



International Trademark Association

655 Third Avenue, 10th Floor, New York, NY 10017-5617 USA
+1-212-768-9887 • f: +1-212-768-7796 • www.inta.org • info@inta.org

Max Planck Institute for Intellectual Property, Competition, and Tax Law
Marstallplatz 1
D-80539 Munich
Via email to trademarkstudy@ip.mpg.de

14 January 2010

To the attention of Prof. Dr. Reto M. Hilty, Dr. Roland Knaak, and Prof. Dr. Annette Kur:

The International Trademark Association (INTA) offers our congratulations to the Max Planck Institute for Intellectual Property, Competition, and Tax Law (MPI) on being awarded the European Commission's contract to carry out a study on the functioning of the European trademark system. Based upon the Institute's esteemed reputation in the global IP community, we are confident that the MPI research team will be very successful in this challenging endeavor.

The study is a critical and unique opportunity for European Union institutions, trademark offices, and users alike to engage in an in-depth review of the legal environment and developments impacting trademarks since the introduction of the Community Trade Mark (CTM) in 1996. This is an ideal time to assess the current interrelationships and alignment of the CTM and national trademark systems as well as the Office for Harmonization in the Internal Market (Trade Marks and Designs) or "OHIM" and national offices. The study should also consider the needs of users both within and outside of Europe.

INTA has long anticipated the overall examination of the Community and EU national trademark systems, and expressed our expectation that users' groups would be included in the resulting consultations. This study is of utmost importance to INTA's 5,600 members worldwide (of which 1,256 members, or 22%, are based in the EU), and we hope it will ultimately lead to recommendations which will ensure further economic integration and the growth of the European market, which has already greatly benefitted by the process of harmonization of trademark systems and the introduction and operation of the CTM system. In May 2009 INTA began our own review of the European trademark systems in order to be able to provide input for the Commission's study and to engage our members in the process. INTA was therefore pleased to receive MPI's communication on November 17, 2009, and we are looking forward to further collaboration with the Institute, the Commission, and Member States as the study progresses.

It is our understanding that the outcome of the study will have a significant impact across many levels, from potential multi-level legislative and procedural amendments leading to

fundamental changes in the trademark systems in Europe, to identifying long-term joint cooperation projects between OHIM and national offices and determining ways for national offices to improve and strengthen the services offered to users.

As MPI embarks on this endeavor, INTA strongly recommends that the study maintain a balanced approach to the review of the CTM and national trademark systems and the procedures and practices of OHIM and the national offices. Across all phases of the study, OHIM/CTM issues should be examined in parallel to national offices where applicable and relevant, in order to provide a thorough analysis of the overall functioning of the European trademark system.

We appreciate that the Commission's tender specifically addresses harmonization and consistency. These are high priorities for INTA in our own study as we develop recommendations to: further harmonize the legal bases, procedures, practices and services in the CTM and national systems; improve cooperation between OHIM and national offices; and determine how to strengthen the services offered by offices to users.

In the following submission, INTA explains our established positions on the harmonization of trademark law and practice, describes our long-term involvement in improving European trademark systems, and provides some preliminary views on a number of other issues mentioned in the tender, citing official INTA guidelines, position papers and Board Resolutions. We also share relevant research produced by our various policy committees (on matters such as use requirements, territorial requirements for genuine use in the Community, well-known marks, classification, renewal fees, opposition, and non-traditional marks) and explain how we will develop responses to questions on matters which INTA has not previously addressed, such as the roles of national offices in anti-counterfeiting activities.

Our submission is organized into the following sections:

- I. INTA's Record of Collaboration with European Trademark Offices
- II. INTA's Approach to the Review of the European Trademark System
- III. INTA's View on the Theme and Scope of the Study
- IV. High Priority Issues and Previous INTA research/policy
- V. Appendices

I. **INTA's Record of Collaboration with European Trademark Offices**

Formation of the CTM System

INTA has increasingly worked with the European Commission and OHIM on matters of trademark policy and in programming educational events since the inception of the CTM system and the opening of OHIM in April 1996. Our collaboration includes the following activities:

- Since 1994, INTA's Trademark Office Practices Committee has had a subcommittee devoted solely to OHIM. The subcommittee holds face-to-face meetings with OHIM officials twice a year, and throughout the year, members work to provide comments on proposed amendments to the CTM Regulation, guidelines, practice decisions and other communications as they are issued by the European Commission and OHIM. The subcommittee regularly provides feedback to OHIM on the quality and performance of its operations and suggestions as to how they can be improved, and keeps INTA's membership informed of significant CTM developments through periodic updates in the INTA Association's newsletter and its Web site.
- We began holding INTA/OHIM Conferences in 2002, commencing with a 2-day program in Alicante before an audience of 250 trademark professionals. Thereafter, INTA and OHIM collaborated on two additional occasions (in San Francisco in 2004 and in Brussels in 2006).
- In addition to the joint conferences, for well over ten years OHIM has participated at numerous other INTA educational events. OHIM has regularly designated officials to speak at INTA conferences in the U.S., Europe, Asia, and South America, and has had officials lead table topic discussions each year at INTA Annual Meetings. Also, INTA has assisted OHIM in holding User Group meetings at its Annual Meetings. OHIM regularly staffs a booth at the Exhibition Hall at our Annual Meetings.
- INTA staff and committee members regularly attend OHIM's Users Group and e-Business Users meetings in Alicante, and the Association is now an official observer to OHIM's Administrative Board and Budget Committee.
- For the past five years, INTA has held industry-specific training seminars for OHIM examiners in Alicante during which INTA members provide trademark examiners information on trademark selection and registration in their particular industries.
- In January 2006, INTA organized a "Focus Group" meeting with OHIM, which included approximately 10 members of INTA's OHIM Subcommittee and 12 OHIM staff members, primarily examiners. The meeting featured three short presentations on different

substantive legal issues (registration of descriptive terms, protection of well-known marks, and contradictions in case law and confusing criteria of distinctiveness for 3D marks). Each presentation was followed by discussion and consideration of what efforts could improve the consistency of OHIM practice and legal decisions.

Relations with National Offices

We anticipate that we will interact with EU Member State national offices a great deal especially in regards to this study. Over the years INTA's contact with EU national offices has traditionally been on an issue-specific, ad hoc basis (for instance, offering our comments to the UK IPO's consultation "Modernisation and Consolidation of the Trade Marks Rules" in May 2008). We have also worked closely with various offices in getting amendments to their national trademark laws and practices (such as the revision of the UK's Trade Mark Act in 1994).

Recognizing the importance of the operations of Europe's national offices, INTA's Trademark Office Practices Committee formed a subcommittee devoted solely to strengthening relations with trademark offices throughout Europe. Members engage in dialogue with these offices to inform them about INTA's activities and resources, and will further develop relations with office officials by organizing meetings with locally-based members and/or holding government roundtables to exchange views on trademark issues related to office practices.

INTA has been honored by the attendance over the years of representatives of European national offices at our Annual Meeting and other forums. At our Annual Meeting in Seattle, representatives from EU Member States' offices joined a presentation by our Trademark Office Practices Committee to government officials regarding our office practices benchmarking database (which is further described in this submission). During our 2008 Annual Meeting in Berlin, INTA leadership and members had the opportunity to attend a reception organized by the German Patent and Trademark Office within the context of the overall meeting, held at the German Ministry of Justice, following a meeting of INTA's President with officials from the Office and the Ministry.

INTA also holds government roundtables in EU Member States. Recent events have included a discussion on specialized IP courts, organized with the Polish Ministry of Economy and including representatives from the Polish Patent Office and the ministries of Economy and Justice; a roundtable on the co-existence of geographical indications and trademarks, featuring the President of the Portuguese Trademark Office; and two roundtables in Bulgaria (one focused on dilution and well-known marks, with speakers from the Bulgarian PTO, followed by recent roundtable on parallel imports). INTA will continue to seek additional opportunities to engage with national office representatives on matters of substance.

II. INTA's Approach to the Review of the European Trademark System

In May 2009, INTA began carrying out an internal study on the European trademark system in order to be able to respond to requests from the European Commission and the eventual contractor (ultimately, MPI). As our internal review progresses, INTA may hold meetings and roundtables at the appropriate stages with INTA members and government officials to discuss various issues and share our findings and preliminary recommendations.

During our May 2009 Annual Meeting, our Europe Council (a meeting bringing together committee/project team leaders across all sectors of INTA) focused its discussion on the internal study. This included an overview of the political developments, an explanation of INTA's objectives and work plan (attached as Appendix 1), and an exchange of members' initial views on how to best proceed. We were pleased that Alexander von Mühlendahl joined the subsequent Europe Council during our November 2009 Leadership Meeting to provide more information on the Max Planck Institute's own process and the expectations/deadlines for input by user associations.

In June 2009, INTA created a Steering Group to assist in coordinating our internal study. The Steering Group's discussions resulted in a preliminary analysis of the legal and procedural issues raised in the Commission's tender and additional suggested issues that could be investigated. A chart was produced containing issues to be examined within our own study, and where applicable, the related question cited directly from the tender (see Appendix 2).

The members of four of INTA's policy committees (Trademark Office Practices, Legislation & Regulation, Non-traditional Marks, and Famous & Well-Known Marks) are now comparing the relevant CTM legislation, namely the Community Trade Mark Regulation (CTMR) and Trade Marks Directive (TMD), with their own countries' national laws and office procedures to determine the current degree of harmonization and to identify possible areas for improvement. Upon completion of data collection, members will consider and propose possible changes to the CTMR, TMD, and national legislation to promote further harmonization.

These four committees are also primarily responsible for developing answers to the questions raised in the tender. Our new committee term began on January 1, and members are on track to provide preliminary recommendations to MPI regarding the substantive issues/questions raised in the tender in February.

The Steering Group will review and comment upon the committees' initial findings and offer guidance in developing recommendations. The preliminary recommendations will be submitted to the Executive Council of the Policy Development Group for further feedback, and final recommendations will be subject to approval by INTA's Board of Directors.

Below is a brief timeline of key objectives and deadlines, subject to change as necessary.

- Comparison of EU legislation (CTMR, TMD, and other relevant EU directives) with national laws and office procedures to determine degree of harmonization and areas for improvement (*in progress*).
- Preliminary recommendations on substantive issues/questions raised in the study tender (*February 2010*).
- Consideration of possible changes to CTMR, TMD and other relevant EU directives (*February 2010*).
- Analysis of the overall functioning of the CTM and national systems, including how the CTM and national trademark systems are used by stakeholders and the costs and benefits of the two-track system; extent to which the CTM and national systems are in need of amendment or improvement; increased cooperation of OHIM and national PTOs and possibilities for additional contributions; future roles and missions for offices. (*May 2010–INTA Annual Meeting*).
- Draft report to Executive Committee of the Board of Directors (*July 2010*).
- Final report to INTA's Board of Directors including recommendations on future action items (*September 2010*).

III. INTA's View on the Theme and Scope of the Study

In June 2009, INTA shared our key expectations for the study in a joint letter with AIM, BUSINESSEUROPE, ECTA and MARQUES, which was sent to Dr. Margot Fröhlinger (see Appendix 3). In this letter our organizations agreed that the study was necessary given the fundamental changes which had taken place since the CTM system was conceived and created, particularly in light of the two enlargements of the EU and the ever-increasing globalization of markets. We also stated that a substantive and comprehensive review of the current legal framework is appropriate. In our shared view, the study provides an unprecedented opportunity for improving and advancing the existing trademark systems in the EU. We anticipated an all-compassing study which would examine the overall functioning of the Community and the national trademark systems with the aim, inter alia, of leading to the further harmonization of procedures, practices and services of the CTM and national systems.

We stressed that the scope of the study should be comprehensive and wide-ranging, covering, for example, the harmonization of practices, removal of unnecessary bureaucracy, transparency of the finances and financing of national offices, users' perceptions of best practice, and the interaction of the Madrid System of WIPO with the CTM and national trademark systems. We also called for proper processes to be put in place to ensure that legislative and procedural changes respond to legitimate expectations and deliver legal certainty to the users.

Prior to that joint letter, INTA had submitted suggestions to DG MARKT (in November 2008) for topics that could be included in the study. Members of our OHIM and Europe Legislation & Regulation subcommittees suggested the following topics:

- The different treatment of class headings by OHIM and other Member States and its effect on contested proceedings
- Seniorities
- Maintaining proof of lapsed national registrations by national offices
- The territorial requirements for genuine use of Community Trade Marks, especially after the enlargement of the EU
- The difficulties in demonstrating acquired distinctiveness through use in the EU, in particular, in cases of non-conventional trademarks
- Evaluating the possibility to clarify in the CTM regulation the effects of the resumption of use of a CTM registration after a five-year period of non-use upon a national TM application/registration which is confusingly similar with the relevant CTM and filed in good faith between the expiry of the five-year period and the resumption of use
- Exploring the practice of Member State offices to accept words which are descriptive in other EU languages which may represent a risk for those seeking to apply for a CTM for such words

INTA was pleased to see the comprehensive scope of the tender released by the Commission in July 2009, which encompassed most of the suggestions from our joint users' group letter and our previous submission to DG MARKT.

As noted at the beginning of this letter, INTA strongly recommends that the study maintain a balance in emphasis between the CTM and national systems and accordingly, between OHIM and the national offices. Trademark owners should have options for obtaining and protecting their rights at the international, regional and/or national levels. We therefore expect that this study will focus equally on CTM and national issues. This appears to be the objective of the Commission but unfortunately has not been reflected consistently in the tender. For instance, the tender includes several specific questions on users' views on examination and opposition procedures at EU level (OHIM), but poses a more general question regarding those practices at national level (by asking to what extent users see a need for trademark offices practices to become more consistent).

Across all aspects of the study, OHIM/CTM issues should be examined in parallel to national offices where applicable and possible, to the same degree of detail. Since the study aims to provide an analysis of the overall functioning of the European trademark system, it must look at all relevant levels of trademark systems operating in Europe in order to be as comprehensive as possible.

We will endeavor to provide input to your research on a timely basis when requested. We assume that all of the questions listed in the tender will be investigated by MPI and likewise, we will also attempt to answer each question. However, to utilize our members' time and resources efficiently, we will first focus on the issues determined to be "high priority" based on INTA's long-term strategic directions, Board resolutions and our internal discussions.

IV. High Priority Issues and Previous INTA Research/Policy

Harmonization

Harmonization is a fundamental principle for INTA and is a long-term objective in our Association's Strategic Plan. Within the EU as well as across the globe, INTA's members share common goals including simplification, quick registration, cost effectiveness, legal certainty, and enforceability. These goals will certainly factor into our own study and our formulation of recommendations to improve the CTM and national systems.

The Study's in-depth investigation and review of harmonization of EU trademark law and procedures will be of key importance to our members domiciled in or doing business in the European Union. We are pleased that the study addresses harmonization in various instances:

- *"To what extent has the Trade Mark Directive achieved the objective of creating a single market by removing barriers to free movement and competition?"*
- *"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?"*
- *"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?"*

The first step in further defining INTA's position on harmonization within this particular process is to compare national legislation of EU Member States against the provisions of the CTMR and TMD, which we discussed in an earlier section. We have begun producing a chart to compare legislation and give an overview of key differences and conflicts between the CTM and national systems (see Appendix 4). This requires much further information gathering and verification, but the eventual end product will allow us to identify where differences exist and evaluate how those differences affect right-holders. We may then recommend changes to the legislation, at either national or EU level, which could further harmonize the systems.

In addition to legislation, we will assess the overall relationship and interdependencies between OHIM and national offices. Over the years, INTA has issued key documents relating to harmonization, including our Model Law Guidelines and Model Examination Guidelines. Both documents are intended for governments seeking to update or expand their existing trademark statutes and practice.

The Model Law Guidelines, which reflect many of the provisions of the EU Trademark Harmonization Directive and the Community Trade Mark Regulation, serve as a set of baseline standards by which INTA can analyze or comment upon any proposed trademark treaties, laws or regulations. Our Examination Guidelines refer to the full range of issues related to examination of applications for trademark registration, following generalized conceptual lines to reflect various international systems. In the near future, our committees will further analyze

the practices at the Member State and OHIM levels in regards to the procedures as outlined in those documents (which are included as Appendices 5 and 6).

Consistency

The study asks to what extent do stakeholders see a need for trademark office practices to become more consistent, and how the cooperation between OHIM and national offices can be intensified to achieve a more transparent and consistent office practice throughout the Community. We have previously stated (in our 16 September 2009 letter to Lord Mogg; see Appendix 7) that we would welcome proposals to improve office registration procedures, because rights-holders need rapid, efficient and cost-effective registration procedures to protect their rights. In the next few months, our policy committees will further assess the degree to which this greater consistency and cooperation is needed in individual Member States and across the EU.

Our members have long stressed the importance of consistency, and INTA has devoted a great deal of effort investigating the current situation in offices throughout the EU and the rest of the world. For example, our Trademark Office Practices Committee has worked for the past two years to develop a comprehensive database on trademark office procedures and processes. The committee surveyed operations and collected data related to trademark registries to produce a template of benchmarked standards for trademark office operations relating to significant registration procedures and timeframes, including searching, examination, opposition, cancellation and post-registration processes. The database is still in the beta stage; the project team aims to collect and enter data for 174 jurisdictions and currently, the process is over 80% complete.

The initial purpose of the undertaking was to establish a resource which could be used by trademark owners, members of the public, and government officials to (1) compare such procedures and timeframes, (2) establish a uniform “standard” for procedures and timeframes, (3) facilitate development of procedures in developing countries, and (4) encourage predictability, uniformity and quality examination operations worldwide. The database produces printable reports which provide country-by-country registry/office information on:

- Means of availability (whether registry information is available manually, electronically, or online, what registration and application details are searchable, details and availability of prosecution files, whether certified copies can be provided, etc)
- Public search facilities provided by trademark offices/registry (what can be searched, means of searching, type of information available in a search, device mark coding, whether search databases are available online, etc)
- Procedures of office/registry on an application for registration (method of filing, fee payment mechanisms)

- Trademark office/registry examination procedure (which procedures are carried out, response term, appeal, publication, recordation, opposition, revocation/cancellation of registered marks, renewal)
- Trademark office/registry standards (office responsiveness, quality standards)
- Miscellaneous (whether there are active IP organizations in the country, the trademark office's official website, key contact person)

The data so far reveals varying processes and performance levels, corresponding to the registries' age, size, and available resources. The database offers individual reports for each EU member state and also the EU/CTM; included is the report for Finland as an example (Appendix 8). The database is not currently available to the public but if you would like to access all of the other reports, please let us know and we shall arrange this for you and your colleagues.

In addition to our internal committee work, a number of INTA online publications contain similarly useful research and information. These include searchable databases on specific international practices and procedures such as oppositions and trademark cancellation and also our country portals, which provide information on trademark office, laws and regulations, treaties, courts, tribunals and case law. These online resources are only available to members but we could facilitate accessibility for MPI should you so wish.

Use Requirement

The tender asks whether there is support from users to shorten the grace period from five years to three years for proving use, and asks whether other measures should be adopted in this context, such as requiring proof of use at the time of renewal or an "intent to use" at an earlier point in time.

"Use requirement" is an issue which has already been subject to significant discussion within INTA's committees. We do not currently have a position on whether the grace period should be shortened to three years; however, three years would be our absolute minimum threshold for an acceptable grace period. Our Model Law Guidelines state that this period should be a minimum of three years and a maximum of five years (this was based on the five-year standard in Europe resulting from the EC Harmonization Directive ("the Directive") and the period of three years stipulated in TRIPs is a minimum standard).

INTA's Model Law Guidelines also state that there should be no requirement to demonstrate actual use at the time of filing. The proposal is intended to reflect the trend in international jurisprudence (e.g. the Trademark Law Treaty and the Singapore Treaty) away from use as a precondition of filing an application which reflects the desire of trademark owners to know that they are likely to gain approval to use a mark before they start to use that mark in commerce. Article 15.3 of TRIPs states that "*...actual use of a trademark shall not be a condition for filing an application for registration.*" This proposal deliberately does not prohibit the adoption of

provisions which would require (a) a declaration of an intent to use upon filing an application or (b) a demonstration of use as a precondition to registration (i.e. after acceptance) or upon renewal or at some other stage after registration so as to facilitate the removal of unused marks from the register, provided that such requirements are consistent with the other proposals set out in the Model Guidelines.

INTA's 2005 Emerging Issues Committee report "Use Related Requirements for Issuance and Maintenance of Trade Mark Registrations" (Appendix 9) addresses the possibility of further harmonizing use requirements related to trademark registration and renewal. The report and recommendations are based on two surveys conducted in order to understand INTA member preferences for one system over the other, and to identify those countries that had use requirements related to trademark registration and/or trademark renewal. While INTA does not take a formal position, it presents an interesting overview of the issues at hand.

Territorial Requirements for Genuine Use in the Community

The study asks 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. In INTA's acclaimed 1996 publication entitled "The Community Trade Mark: Regulations, Practice and Procedure," we stated:

"The genuine use must be in the EC and thus use in only a single Member State will be sufficient. This is a significant advantage of the CTM system over both the national trade mark and Madrid Systems."

This remains INTA's position. Over the years, this issue has received increasing attention in light of ECJ decisions. Any reconsideration of the standard for genuine use requires serious analysis of a number of issues, including requirement of use, territorial scope, what constitutes "use", multiple registrations and use of variations, requiring proof of use, grace period and specification issues.

In 2004, INTA's Europe Legislation and Analysis Subcommittee prepared a report entitled "What constitutes use of a registered trademark in the European Union including new Member States." The subcommittee's report compiled the legal requirements, including territory, and discussed the issues, but did not provide comments on the questions of genuine use for maintaining a CTM. This analysis is included as Appendix 10.

Well-Known Marks

The study asks whether there is a need to clarify “the difference between or the common features of well-known trademarks and those with reputation.” While INTA cannot yet offer explicit views on the issue, we can share some research conducted by INTA’s Dilution and Well-Known Marks subcommittee for the European Union. The subcommittee had produced a chart (see Appendix 11) detailing the CTM and Member States’ concepts of what is a “well-known mark”, “reputed mark”, or “famous mark” in various European nations, as well as any other special recognition for marks. The chart includes information on the legal basis for each type of mark, the terminology in local law, and the requirements to qualify for that recognition within each jurisdiction.

Classification

The tender inquired to what extent does OHIM's practice of encouraging a list of goods and services corresponding to the headings of the Nice Classification System meet the business needs of applicants, with the objective of avoiding unnecessarily broad specifications of goods and services.

INTA’s Guidelines for Trademark Examination state that, to provide harmonization across jurisdictions, generally accepted classification systems such as the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Classification) should be used to classify an application’s goods and services, and the International Classification of the Figurative Elements of Marks (Vienna Classification), should be used to classify design marks. Our guidelines further explain that the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957, as amended) provides a widely accepted system of classification of goods and services and its adoption is recommended.

While some trademark offices accept as a listing of goods and services the “class heading” of the International Nice Agreement, this practice is not generally accepted at this time. Many territories that are party to multi-territorial application procedures, such as the Madrid Protocol/Agreement, require that the list of goods/services be identical to or narrower than the goods/services in the basic application or registration. INTA discourages use of the phrase “all goods in the class” as a permitted definition of goods or services in applications, because, among other things, classifications may change over time, thereby creating ambiguity as to the scope of protected goods. INTA recommends that the specific goods or services be defined in any application for registration.

INTA’s Legislation & Regulation Europe & Central Asia Subcommittee produced a comprehensive informational report on partial cancellation (Appendix 12) which explained how problems can arise if a trademark has been registered for a broad term but evidence of use is

only provided for specific goods falling under that broad term. The report compares various approaches of trademark offices and/or courts with respect to the requirement to provide evidence for “genuine use” in trademark proceedings. The report also provides an overview of different approaches, including advantages and disadvantages. While some authorities consider use of specific goods to be sufficient as evidence of genuine use for the broader term, other authorities take a so-called “re-writing approach” and consider only those specific goods where evidence of genuine use has been provided – in other words, the list of goods and services will be “re-written” and thus restricted to narrower terms.

In the joint letter sent by AIM, BUSINESSEUROPE, ECTA, MARQUES and INTA on 16 September 2009 (see Appendix 13), we called for pan-European harmonization of classification within the appropriate international framework (as a potential project to be funded by OHIM’s Cooperation Fund).

Renewal Fees

We understand that renewal fees will be a significant focus of the study, and that MPI will be investigating the possible benefits and disadvantages for both OHIM and the users of the CTM system to have 50% of CTM renewal fee revenue going to Member States’ national offices, and the challenge of implementing accounting mechanisms to ensure that transferred funds made available to EU national offices are actually used only for trademark-related purposes.

INTA has always called for self-supporting trademark registration systems and we continue to strongly oppose cross-subsidization, in this case the diversion of CTM users’ fees to national offices. INTA opposed the September 2008 decision to divert CTM renewal fees to national offices and we explained in our 16 October 2008 letter to Dr. Fröhlinger our view that these fees should be used exclusively for OHIM-related purposes (see Appendix 14). INTA had accepted the September 2008 Joint Meeting Conclusions of OHIM’s Administrative Board and Budget Committee solely in acknowledgment of the difficult negotiations which had produced the agreement to lower CTM application and registration fees. This was with the understanding that this diversion would not set a precedent for any subsequent diversions, and that the Commission and other parties involved would support the overall agreement between the Administrative Board and Budget Committee.

We remain highly concerned that the diverted funds will be redistributed to the national budgets of Member States to fund expenditures which are totally unrelated to projects that would benefit the European trademark system. Furthermore, while the agreement stated that the diverted renewal fees would be used for projects “*closely related*” to the protection and promotion of trademarks and to the harmonization of the European trademark system, INTA stated that this was insufficient in setting limitations and instead suggested that these fees should be used “*exclusively*” for the above purposes.

Finally, we urge MPI to consider investigating the possibility of lowering renewal fees. We realize that the maintenance of the CTM renewal fee at €1500 was tied to the 2008 agreement to divert funds to the national trademark offices (within the overall agreement to lower CTM application fees and eliminate the registration fee). Nevertheless, we believe that a reduction of the current renewal fee is still warranted and appropriate, given the size of the OHIM reserves and the likelihood that such reserves will continue to grow.

Opposition

While the questions in the tender related to opposition practices are quite specific, INTA will also compare general opposition practices across EU Member States and call upon our members to provide views and share experiences they have had. We will also revisit matters related to opposition which INTA had previously addressed, to see if our concerns have since been alleviated or if there is still room for action and improvement in those areas. (For example, in 2004 INTA appealed to the Italian authorities to provide trademark opposition proceedings in the trademark registration process.)

INTA officially recommends in our Model Law Guidelines that a procedure for opposing trademarks should be available, either at pre-registration or within a certain time limited post-registration period (maximum 3 months). We further state that post-registration procedures should apply only if there is no pre-registration procedure and should be subject to a maximum time limit of three months in fairness to registered proprietors. A three month non-extendable time limit for opposition accords with the Madrid System for the International Registration of Marks.

INTA's 2008-09 Opposition & Cancellation Procedures Subcommittee prepared a report (which is subject to further consideration within INTA; see Appendix 15) to compare and contrast the benefits and costs of pre-registration and post-registration opposition proceedings. The report stated that subcommittee members had no clear preference for pre- or post-registration opposition proceedings, since both systems have advantages and disadvantages. The report urged offices and trademark practitioners alike to keep in mind the characteristics of each particular system when considering switching from one system to the other, or when operating in one or the other system.

The report recommended to countries that only examine for absolute grounds to maintain (or adopt) pre-registration opposition systems to ensure that relative grounds can be considered prior to the registration of trademarks. It also recommended that, as a safeguard against trademark pirates, post-registration opposition proceedings should only be provided in countries/regions that include relative grounds during the examination of the application. In addition, the subcommittee recommended that for countries/regions that have post-registration opposition proceedings, it should not be possible to decide the outcome of an infringement action prior to the expiration of the potential opposition period.

Role of National Offices – Anti-Counterfeiting and Enforcement Activities

The tender asked to what extent national offices should perform additional tasks, particularly in the field of enforcement (anti-counterfeiting). INTA's Anti-Counterfeiting Subcommittee for the EU is currently researching what efforts are already being undertaken by Member States' trademark offices in this area, whether directly in enforcement activities or indirectly through education, training programs, or other channels. The subcommittee will gather input from committee members and our membership at large (particularly brand-owners) to see whether there is any consensus on what actions might be appropriate.

At this early stage, we have no formal position aside from our insistence that thorough research and careful analysis must be conducted before a decision can be reached (as shared in our 16 June joint association letter to Dr. Fröhlinger on the Commission's study, and in our 11 December 2009 letter to Lord John Mogg regarding the Cooperation Fund). In both of these communications, we explained our view that moving into anti-counterfeiting work would be a significant departure from the current activities of trademark offices, bearing in mind the efforts already being undertaken by other institutions and law enforcement agencies. It would require a fundamental change of the mission of national offices, may not be an effective way to address the issue with quantifiable measures and could be counter-productive, and therefore requires much further consideration.

Additional Search Services

The tender asks if users would like OHIM to offer different or additional search services. Consistent with our overall concern that national offices and their services should also be studied by MPI, we offer two suggestions made in our 16 September 2009 joint association, letter in regards to search features which would be beneficial to users:

- *Complete seniority databases established and maintained in all EU NPTOs, accessible free-of-charge to all users whenever they search. These should contain all trademarks used in CTM seniority claims.*
- *User accessibility to all trademark databases, up-to-date and free of charge.*

E-business Tools

The study asks if users are satisfied with the e-Business tools offered by OHIM and to what extent are they in favor of OHIM performing the registration and administration of CTMs exclusively by electronic means in the future. At this time we cannot make a statement to whether these tasks should be "exclusively" by electronic means, whether at OHIM or at national offices. However, it is important for our users that they have options in filing and registering marks, depending upon their business means and preferences. In regards to

electronic means, in the 16 September joint letter we asserted that users of all EU trademark offices should have the option to have e-filing, online access and e-renewal without requirements for additional documentation, as well as the option to pay by credit card.

Non-Traditional Marks

INTA's Non-Traditional Marks Subcommittee for Europe will be considering the study's question about a graphic representation requirement (*"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 trademarks?"*) in the context of INTA's current positions, research and recommendations, which are briefly discussed below.

INTA recommends that trademark offices not require that a mark be "visually perceptible." Instead, graphical representation depicting marks should be permitted and, where "paperless" applications are available (such as via the Internet) digital representations should be permitted. As technological advances and marketing customs develop, additional types of marks should be considered for registration.

INTA acknowledges that there are certain additional formalities and requirements for special types of marks, and our Guidelines for Trademark Examination present our position in regards to graphic representation requirements for the various types of non-traditional marks. While some types by their very nature require graphic representation (such as color, gesture, hologram, moving image, color, three-dimensional, device/design), other types of marks allow for other possibilities in representation. Our positions on requirements for such types of marks are as follows:

- **Scent Marks:** Representation should consist of a written description that conveys the identity of the scent clearly and unambiguously and permits its differentiation from other scents. Additional representations might include submitting a sample of the scent (scratch and sniff) or a chemical formula of the compound that creates the scent. However, these should not substitute for the written description, as the scent sample may dissipate and the chemical formula may not be readily understood by the general public.
- **Touch Marks:** Representation should consist of a written description that conveys the identity of the touch characteristic clearly and unambiguously and permits its differentiation from other touch characteristics. Additionally, the representation should be "clear, precise, self-contained, easily accessible, intelligible, durable and objective."
- **Flavor Marks:** Representation should consist of a written description that conveys the identity of the flavor clearly and unambiguously and permits its differentiation from other flavors. Additional representations might include submitting a sample of the

flavor or a chemical formula of the compound that creates the flavor. However, these should not substitute for the written description, as the flavor sample may dissipate and the chemical formula may not be readily understood by the general public.

- **Sound marks:** Either the musical notation or a written description of the sound should be accepted and should be required if the trademark office cannot include digital representations, such as sound files. Where the sound may be only partially represented by visual notation, a clarifying description in words of the sound in the application should be included.

INTA's Board Resolution on sound marks (Appendix 16) acknowledges that usually there are requirements that sound trademarks be adequately represented in a graphic form and in some cases, must be supported by some evidence to demonstrate distinctiveness. However, as indicated by the practice in some countries, search problems can be addressed by the use of audio tape and visually-represented staff music specimens, as well as written definitions of the sound marks. As soon as the technology becomes more widely available, the problem of the need to be able to read music and the issue of graphically representing the pitch and tone of a mark (which can currently be addressed by use of audio tapes) may be further addressed through the use of a computer generated full frequency plot, which would also facilitate computer searching. At the same time, since sound has no language barrier, some problems associated with the international searching of word marks do not exist with sound marks.

INTA's policy committees have conducted studies on non-traditional marks which may be useful for MPI in its research, particularly on registration and enforcement issues. The Non-Traditional Marks Europe Subcommittee has produced a chart detailing the possibility to register different types of non-traditional trademarks in various European countries (including trade dress, sound, shape, 3-D, single color, combination color, smell, taste, touch, motion, position/placement, holograms, and light marks), as well as any available examination guidelines published by national trademark offices which refer to non-traditional marks. This is included as Appendix 17.

Another report produced by the Non-Traditional Marks Europe Subcommittee and its predecessor, the Europe Trade Dress Subcommittee, provides an overview of the current legal framework of trade dress in the EU – at CTM level and within individual EU Member States – and also within non-EU countries (Appendix 18). The report includes information on the legal definitions of trade dress, rationale and mechanisms of protection, accumulation of rights, enforcement, and relevant case law in these various jurisdictions.

Also, INTA's 2004-2005 Legislation Analysis Subcommittee for Europe produced a report (see Appendix 19) which considered the issue of registrability and enforceability of shape and color trademarks in 36 European jurisdictions, including the European Union, that covered among relevant practices, Community jurisprudence, and an analysis and general overview of non-traditional trademarks registrability (particularly three-dimensional and color marks). The

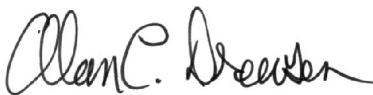
contributors noted at the time of the report (March 2005) that it was relatively difficult to register non-traditional trademarks in Europe, and that the capability of a mark to be graphically represented did not suffice in itself. By far the most frequent reason for refusal to register non-traditional trademarks such as color and shape marks was lack of distinctiveness.

Miscellaneous Positions

INTA's policy committees have long followed the activities of offices and legislative developments at the CTM and national level. Through the course of our internal study, INTA will review our previous communications to offices and political institutions (such as letters offering comments and recommendations) and will assess how the various situations have progressed since our outreach, and determine whether our concerns have been resolved or if there is still room for improvement on those matters.

We hope that this submission is helpful as you develop your research plan and prepare your preliminary findings. The task at hand for Max Planck and all those involved represents a great challenge, but also marks a unique opportunity to reflect upon the current state of the EU trademark system and make improvements which will further benefit the users of both the national and CTM systems. INTA once again expresses our sincere thanks to MPI and the European Commission for engaging users' organizations and for considering our views, and we look forward to our continued involvement. If you have any questions, please contact Ms. Carla Schwartz at cschwartz@inta.org.

Sincerely yours,

A handwritten signature in black ink that reads "Alan C. Drewsen". The signature is written in a cursive, flowing style.

Alan C. Drewsen
Executive Director

Appendices

1. INTA objectives and work plan for the European Trademark Systems Study
2. Chart of issues for INTA analysis
3. Joint AIM, BUSINESSEUROPE, ECTA, INTA and MARQUES letter to Dr. Margot Fröhlinger regarding the Commission study on the EU trademark systems (29 June 2009)
4. Framework for the Comparison of CTMR and TMD to Member State Legislation
5. INTA Model Law Guidelines (revised November 2007)
6. INTA Guidelines for Trademark Examination (revised November 2007)
7. INTA letter to Lord John Mogg on the OHIM Cooperation Fund (11 December 2009)
8. INTA Trademark Office Benchmarking report – Finland
9. INTA Emerging Issues Committee report, “Use Related Requirements for Issuance and Maintenance of Trade Mark Registrations”. (January 2005)
10. Legislation and Analysis, Europe subcommittee report, “What Constitutes Use of a Registered Trademark in the European Union (including New Member States)”. (May 2004)
11. INTA Dilution and Well-Known Marks Committee – Chart on Well-known, Famous and Reputed Marks in Europe
12. Legislation and Regulation Committee, Europe & Central Asia Subcommittee, “Partial Cancellation Reports”. (May 2009)
13. Joint AIM, BUSINESSEUROPE, ECTA, INTA and MARQUES letter on proposed projects for the OHIM Cooperation Fund (16 September 2009)
14. INTA Letter to Dr. Fröhlinger regarding September 2008 OHIM Administrative Board and Budget Committee joint meeting conclusions (6 October 2008)
15. Oppositions & Cancellations, Standards & Procedures Subcommittee, “Pre-Registration Versus Post-Registration Opposition Proceedings” (December 2009)
16. INTA Board Resolution, “Protectability of Sound Trade Marks”. (1997)
17. Non-Traditional Marks, Europe & Central Asia Subcommittee chart, “Registrable Non-Traditional Trademarks in Europe and Central Asia”. (updated November 2009)
18. Non-Traditional Marks, Europe & Central Asia Subcommittee report, “Trade Dress Protection in Europe”. (September 2007)
19. Legislation and Analysis, Europe Subcommittee report, “Non-Traditional Trademarks in Europe – Shape and Colour Trademarks – Common Issues with Obtaining, Exploiting and Enforcing Rights”. (March 2005)