

Responses to the questions in the Tender as well as extra points

**1. To what extent has the Trade Mark Directive (TMD) achieved the objective of creating a single market by removing barriers to free movement and competition?**

The TMD itself cannot remove pre-existing barriers to free movement and competition, but it has certainly reduced the creation of such barriers to the extent that they are trade mark related. With this in mind, it can be said that by and large the TMD has achieved the objective of creating a single market. Thanks to the TMD, the national trade mark systems in the European Union share the same basic principles.

It has to be conceded, however, that some obstacles to the free movement of goods will inevitably remain as long as the national trade mark systems are operating alongside the CTM system, resulting in some signs being protected in one member state but not in other member states. These obstacles, however, cannot be removed by the TMD. They will remain as long as we have different national laws in different member states. As long as these different member states' national laws have not been fully harmonised, these obstacles have to be accepted.

Of course, further obstacles exist in the form of language barriers as two signs may be similar in one member state but not in another member state. These obstacles, too, cannot be removed by further harmonisation of the national trade mark systems and thus have to be accepted as the result of the diversity of cultures within the European Union.

Further comments are made below in relation to areas of further potential harmonisation.

**2. To what extent is there a need for further legislative approximation of Members States' national trade mark systems within the current scope of the TMD?**

Within the current scope of the TMD there is, in MARQUES' opinion, room for further approximation of member states' national laws in various areas.

Generally speaking, differences in transposition and interpretation of the TMD both at Community and national level should be further reduced and in the end fully eliminated to ensure that rights owners find the same rules and regulations regardless of the country of interest to him. National and European Union laws and practice should be fully harmonised so that users are faced with the same legal situation regardless of the system they use.

To mention more specific suggestions, MARQUES believes that further harmonisation should be considered in opposition and cancellation proceedings before the national trade mark offices. The possibility to base an opposition or a request for cancellation on a well-known national mark should be mandatory for all member states (a full harmonisation has only been achieved with respect to well-known CTMs, Article 4(3) TMD; as regards well-known national trade marks the TMD leaves it up to the member states to provide for the possibility to base oppositions or cancellation requests on such marks, Article 4(3)(a) TMD).

The same is true with respect to the possibility to base oppositions or cancellation proceedings on non-registered trade marks or other signs used in the course of trade, e.g. company names (Article 4(4)(b)

TMD) or other rights, e.g. copyrights or designs rights (Article 4(4)(c) TMD). That possibility should also be made mandatory for all member states.

Further room for approximation of member states' laws within the current scope of the TMD concerns the standards applied by the national offices and courts regarding the proof of genuine use of a trade mark. Although the basic requirements are harmonised (Article 10 TMD), the standards applied in the various member states as well as by OHIM differ considerably (e.g. as regards the value of affidavits). This makes it hard to predict for trade mark owners whether the use they have made of their trade mark will be considered to be sufficient (and thus genuine) in the various member states.

MARQUES further believes that the question of whether a plea of non-use is admissible in court proceedings or whether a counter-claim for revocation has to be made (cf. Article 11(3) TMD) should be harmonised.

Finally, it should, in MARQUES' opinion, be examined whether a further harmonisation is sensible in the area of exhaustion. Although member states' laws have, to some extent been harmonised by Article 7 TMD, there is still uncertainty with respect to the burden of proof, especially if the trade mark owner is operating a selective distribution system.

### **3. To what extent is there a need for further legislative approximation of Members States' national trade mark systems beyond the current scope of the TMD?**

MARQUES believes that scope for further approximation exists primarily in the field of procedural laws, both administrative and judicial. These differ considerably in the various member states. It might be sensible to examine whether a careful approximation of some aspects of the procedural framework might remove obstacles for companies that file national trade marks in various member states or that want to bring or are confronted with cancellation or infringement proceedings in other member states.

As regards administrative proceedings, MARQUES believes that the question of whether an *ex officio* search is carried out by the offices before the registration of a trade mark and whether relative grounds of refusal are considered should be harmonised. We would be in favour of abolition of examination of earlier rights *ex officio*. Harmonisation is, in MARQUES' opinion, also called for with respect to the question of whether oppositions can be filed before or after a trade mark is registered. This question has considerable repercussions, especially for the beginning of the non-use grace period (cf. Article 10(1) TMD).

MARQUES sees further scope for harmonisation in cancellation proceedings. Although some aspects have been harmonised, namely the grounds for invalidity (Article 4 TMD), the procedural laws differ considerably, e.g. as regards jurisdiction (office or civil courts).

MARQUES believes that harmonisation of the remedies (damages, disclosure, etc.) available in cases of infringement of national trade marks as well as CTMs should also be considered. The same is true with respect to certain aspects of procedural law, e.g. the possibility to obtain a preliminary injunction and the enforcement of judgments by national courts in other member states.

As regards the substantive law, MARQUES believes that harmonisation of the law concerning signs used in the course of trade, especially company names and logotypes, should be considered. Currently, the scope of protection of company names differs vastly in the different member states. Harmonisation

seems particularly sensible as such signs can, in many member states and also in proceedings before OHIM, be the basis for opposition and cancellation proceedings.

#### **4. To what extent do stakeholders see a need for Trade Mark Office Practices becoming more consistent?**

In MARQUES' opinion there is considerable scope for improvement with respect to the consistency of the various trade mark office practices (OHIM and national). It might be sensible to examine whether European Union-wide guidelines regarding, e.g., registrability or the proof-of-use requirements, might enhance the consistency of decisions at the various offices. Such guidelines would also help trade mark applicants and owners to estimate the chances of registering a certain sign or opponents to predict whether use of an opposition mark can be proved.

A further field for improvement with respect to trade mark office practices is the question if and to what extent decisions from one member states are binding or of persuasive authority in another member state.

#### **5. How could the cooperation between OHIM and National Trade Mark Offices (NTMOs) be intensified to achieve a more transparent and consistent office practice throughout the Community?**

MARQUES has already seen at OHIM Administrative Board meetings that OHIM and the national offices work together to improve the systems and in that way to increase harmonisation. Some topics are more difficult than others, naturally often where the practice differs very much from country to country. MARQUES is very supportive of on-going initiatives like TMView and EuroClass, and we believe that it is through the use of IT tools that further harmonisation can most easily be achieved within the current Regulations. OHIMs Cooperation Fund, we hope, will receive a number of proposals for projects that will increase the number of common IT tools, ranging from back office to front office tools.

MARQUES agrees with OHIM that users expect the systems to offer the same standards of service. We believe that the Cooperation Fund is a unique opportunity to create the required interoperability among the systems (national, regional and international).

It is too early to say how the Cooperation Fund will spend its available sum, but initiatives that might be considered by the Fund should also be considered in the context of the Study. We are of the opinion that it would be beneficial to have a single repository for all decisions of CTM courts. We are aware of the fact that OHIM aims to gather all the decisions from CTM courts, and indeed MARQUES itself has built a database of European Union decisions since 2001 that now holds 1521 cases, but we suggest that CTM Courts be obliged to contribute actively to the repository at OHIM.

Further, it should be considered to introduce specific legal provisions that would define the framework for cooperation between OHIM and the national offices. MARQUES is not a supporter of the existing "cooperation agreements" according to which, OHIM is sending funds every year to some of the national offices for "services rendered to the CTM". This system is not transparent, and we are not convinced that all services rendered are in fact relevant to users. We would be in favour of stopping the practice of the "cooperation agreements" – preferably before, but at least before the 50% renewal fees start to go to the national offices.

It could be helpful to harmonisation if all national offices would publish their guidelines on their website so that others could benefit from the shared experience. It would also be good if some form of framework were created whereby active discussion and comparison of guidelines – i.e. of practices – is encouraged. It should be considered how to involve the courts in these discussions so as to spread harmonisation further.

Finally, it would be useful if, in general terms, it were clearly recognised that harmonisation is an aim which OHIM and the national offices should pursue.

## **6. How are the CTM system and national trade mark systems used by stakeholders?**

Each of our members will use the available systems for registration (national, regional and international) in different ways. Businesses will use the system and/or a combination of systems that suit their purposes. The decision can be influenced by the long term strategy of the company and at other times influenced in the short term by e.g. the current financial crisis. For some products the budget will be big; for others it will be smaller. Some products that are small at launch will grow to be big successes and this normally results in an increase in copying of the product. Enforcement will become more important. The company will revisit the protection of the IP connected to the product and with this in mind might decide to take out further registrations, and this could be geographical scope as well as expanding the types of IP rights protected. Other products will decline in importance and the rights owner may decide not to renew all IP rights, but only to keep the basic elements protected.

The fact that rights owners have a number of choices for protection (national, regional and international) is highly beneficial as each product and each situation will differ and change over time. We fully agree with OHIM that it is essential to ensure the free choice of applicants to frame their filing strategy by any combination of national applications, international applications or CTM applications, and we will add to that the freedom of choice must also be guaranteed for the maintenance of existing rights as well.

## **7. What should be the role and mission of national offices in the future?**

The main role and mission of the national offices (as well as OHIM and WIPO) should be fast, efficient and reliable delivery of title to IP rights.

In order to promote the benefits of innovation to society, a national office should also be active in spreading the knowledge and understanding of IP to the general public.

Financial autonomy of a national office is essential for it to fulfil its mission. MARQUES believes that financial autonomy provides stimulus to seek improvement of services rendered at the best cost and the best quality. It enables the national office to react to the market and to adapt to the changes that inevitably occur around it. All trade mark offices operating within the European Union should have financial autonomy enabling them to set their own fee structure and user representatives should become members of the governing bodies of the national offices.

## **8. To what extent is the territorial requirement for a CTM to be genuinely used "in the Community" (Art. 15 CTMR), as interpreted in the related Joint Statement by the Council and the Commission of 20 December 1993, still appropriate in view of a Community market now comprising 27 member states?**

"Genuine use within the Community", including manufacture within the Community for export to non-Community countries, continues to be appropriate and should continue to be appropriate in the

future without amendment. Guidance to the answer to the next obvious question “what constitutes genuine use” should come from European Union courts and in the end from the Court of Justice.

The notion behind the CTM system is the notion of a single market, which is the very essence of the European Union. Hence, a single trade mark protection system was created in much the same way as the single currency was created. A single market means something that has no internal boundaries, and consequently the traditional concept of boundaries and borders does not play a role when it comes to the need for “use” or “genuine use” in order to keep a CTM alive. A CTM is a unitary right which has nothing to do with the boundaries - whether geographic or political - that exist within the European Union. There is no rule or provision in the CTM Regulation that says that the use of a trade mark in one member state is enough. What is said in the Regulation, and interpreted by the common declaration, is that even if the use of a CTM may be restricted to the territory of one member state is not, in itself, enough to exclude the existence of a genuine use. Genuine use needs to be assessed using the whole single market as a reference.

In its recent statement prompted by the decision of the Benelux IP Office (the ONEL decision), MARQUES said that the ruling was contrary to the concept of one single unitary trade mark right conferred under the CTM system and seriously jeopardised this concept. Neither the CTMR nor the case law of the Court of Justice gives any support to the ruling of the Benelux IP Office. We are of the opinion that the question whether use is sufficient to constitute genuine use relies on all the circumstances relevant to establishing that the use is real. The implementation of such criteria shall not depend on the number of member states affected by the use of the mark. The opposite interpretation would affect the main principles of the CTM system.

Please observe that MARQUES is not saying that use in one member state is enough or that it is not enough. We are simply saying that it is a criterion that cannot be applied. The fact that the system of national registrations exists and can be used for protection must not be allowed to influence how we look at genuine use of a CTM. It is unacceptable to suggest that a company must be obliged to use one system rather than another simply because the system exists. The free choice of rights owners must be guaranteed, and rights owners must take responsibility for their choices even if it means that they may in fact stand to lose their right because of a change in the market conditions resulting in a change in the use of a trade mark.

As mentioned, it is up to European Union courts to establish the correct set of criteria. It is without doubt a question that holds much complexity. If we are to offer our thoughts and ideas for the correct criteria, we would say that each case must be judged on its own merits. We believe that in each case the use must be considered on the basis of a set of criteria. These will include an evaluation of the normal market for the product (or service) in question, the target group for the product, the standard behaviour of the relevant consumer and the sale and the market share of the product in view of this. Applying the criteria will be a different exercise when the court is looking at use of a CTM for aeroplanes from when the court is making a decision on the use of a CTM for chewing gum. Based on these elements the courts will judge whether there has been genuine use in the Internal Market of the CTM in question.

MARQUES believes that we must recognise the complexity of the issue and face the fact that it will take years for the practice to develop.

## **9. To what extent are national offices contributing to the overall functioning of the CTM system?**

The basic contribution of the national offices appears to be providing information concerning the CTM system and transmitting CTM applications to OHIM.

It would be of great importance if all national offices were to maintain appropriate records of national rights claimed as seniority something that is already being discussed in the realm of the Cooperation Fund.

## **10. To what extent are the expenses related to these contributions made by national offices covered by payments received from OHIM budget?**

Even if the above-mentioned system of “cooperation agreements” is not transparent, we have understood that many national offices have received compensation for specific services rendered over the last years, and we would suppose that the possible expenses of the national offices are covered in this manner. We have no way of knowing if the services rendered are relevant or if they deserve to be funded by the CTM and RCD fees, but as the system is un-transparent we do not support it, and we would ask that it is stopped.

## **11. In what ways could national offices additionally and valuably contribute to the overall functioning of the CTM system to the benefit of current and potential users?**

As mentioned, it is very likely that the system which is intended to manage the records of national rights claimed as seniority will be funded by OHIMs Cooperation Fund.

Furthermore, we are in favour of the Fund contributing to the creation of an information pack that can be used by all national offices which will bring down their burden to a minimum as well as increase the commonality of the messages provided to users.

Also, in the context of the Cooperation Fund we have encouraged all national offices to participate in the project(s) that will make them fully electronic both when it comes to their back office operations as well as their front office services. The latter will include on-line services like on-line filing and freely searchable databases. As mentioned, we have given our full support to projects like TMView and EuroClass, and we think that it is useful for all national offices to participate.

## **12. What could be the benefits both for OHIM and users of the CTM system to have the half of the renewal fees revenue going to member states' national offices? What are possible disadvantages?**

First, we would like to remind you that this part of the September agreement was difficult for us to accept and that we could only support the agreement as a whole and with certain conditions.

We quote from our statement of 24 September 2008:

*MARQUES would have strong expectations of any office that were to receive means as proposed by the compromise solution. Some of these expectations could also be met through applications to the Cooperation Fund and would include the following items:*

- *Offices will create and maintain electronic databases which are made available for free on-line searching over the Internet*
- *Offices will create and maintain databases for rights that have been claimed as seniorities*
- *Offices will make the data freely and fully available to the TMView project*
- *Offices will work to develop the EuroClass system of agreed classification terms*

- *Offices will have options for on-line filing with credit card payment facilities*
- *Offices will put in place and encourage electronic communication with users, OHIM, EPO and WIPO so as to cut back on paper, inefficiencies and duplication of work and manual updating of data*
- *Offices will display transparency in their accounts and will specify their income and expenses in a way that will i.a. disclose the origin of income*
- *Offices will demonstrate an understanding of their dual role, i.e. to register rights efficiently and with cost-effective procedures on the one hand and to promote the value of IP towards companies and society in general on the other hand*
- *Offices will work with users, both local and European, to improve communication and services*

Most of the above items will, in fact, be covered by the Cooperation Fund, but not all. We expect to see more transparency in the accounts of the national offices, and we expect that the existing ‘cooperation agreements’ will be stopped when the transfer of the 50% renewal fees is begun, preferably sooner.

Our resistance to transfer of CTM and RCD fee income to national offices has always been based on our belief that it will make it difficult for offices to remain responsive to market requirements – as well as our opinion that no office should be paid when they do not add value or service. An office that has a steady income without performing any service will be less inclined to react positively to user requests for improvements or indeed to take initiatives to remain up-to-date in their service offerings. It is also a simple matter of fairness – users of the CTM system should not pay for the maintenance of national offices which they may or may not use.

As we have highlighted before, it is vital to ensure that any funds – whether it comes from the Cooperation Fund or from the 50% renewal fees – remain at the disposal of the national offices and that there is no risk that the transferred funds find their way into state budgets. Another danger is that offices that are run on a budget from the State will see their own budgets reduced so that the “extra income” will lead to no benefit for anyone.

The best way to ensure that the aforementioned risks are eliminated is to request that a national office becomes financially independent before it begins to receive its share of the 50% renewal fees. By financially independent, we mean that the office must be in full control and have full power of decision over its income and expenses, including its staffing and everything else that is involved in running the office. Without taking this stern measure, there is a real risk that the money will simply be lost.

If the risks are not eliminated and transparency not ensured, the disadvantages could be all of the above, including no increased efficiency, no increase of service level and maintenance of old ways-of-working.

If the risks are eliminated and transparency ensured, we might see that a national office would be able to improve its tools and its service offerings. After such improvements it could well be that its share of the market would increase and that it would be able to retain and hire more staff and reduce possible backlog.

**13. How and to what extent could it be ensured that these transferred funds are available to member states' national offices and really used for the trade mark related purposes concerned?**

If funds are transferred to national offices then it is essential that the money is ring-fenced for use by the national offices for specified projects. As mentioned above, the best way to avoid diversion into State budgets would be to request that a national office becomes financially independent before it begins to receive its share of the 50% renewal fees.

**14. What would be an appropriate key for distributing 50% of OHIMs renewal fees to the individual member states?**

As already mentioned, we only support the September agreement as a whole and with certain conditions and we have added the condition of financial independence to the list.

For ease of reference, we wish to highlight again our request for transparency in how this will be including the receiving end in the national office accounts.

We will admit that it is difficult to come up with an appropriate key for distribution, but one option could be to distribute the funds according to the number of renewals from each member state and the number of seniority claims based on rights in each member state (in each case as a percentage of the total renewals/seniority claims). This would mean that the more the businesses of a given country use the CTM system, the larger part of the total amount will be received.

The member states who do not use the CTM system so much, will have – everything else being equal - received more national applications and renewals and will have spent less time promoting the CTM system.

**15. To what extent is the required capability of being represented graphically still a relevant and appropriate requirement for a sign to qualify as a trade mark with regard to non traditional trade marks? What could be appropriate alternative requirements to establish instead of it?**

The requirement for graphical representation has proven reasonable in providing a balance between the need of the applicant to register non-traditional trade marks and the need of the other parties to understand the nature of protection. It is an international standard and we believe that it should be maintained for the time being.

However, we propose that consideration is given as to how olfactory and taste marks should best be represented graphically. It would also be helpful if any revised definition meeting these requirements could provide improvements in rights owners' ability to protect distinctive packaging and distinctive slogans.

**16. Does the definition of the rights conferred upon proprietors in case of infringements still satisfy current need?**

Overall the rights definition is quite clear. However if it is being reviewed it would be useful to clarify the position of goods in transit. We would propose that Art 9 s2 (c) of Council Regulation 207/2009 EC should be amended to include goods in transit.



Furthermore, in view of the fact that member states have very different laws on unfair competition/bad marketing practices, rights owners have a pressing need for improvement in protection of distinctive packaging against parasitic copying / look-alike packaging.

Finally, it should be considered to include a specific reference to domain names.

**17. Is there a need to align the customs seizure sanctions with the civil sanctions, in particular in case of import, export, and transit transactions?**

MARQUES does not see a need to seek alignment of the two. Customs seizure sanctions shall not be regulated independently. These sanctions should be dealt with under the appropriate provisions depending on the type of the case: counterfeit or infringement.

However, MARQUES has serious concerns pertaining to infringing goods seized in transit. Some national systems do not allow such seizures as the goods are not placed on the national market thus are not infringing under national trade mark law. This is a major practical problem, and legal means to ensure that customs throughout the European Union have the right to seize, and courts the right to sanction, goods in transit are urgently needed.

**18. Should the CTMR include the same sanctions, in accordance with the Directive 2004/84/EC on the enforcement of IP rights, as are made available for the infringement of national IP rights?**

With regard to trade marks, MARQUES does not see the need for harmonisation in the sense indicated above. The CTMR is very close to the general principles for sanctions provided in the Directive 2004/84/E and all the national trade mark systems for infringement protection should be already harmonised with the Directive. However, national practice continues to differ widely, so a CTM being enforced in, say, Germany, will lead to a very different result than in, say, the UK. In Germany, an injunction is available ex parte on proof of little more than the existence of the registered right. The injunction costs less than €5000 in legal fees and can be obtained in a day or two. In the UK, the court needs to find not only a prima facie case, but also to assess the balance of convenience. This is very rarely done ex parte. The cost for an injunction is usually more than €20,000 (and sometimes considerably more) and takes much longer. Applicants are rarely successful. Therefore, even though the law is the same, a CTM can be enforced very differently.

Other IP areas or closely related rights, such as copyright, designs and unfair competition, require harmonisation. The national provisions (not only for sanctions) in these fields are very different in each European Union jurisdiction, and thus harmonisation is urgently needed here.

**19. To what extent are users satisfied with the granted level of access to trade mark protection?**

MARQUES believes that users are generally satisfied with the alternatives for trade mark protection that the system foresees: national, regional and international. As explained, the freedom to choose between the alternatives is essential. However, the system can turn quite unsatisfactory when enforcing those rights because of the delays in registration, long terms in court proceedings and the costs also involved.

MARQUES would like also to note that the specialized courts for CTMs have proven to be an important success in most jurisdictions, and thus it would be desirable to extend that specialization also to other areas related to IP, such as copyright or unfair competition.

**20. Is there a need for clarifying the territorial scope in respect of which acquired distinctiveness must be shown and, if yes, what would be an appropriate solution?**

There is a need for clarification.

MARQUES considers that proof of acquired distinctiveness in each country of the European Union is not the right level to be required, and in any case, as explained above, countries are not relevant when it comes to assessing genuine use of a CTM or acquired distinctiveness in the Internal Market.

Since acquired distinctiveness implies certain efforts and initiatives from the owner of the relevant mark, MARQUES considers – as with genuine use - that the territorial scope in respect of which acquired distinctiveness must be shown should be assessed strictly on a case-by-case basis.

**21. Should bad faith be added to the list of absolute grounds for refusal?**

A finding of bad faith requires factual grounds that need to be substantiated with proper evidence. Bad faith must be present at the time of filing and the proof of it must be effectively provided to confirm that the applicant knew or should have known of the earlier trade mark at the time of filing the application. In this sense, the intervention of a concerned third party would be generally required and OHIM may not be in a position to assess the bad faith issue without such an intervention, except for evident cases.

Accordingly, MARQUES is of the view that “bad faith” should be retained within the framework of the relative grounds for refusal, insofar as falling under Articles 8(3) and 8(5) CTMR and of the absolute grounds for the invalidity, on application to OHIM or on the basis of a counterclaim in infringement proceedings (Article 52, par. 1 (b) of Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark) and be treated at the request of an interested party in such *inter partes* proceedings. MARQUES would like to see “bad faith” added as a ground of opposition, rather than a third party having to wait to cancel the trade mark once it has registered.

**22. To what extent has the current system with regard to the user requirement, including the 5 years grace period proved to be efficient and effective to reduce the total number of trade marks protected in the Community, and, consequently, the number of conflicts which arise between them?**

MARQUES supports the continuation of the current system, including maintaining the grace period at 5 years.

We do not understand why one would wish to reduce the number of trade marks protected in the Community as implied in the question. Some are concerned with the number and the increase in the number of registered trade marks. In our view the number of protected trade marks must be a sign of a healthy economy. The number of branded products and services has increased significantly in the last 40 years, and the size of the registers is merely a reflection of the increased need for businesses to communicate to their customers through brands, especially over the last 10-15 years.

Furthermore, one of the advantages of the CTM system is precisely that the owner is given time to start sales of the product and then gradually spread the sales to a larger part of the European Union. This advantage is especially important for SMEs.

Conflicts will inevitably arise from time to time. It will be much easier to deal with conflicts when the quality, including consistency and predictability, of decision of offices and courts is very high. This will increase the number of conflicts being settled amicably and speedily.

If settlement nevertheless proves impossible, simple, quick, cheap and reliable opposition and cancellation and revocation procedures must be offered by offices (without the need to go to court).

The size of the registers resulting from the increased number of brands does have as a consequence that clearing and searching have become more difficult and risky than 10-15 years ago. This is not a fault of the system, and must be countered by simple, quick, cheap and reliable opposition, cancellation and revocation procedures. In this context, it must not be forgotten that tens of thousands of CTMs are not renewed each year, and it is worth noting that the CTM opposition rate has been largely stable with a slight tendency to decline even when there continues to be an upward trend in the number of CTMs. Finally the number of cancellation actions remains a very small proportion of the CTM register.

This leads us to suppose that the number of actual conflicts is fairly small. The fears and uncertainties that arise at the clearing and searching phase seem to dominate the debate. We do not believe that the advantages achieved by putting limitations and restrictions to the system could in any way outweigh the disadvantage. We would be against onerous tasks for trade mark owners such as requiring filing proof of use after 5 years as at renewal.

We believe that the system works very well and we are in favour of keeping it as is.

### **23. Would users like OHIM to offer different or additional search services?**

A need for different or additional search services may be still felt in terms of improving and upgrading the access to and the functionalities of the search tools that can be made available to users by OHIM. MARQUES believes that these search tools should continue to have an exclusive informative purpose and that any diversion of any of them into the legal domain (pre-filing searches or qualified search reports including a legal opinion) would exceed the extent of, or even conflict with OHIM's institutional tasks and competences.

All in all the current informative search services are practical and efficient.

The consultation search services relating to the CTM database are fairly consistent and represent a valuable and effective instrument for users. Within this area of search services, the MY PAGE platform represents a significant progress towards the full simplification of communication with users and a more conscious and beneficial use of all available functionalities of the CTM system.

The EUROACE and EURONICE databases are also effective and user friendly search tools, that can be further improved as soon as a more cogent harmonisation of the still non-aligned practices of classification of goods and services according to class headings applied by both OHIM and some of the European Union national offices is steadily achieved. In this respect, MARQUES has raised its concerns with Communication no. 4/03 of the President of OHIM of 16 June 2003 concerning the use of

class headings in lists of goods and services for Community trade mark applications and registrations. It is the view of MARQUES that the Presidential Communication 4/03 introduces a great deal of legal uncertainty, and that this is not outweighed by the practical advantages that OHIMs approach might bring for the registration procedure. MARQUES has accordingly already urged and will continue its efforts to urge OHIM (and all national offices which currently follow the Presidential Communication 4/03) to abolish this practice.

The *TMview* platform created to develop a common trade mark search engine tool to allow users to consult registers of the European Union national offices is fully welcomed and MARQUES believes that once this instrument is fully finalised with all its functionalities and the coverage of all or at least most of the European Union official national search databases, it can represent the required move forward to have informative national search reports at no cost to users.

The EuroClass platform, aimed at providing a common online classification tool, by collating and integrating the approved lists of goods and services of both OHIM and the European Union national offices, can likewise represent another important reference tool in the future.

The finalisation of outstanding projects in the search services area – such as the development of a Technical Cooperation Framework with all European Union member states, aimed at raising inter-office cooperation in certain areas, including those of information technology and the related consultation search services - can no doubt provide further substantial improvements and in fact give practical impulse to the establishment of the firmly hoped effective interaction between the Community and the national trade mark systems. Within this framework, another possible development of search services may be needed to let users acquire more consistent knowledge of the practices applied by the European Union national offices in trade mark examination procedures, in order to assist users' decision making process of which of the available registration systems to use.

#### **24. Is there a need for clarifying the difference between or the common features of well-known trade marks and those with reputation?**

MARQUES believes that there is a need for better clarifying the differences between well-known trade marks and trade marks having a reputation, insofar as it can serve the purpose of providing clearer guidance on the scope of applicability of these two apparently distinct legal conditions in the procedures before OHIM.

Under Article 6bis of the Paris Convention, if a trade mark is well known in a territory in respect of certain goods, even if the mark is unregistered, it should be granted protection against a junior mark on proof of likelihood of confusion, namely if the junior mark is similar and is sought to be registered for similar goods. Based on Article 16(3) of the TRIPs Agreement, Article 6bis of the Paris Convention should also apply when the goods in question are not similar, provided that the earlier well-known trade mark is registered and that the use of the junior mark is likely to create an association to the owner of the earlier well-known trade mark, and his interests are likely to be damaged. The extended protection afforded by Article 16(3) of the TRIPs Agreement to well-known registered trade marks - depending on the knowledge of the trade mark in the relevant sector of the public - is provided under Articles 4(3), 4(4)(a) and 5(2) of the Directive and Articles 8(5) and 9(1)(c) of the Regulation. It is noted, however that in these latter provisions of both the Directive and the Regulation, reference is always made to protection to trade marks which have a reputation.

As some of the European Union law provisions refer to “well-known trade marks” – in the sense of Article 6bis of the Paris Convention – while others refer to “trade marks with a reputation” it would remain unclear whether the terms “well-known” – in the sense of Article 6bis of Paris Convention – and “with a reputation” in fact can have the same meaning.

In this respect, it is noted, for example, that in its Opposition Guidelines, Part 5, Article 8(5), OHIM has already provided clarification on the difference between or the common features of well-known trade marks and those with reputation and came to the conclusion that, e.g., Article 8(5) only applies to earlier Community, International, Benelux and national registrations, as well as to earlier applications subject to their registration and that well-known trade marks within the meaning of Article 6bis of the Paris Convention, which are not registered in the relevant territory, cannot be protected under Article 8(5), but with no prejudice, as they can rely on protection pursuant to Article 8(1)(b) to which Article 8(2)(c) refers for determining the scope of protection, as well as under Article 8(4) CTMR.

As the degree of knowledge and reputation enjoyed by a trade mark may be a relevant factor in connection with the degree of protection to afford to it, when assessing a likelihood of confusion in opposition proceedings, it would assist users, if clearer guidance on the above issue were provided, for instance, by implementing the terms of such conclusions in the Notice of Opposition forms. This may assist in properly identifying the grounds of opposition at the earliest stage of filing proceedings.

According to the guidance provided by the Joint Recommendation concerning Provisions on the Protection of Well-Know Marks and by the case-law of the Court of Justice, the requirements and factors that must be considered for reaching a determination of whether a trade mark has achieved the condition of being well-known under Article 6bis of the Paris Convention or of having a reputation under Article 8(5) CTMR may be regarded as the same or similar, based on the fact that these are expressed in quite similar terms, insofar as their qualitative and quantitative extents are concerned. However, the case law does not seem to be fully consistent on the assessment of whether the terms “well-known” – in the sense of Article 6bis of the Paris Convention – and “with a reputation” have the same meaning. For instance, in case C-375/97 (*General Motors Corporation v Yplon SA*), the Court held that for a trade mark to have a reputation within the meaning of Article 5(2) of the Directive, there is no need that it is well-known in the sense of Article 6bis of the Paris Convention. On the other side, in its Opposition Guidelines, OHIM states that “where well-known marks have been registered [...] they can be invoked under Article 8(5) but only if they also fulfil the requirements of reputation”.

It would assist users, if clearer guidance were provided on the issue in question, for instance by clarifying whether the threshold required within the meaning of Article 8(5) for a mark to be regarded as having a reputation is in fact the same as the one required for a mark to be regarded as well-known within the meaning of Article 6bis of the Paris Convention.

## **25. To what extent does the providing of an additional two month period for filing the grounds of appeal still meet the needs and interests of users?**

MARQUES is of the opinion that the current appeal system is appropriate, i.e. providing a two-month term after the date of notification of the decision for filing the notice of appeal and a four-month term after the date of notification of the decision for submitting the written statement setting out the grounds of appeal.

In particular, the additional two month term for filing the written statement should be maintained.

Instructions to file an appeal are often received at the last minute and careful drafting of an appeal needs thorough consideration. This is also important for a smooth overall procedure that might not necessarily end with the decision of the Boards of Appeal.

However, MARQUES does not rule out that the term for filing a notice of appeal could be reduced from two months to one month. One month might be sufficient for evaluating the reasons of the decision and deciding whether or not an appeal should be filed.

This is less time consuming and might need less thorough considerations than preparing and filing the written statement setting out the grounds of appeal.

## **26. To what extent has the current regime on costs proved to be effective and efficient?**

The current regime on costs in inter-partes proceedings before OHIM is not fit for purpose. The very low amount of the reimbursement provided by law does not compensate for the costs that the winning party actually spent. Given the low amounts awarded, and the difficulty collecting them, in reality, costs awards are rarely enforced. This therefore offers little incentive to a successful party to enforce its costs and no incentive to an unsuccessful party to have more actively considered settlement early in the proceedings. Too many parties are content to let proceedings run, perhaps taking only a limited role in them, hopeful of success (or at least happy for the nuisance value of their actions), knowing that there is no realistic sanction against them when they lose.

MARQUES supports the comments in OHIM's contribution in this regard.

It has been suggested, that both parties could pay an upfront fee to OHIM which would then use it to reimburse the winning party. However, as already mentioned by ECTA, this might discourage SMEs from filing oppositions.

There are national systems in place where each party has to bear their own fees in opposition proceedings, such as in Germany. The same applies to patents, where in oppositions against e.g. European Union patents at the EPO, German patents at the GPTO and the like, the parties bear their own costs.

However, in these systems, there are provisions allowing OHIM as well as the Appeal Authority to decide on a different apportionment of costs "for reasons of equity" (see e.g. Article 104 and Rule 88 of the European Patent Convention). Thus, since such systems seem to work fine for oppositions against patents, they might work likewise in trade mark oppositions.

MARQUES would like to see a costs system that doesn't discourage the filing of realistic opposition (and other inter partes) proceedings but does act as an incentive for parties to reach agreement rapidly.

## **27. How should the role and mission of OHIM be defined in future?**

MARQUES is generally satisfied with the current role and mission as well as the performance of OHIM. OHIM should continue to be in charge of registering Community trade mark applications including deciding in opposition and cancellation proceedings, with an independent Board of Appeal.

In addition, OHIM should continue to provide both users of the system as well as the general public with detailed and easy-to-access information on trade mark applications, registrations and procedures related thereto.

This may include the provision of tools that help users and general public to deal with CTMs, such as OHIMs current projects of establishing a data base on similarity of goods and services, maintaining a data base regarding the classification of goods/services, etc., so as to inform users about the practice at OHIM. However, OHIM and the national offices should work to harmonise their practices and, therefore, OHIM should consider national practices when establishing data bases like the two mentioned before.

Generally, OHIM should have a role substantially the same as the role of the national offices, however, in respect of handling CTMs.

In particular, the role of OHIM or the national offices should not be extended to give legal advice or handle anti-counterfeiting matters. Like the national offices, OHIM has to remain independent and impartial, which would be in conflict with giving legal advice, in particular when OHIM might later be involved with deciding the same issue in inter-partes proceedings.

## **28 Miscellaneous**

MARQUES recognises that this is a major study of the system of European Union trade mark protection. It is likely to be the only substantive major study in the next 10 to 20 years. Therefore, given the broad remit of the study, and the breadth of the terms of reference, MARQUES is disappointed to see the concentration on specifics, and the apparent absence of “big picture” thinking. Whilst this may be what is politically possible, MARQUES would not like to see the opportunity wasted to discuss some of the larger issues that confront users on a day to day basis. Whilst MARQUES recognises that some of the following may not be achievable at the moment, we would like to contribute them to the wider discussion on the European Union trade mark system as a whole. It may be that some or all of them can be taken up in time.

## **29. Conversion of a CTM to national trade marks**

Although the option of conversion of a CTM to national trade marks is not widely used, it is an important element of the CTM system and gains more and more importance with each new member state joining the European Union. That is, with each new member state, the likelihood of conflicts on absolute grounds and relative grounds arising from the new member state will increase.

However, the procedural rules to follow are relatively complex involving a procedure (including official fees 200 EUR) before OHIM as well as a procedure (including official fees) before the respective national offices. MARQUES would welcome a study which examines options to streamline the conversion procedure, including at national level. Currently, the national offices all charge a filing fee and some also re-examine on absolute grounds, which leads us to suggest the main aim of the exercise should be to create consistency.

## **30. OHIM procedures**

MARQUES would like to see OHIM develop a system of precedents. Unlike any court of which we are aware, OHIM does not consider itself bound by its own decisions. This significantly increases the lack of predictability of OHIMs decisions, and those of the Boards of Appeal. As noted above, these require significant improvement. One way, in our view, would be to have a system of precedent,

where OHIM examiners are bound by decisions of the Boards of Appeal and earlier decision by other examiners are, whilst not binding, at least persuasive.

Further, whilst not wishing further to complicate proceedings before OHIM, which must remain cost effective and timely, MARQUES would like to see the introduction at OHIM of limited compulsory disclosure of documents. The decision of the Court of Justice in *L'Oreal v Bellure* now means that the intention of a party in adopting a particular trade mark may be very relevant indeed to an assessment of "taking unfair advantage of the distinctive character or repute of a mark". In some member states of the European Union, the intention of the alleged infringer will be ascertainable from disclosure of documents and/or cross-examination of witnesses. MARQUES does not wish to see hearings and/or cross-examination introduced into OHIMs processes. However, MARQUES would like to see limited compulsory disclosure of relevant documents to assist the owner of a mark with reputation to prove the elements now laid down by the Court of Justice.

### **31. Other areas of harmonisation**

We have discussed briefly above the need for further harmonisation to create the reality of one internal market. MARQUES urges the Commission to consider further harmonisation of:

- \* *Enforcement practice* (and not just remedies - whilst remedies have been harmonised, whether or not a party will be able to get one is not, so the reality of harmonisation of enforcement is not currently in users' grasps);
- \* *Unfair competition law*. This is particularly an issue as between Napoleonic jurisdictions and those that follow the Anglo legal system. Unfair competition laws are particularly strong in some countries (eg, Germany, France) and non-existent in others. This can undermine trade mark protection and make clearance of new marks particularly difficult;
- \* *Design law*. Whilst design law has been harmonised, one member state has maintained its own unregistered design law (the UK) which now should be brought into line with the rest of the European Union;
- \* *Customs practices* - the seizure of goods at the border is an essential element in the protection of rights owners' rights. Currently, very different practices operate between member states.

### **32. General Court**

There have been a number of discussions on the functioning of the General Court - MARQUES supports the establishment of a specialist chamber of the General Court dealing with intellectual property matters, again to improve consistency and predictability of decision making. This would also assist in speeding up decision making, which can be lamentably slow.

### **33. Court of Justice**

MARQUES supports the ability of the Court of Justice to dispose of hopeless appeals by reasoned order. In matters appealed from the General Court, MARQUES would support a system of leave or permission, where appeals on trade mark matters can only go from the General Court to the Court of Justice with the permission of either the General Court or the Court of Justice. This would assist in lightening the load of the Court of Justice without impact on users.

MARQUES would also value a study of the system of referrals to the Court of Justice in trade mark matters. It seems to us that some member states are active referrers, and others are not, and that the



difference doesn't necessarily reflect either the law in those member states or the activity of users. MARQUES would welcome a discussion on whether or not the system of referrals on questions of law remains the most cost and time effective way to further the harmonisation of trade mark law in the European Union.

MARQUES supports the views put by others that the translation of Court of Justice decisions is too slow. Given that English is the language of commerce in the European Union, it is essential that Court of Justice decisions are available in English at the time they are handed down.

### **34. Governing bodies**

Below follows specific comments prompted by the OHIM's contribution to the Study and to which we have not already made reference.

We agree that ways must be found to establish a better institutional equilibrium by guaranteeing proper representation of all interests at stake especially when setting fees.

We also agree that the Commission should be given a greater role in the procedure of selection of the President, Vice-President and President of the Boards of Appeal, as it is the case in the majority of European Union agencies.

Finally, we agree that a move to a single Management Board, which is the set-up in most European Union agencies, by merging OHIMs AB and BC would improve effectiveness by integrating scrutiny of the budget with other strategic matters of interest to OHIMs stakeholders.

### **35. OHIM Reserve Fund**

If OHIM states that the most they would need to cope with a sharp reduction in revenue due to falling volumes would be about €50m, we would trust them to know best.

### **36. The remaining OHIM surplus**

The September 2008 agreement states that the remaining surplus must be used in the interests of users and that the Commission must study this issue within the context of the Study.

OHIM proposes to return to owners of CTM registrations the amount by which fees have in retrospect turned out to be too high when their applications were processed. Our initial reaction to this proposal was that it sounded very complicated. However, OHIM considers it to be a straightforward and an administratively economical way to deal with the accumulated surplus, and they assure us that it can be done.

In view of the fact that we have been presented with no other solution, and on the basis of OHIMs assurances we are very much in favour of this proposal being further developed.

### **37. Proposed changes to the basic CTM Regulations**

We have comments to some of the proposals put forward in OHIM's Annex III.

*Rule 2 List of goods and services*

We are not in favour of a restriction on applicants' choice of goods and services to terms contained in an approved database. Our concern would be that it would become impossible to file an application for new goods and services which do not exist in the database. Even if new products might be included in the database eventually, it would not be an option to wait for this process to finish.

#### *Rule 16a Information to the applicant*

We believe that it must remain OHIM's obligation to transmit documents to the applicant in case of an opposition. We would consider the obligation fulfilled if it can be done through an electronic platform on the condition that it can be accessed by both parties. If not, more traditional means of communication must be maintained.

#### *Rule 19 Substantiation of the opposition*

MARQUES does not support this proposal. Notice of oppositions should provide full information regarding the earlier rights on which the opposition is based. In order to provide this information, it is a basic requirement for the opponent to provide copies of registration/renewal certificates and translations thereof into the language of the proceedings - otherwise the applicant would be forced to start incurring costs to verify the scope of the earlier rights on which the opposition is based. Even if the databases of all the national offices were available on-line and free of charge (which is not yet the case), the opponent should still be required to supply translations if said databases are not in the language of the proceedings.

#### *Rule 20 Examination of the opposition*

Before the parties enter into settlement negotiations, they should know about the admissibility of the opposition. If the verification of the existence of the claimed right were to be deferred to the main proceedings, there would be a risk that a costly decision making process in relation to the chances of winning the opposition and costly negotiation would be undertaken on the wrong basis.

### **38. Other non-European Union countries**

Users must, in making their filing decisions, take into account the historical set up of countries in and around the European Union.

At present, national trade mark registrations in two member states have broader coverage than a CTM applying in that member state. A Danish national trade mark registration applies in Greenland and the Faroe Islands, but a CTM does not. A UK national registration can be re-registered, or may otherwise have extraterritorial effect in former British colonies. These idiosyncrasies should be tidied up.

There remains confusion in relation to a number of external territories designated by member states. For example, Gibraltar is designated by the UK as a territory, but no Community Trade Mark Court is designated for Gibraltar. Advice from that jurisdiction is unclear as to whether a CTM is enforceable.

There are also a small number of countries within the European Union's boundaries where it may be possible, through bi-lateral agreements, to have CTMs apply. San Marino, Vatican City, Andorra, Lichtenstein and Monaco all maintain separate trade mark systems. It would be of benefit to users if CTMs could be extended by agreement to apply in these jurisdictions. Similarly, many users, particu-

larly from outside the European Union, would appreciate greater harmonisation with, and potentially CTM coverage being extended to, Norway and Switzerland.

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