmaceutical companies

OHIM allows the coexistence of trademarks that are rather similar where as the perspective of the health agency (pharma tm approval institute, marketing authorisation) is different

Regarding use, one country is sufficient and constitutes use in the community and this should be inserted in the legislation

Question of transit, Europe is very often point of transit for counterfeits going to other parts of the world, we want to be able to stop these goods even if they are only in transit

It should be inserted into the legislation

GRUR

CTM is a real success

Our paper discuss the more scientific issues

Role of the national offices needs to be discussed as the future is the CTM

We should strive for not just harmonisation of the laws, but also harmonisation in the heads and minds of people

We have different understanding of ECJ decisions and we need guidelines for case law as we have different backgrounds

Harmonisation with respect to trade names should be sought

FICPI

The OHIM has achieved financial success

We would want to say that quality and not quantity should be prioritised

The third parties need to be protected

Clearance searches need to be done

OHIM never encounter or meet with the third parties

There is no harmonisation of the requirements for proof of use

A balance should be achieved between the national system and the CTM system

Applicants should not seek more protection than what they need

National offices might assist customs authorities and it could be valid also for OHIM

We see no role for offices in given legal advice

Priority claims should be verified

We support reducing the period of non-use to 3 years

We have always supported the searches and particularly the search of the prior CTM rights

Study should be done to see if ex-officio examination for identical trademarks in European registers could/should be implemented for CTM applications

ICC

We would also want to look at the national offices and not just the OHIM

We support the proposal to refund the surplus to users, and also to use the surplus to promote an increased understanding of the value of trademarks and design, and also to develop IT tools

We have very strong reservation as to the 50%, There is no way to control whether these funds will be used to go into trade mark related projects or will be merely used to subsidise national offices.

Use in one country is against the concept of the internal market and also against the expectations made at the introduction of the system

The definition of what constitutes genuine use should be left out for the courts to decide

We should encourage the smaller companies to expand their businesses and not create impediments

The national offices should be self-financed and focus more on quality and not only on speed of decision making

INTA

We want the study to include a review of the national offices

We want consistency

Regarding requirement of use, territorial scope, extent of use: The community should be treated as one single market, use in 1 country should be sufficient

We are concerned at the council conclusions

A role in anti-counterfeiting will constitute a significant detour of the present tasks of offices
We support the push for self-supporting offices
We support reduction of renewal fees

LESI

The coexistence between OHIM and national system is quite useful
We favour more details in the classification for instance as in UK
We favour pre-registration opposition procedure
We are interested in having more electronic tools, for instance on seniority claims
The definition of well know marks and marks with reputation must be clarified
Links to bankruptcy laws should be looked at

MARQUES

1. The CTM system functions well and there is no need to make major changes
MARQUES do not believe that there is cluttering
The size of the Register is more a symptom of the drastic increase of branded goods in trade
There are two ways to deal with size of CTM Register and the national Registers, 1. Efficient and reliable administrative opposition and cancellation procedures as reasonable cost, 2. Conversion of CTM into national applications and/or Madrid Protocol designations should be much easier and fully harmonised
2. Regarding 'genuine use' the CTM is for the Internal market
No borders in the Internal market
One important use of the CTM, especially for SMEs, is to stop entry of infringing products into the Internal market
If counterfeited products enter, they will be able to circulate freely
As such the Benelux and Hungarian views will hamper the fight against counterfeiting
3. Harmonisation must be furthered on OHIM and national office procedures, on Enforcement and on laws that will harmonise and improve the situation on lookalikes

UNION

One of the most important issues is the question of genuine use
It must be decided by the court in question on a case-by-case basis
Seniority claims is also a key issue
Seniority claims means savings on renewals, but it needs to be ensured that the earlier rights can be proved at a later stage

AIPPI

We have not yet submitted a paper, but are waiting for the answers from the regional groups
It is difficult to reach consensus, but consensus established on the below
- Seniority claims
The system should continue, clarification is needed when the national right had lapsed
We endorse examination of seniority claims as for the date and goods and services
Some form of seniority database should be created
- Classification
Re use of often broad lists of goods
OHIM's practices of using class headings is problematic
It results in unnecessary long and broad lists
One possibility could be to use the North American practice with possibility of later extending the list of goods
Current fee structure of including 3 classes is wrong
- Use period of 5 years
In view of present market realities period could be viewed as too long
We support change to 3 years, especially in view of broad lists

First impressions of the Allensbach survey

After lunch Prof. Roland Knaar of MPI made a short presentation on the preliminary results of the survey conducted by the Allensbach Institute. The final results of the survey have not been handed in. The final report is due in the end of June. Around 1500 users have responded.

First impression of the Allensbach survey

- The predominant impression of the CTM system is quite positive.
- The predominant impression of OHIM's performance
 - Quality, a low quality is indicated by less than 10% of the responses
 - Consistency, quite positive result, 10% owners and 20% not so positive, but the broad majority are positive
 - Time needed to issue decision, not satisfactory around 20%, on opposition about 40% of agents are not satisfied
- The consistency at national level does not score as high as the OHIM
- 24% owners approve the use of class headings
- the majority, more than 50% would not want to change the 5 year use period
- Claiming priority or claiming seniority: 50 % in favour of full examination but the majority of agents are in favour of current approach;
- the majority of owners are in favour of examination of relative grounds
- mandatory search of CTM, majority of owners are in favour
- optional search for national trademarks, around 50% were in favour of "increasing"/improving the searches
- 94 % owners are happy with e-tools and MyPage
- introduction of 1 class system, more than 60% agents are against, among owners 80% are against
- Fee structure: 50% said that the filing fee was too high. 80% said that the renewal fee was too high

The remaining agenda

1. Further harmonisation of trademark law (amendments of the Directive) including procedural law aspects

In this topic the Trademark Directive (TMD) was analysed, suggesting some changes or merely raising the MPI awareness to some issues. The MPI were looking specifically at the provisions that are optional, but that might need to become mandatory.

Article 3, §2 TMD – Absolute grounds for refusal or invalidity: should these conditions remain optional for member states or should they become mandatory. The general consensus was to make them mandatory. There was also a suggestion to include geographical indications (GI's) in the TMD.

Article 4, § 4 TMD – Relative grounds for refusal or invalidity: the consensus was that the condition in alinea a (reputation) is by far the more important one that should be maintained. The other conditions (non registered rights and other prior rights) are less important but still relevant.

Article 5, § 2 – Rights conferred by a trade mark – reputation: the reputation issue should become mandatory.

Article 9 – Acquiescence: The wording of the TMD could change to make relevant not just positive knowledge but also negative knowledge (the owner *should have known* of the existence of the latter trade mark). It would make acquiescence easier to invoke. This change could be done in the TMD but also in the CTMR.

There was a general feeling that maybe this is not the time to have a full harmonisation of procedural issues. However, several associations mentioned that it should be possible to argue before the OHIM other grounds of refusal; it should also be possible to invoke non-use as a defence on infringement procedures.

2. *Amendments of the CTMR: - Adding a catalogue of sanctions (cf. Directive 48/2004/EC) - Regulating use of a sign other than for purposes of distinguishing goods or services (cf. Art. 5 (5) TMD)*

There was a general consensus to include sanctions in the CTMR (as it happens in the Enforcement Directive).

Other amendments/comments that were mentioned/suggested referred to: the change of the requirement of graphical representation, definition of function of a trademark (articles 9 and 5), the scope of protection of a trade mark is different than distinguish goods, the goods in transit and its consideration in border measures, the relation between well-known marks and marks with reputation.

3. *Limitations of rights conferred; in particular genuine use of Community trade marks*

The BX and HU offices are saying that they agree that it is a case-by-case basis.

A rather lively discussion followed. There was a general consensus among the associations that the territorial criteria (consider genuine use when the mark is used in more than 2 or 3 etc.. countries) is not acceptable as the sole criteria. It may be one of the criteria but there are other ways to consider what is genuine use.

While there was general agreement that the assessment of the genuine use is and must be done on a case by case basis, the organisations put out a strong request for clarity on the question, incl. what criteria would be applicable.

The participants also agreed on a general principle that what constitutes use for a national mark cannot be identical to what constitutes use for a community trade mark. There must be a difference.

There was a firm defence of the internal market from the owners' organisations.

4. *Wording of the lists of goods and services ("class headings")*

There seemed to be agreement that the OHIM practice is not right. But there seemed not to be agreement as to whether one could file using the words in the class heading or if applicants should be obliged to be more specific/limited. There was, however, a consensus that trade mark applicants should be free to draft their own list of goods and that the OHIM suggestion (page 31 of the OHIM contribution to the study) was not acceptable.

5. *Fee structure*

The Allensbach survey revealed that about 70% said that the size of the renewal fee would have an impact on the decision to renew.

Influence of the application fee on the filing strategy as a whole, here as well the size of the fee would have a significant influence.

INTA, AIM and MARQUES asked for reduction of the renewal fee.

6. *Further questions addressed in OHIM's contribution of 11 January.*

Different parts were agreed with, while some parts were not, i.a. the proposal to reduce the opposition deadlines.

MARQUES highlighted the need for harmonisation on and improvement of the laws in Europe dealing with lookalikes. We proposed that this topic should be/should have been part of the study.

As a final remark the representative of the European Commission explained the process of the study until a final report is presented. A final report from MPI will be due in November 2010. Any proposal to amend the Directive, if it happens, should be decided in the first half of 2011.

Dr. Hilty closed the meeting at 17.25.