

The Importance of Oppositions

Report and Recommendation I

Prepared by the

Oppositions and Cancellations Subcommittee of the Enforcement Committee

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Introduction

One of the given objectives for the Oppositions Subcommittee for its term 2006-07 was as follows:

“Draft a report and propose a Board Resolution highlighting the importance of opposition proceedings relating to the registration and enforcement process and encouraging the adoption of such procedure in jurisdictions that currently do not have the same.”

For the purpose of this report, the term “opposition proceedings” includes opposition proceedings which are permitted to be commenced after registration of the trademark but within a limited period from the date of registration, usually within 2 - 6 months (this post-registration proceeding is sometimes called a cancellation proceeding in some jurisdictions). The fundamental aspect of opposition proceedings therefore is the right of third parties to object on certain grounds to a trademark which has been approved for registration or has just been registered, such opposition to be commenced within a specified time period.

Cancellation due to non-use or other grounds will not be covered or dealt with in this report.

Third parties encounter problems in some countries not having opposition procedures. This is the case where the country in question has no official procedures or only has an “informal” procedure that does not create any obligations for the Examining Authority. In such countries, a third party is forced to go to the courts to cancel registrations. Such cancellation proceedings mean higher costs and are more time-consuming, and the judges presiding over these cases are also often not specialized in trademark law.

Opposition proceedings before the national Trademark Office or other administrative body are in most cases a faster and cheaper avenue than court proceedings, and personnel in charge of overseeing such oppositions would be specialists in the trademark area because they would see a number of such cases.

A List of Benefits (Advantages) of Having an Opposition Procedure

The subcommittee has made a list of benefits, that is all the advantages we see for third parties, holders of “opposed” marks, the Trademark Office, as well as the ultimate consumers, to have opposition proceedings.

Lower Costs Involved

In general, the costs associated with an opposition proceeding for all parties are substantially less than those of a court action.

Usually in opposition proceedings, the costs awarded (if any) to the winning party by the Registrar is a lot lower than costs awarded in litigation proceedings as these costs are not meant to compensate the winning party entirely for its costs.

Opposition proceedings heard before the Trademark Office can minimise high litigation expenses if it can be settled without court action, thus benefiting individuals, local companies

and small and medium sized enterprises.

In those jurisdictions where the opposition proceedings involve the submission of evidence, the parties are afforded the opportunity to review relevant evidence which helps them evaluate the strength of their case/defence prior to proceeding with a more costly and complicated court action.

Saving Judicial Resources

Providing an opposition procedure would reduce the time and effort the local courts would have to devote to validity challenges in infringement suits, since the most egregious or obvious cases would have been dealt with at the opposition stage.

Without opposition procedures being made available to the public, the Registrar's decision to accept a mark for registration is held conclusive. There is no avenue for the public to challenge the mark before the relevant Trademark Office and affected parties will have to resort to court action which may be complex, expensive and time consuming.

Allows for Specialized Venue

Oppositions are usually decided by lawyers that handle trademark matters on a daily basis, thus providing more legal certainty. In addition, the tribunal in trademark oppositions typically only handle trademark oppositions, thus providing a venue for trademark disputes before a specialized and knowledgeable body.

Greater Integrity of the Trademark Register

- **Assists Trademark Office Examiners**

Opposition procedures are a means to assist the Registrar to ensure that the register of trademarks is maintained as a register of high quality and standing. This is achieved by affording members of the trade and public an opportunity (through opposition procedures) to present to the Registrar additional facts and related evidence in respect of the mark being opposed which may not be within the knowledge of the Examiner/Registrar.

Having an opposition procedure is beneficial because it helps to make up for inconsistencies during examination at the Trademark Office. For example an Examiner may allow a mark to be passed to publication whereas a different Examiner may have refused registration on the basis of a prior registration. The existence of an opposition procedure allows those with prior rights to submit arguments to prevent registration of marks which the Trademark Examiner may have allowed.

Opposition proceedings provide a mechanism which acts as a check against the decisions of Trademark Examiners.

The trademark opposition procedure has a useful and indeed necessary purpose, for it provides a mechanism for correction of an inadequacy that is inherent in the trademark examination process. It is clear that the search files cannot contain every potentially relevant trademark or service mark every time.

- **Deter Third Parties / Encourage Adoption of Distinctive Trademarks**

The availability of opposition procedures as part of the trademark registration procedure will be a means to deter trademark applicants from applying to register identical or confusingly similar trademarks in view of the risks of having the mark being opposed.

Encourages trademark searching prior to adopting and filing for trademarks.

The availability of opposition procedures encourages applicants to register distinctive trademarks to avoid the risk of having their marks being opposed by a person/entity having a genuine interest to do so.

- **Provides Security for the Applicant to Use Its Marks**

If an opposition is not filed, the registrant can be more confident with his registration because potential opponents are more likely to file an opposition rather than a cancellation action.

On the other hand, an opposition procedure puts the junior party of a trademark on notice before its use commences or becomes extensive.

- **Prevents Registration of Non-Distinctive Marks**

Opposition procedures provide an opportunity for a competitor to challenge the registration of a mark which is generic, descriptive, functional etc. such that all competitors would be deprived. This will be the case for countries allowing oppositions to be based on absolute grounds, and will not be the case for example for the CTM-system (EU).

- **Prevents Acquisition of Rights That Flow from Registration in Conflicting Marks**

In jurisdictions where applications are not examined on relative grounds for prior confusingly similar marks, oppositions are critically important, as they are the only opportunity to prevent the registration of conflicting marks.

A corollary to this would be that the more robust the registration process becomes (oppositions being a critical feature of any "robust" system), the more valuable and strong a registration would be, and the more a local court should be able to respect and rely on the prior determination of the local Trademark Office.

It is an opportunity available for members of the public or the relevant trade to enforce its rights by opposing identical or confusingly similar marks from being registered and from benefiting the rights of registration.

It allows proprietors of earlier marks to prevent similar marks from being registered for similar goods or services. This is preferable to a situation where the earlier proprietor will have to invalidate the mark prior to instituting infringement proceedings. In some countries, a person will not be liable for infringement of another trademark if he is using his own registered trademark in relation to the goods for which his mark is registered.

Opposition procedures would enable a proprietor of a well-known mark who may not have registered its mark in a certain jurisdiction to make use of opposition proceedings to oppose a mark which is potentially conflicting with the well known mark.

In some jurisdictions, bona fide owners of a mark and trademark owners who have prior use of a mark can make use of opposition procedures (rather than court action) to challenge the

registration of a mark which is potentially conflicting and which may lead to confusion or deception. Without the provision of an opposition procedure to oppose the said registration, the presumption of validity of the registered mark would make it more difficult for the prior mark owner to succeed in an infringement action.

- **Provides Opportunity for Submission of Arguments and Evidence By Third Parties**

In some cases, opposition proceedings provide an opportunity for both parties to present their evidence and arguments to support or oppose the registration before the Trademark Office.

- **Venue to Force Amendment to Application**

An opposition procedure may accomplish a simple goal such as narrowing the list of goods/services.

Consumer Protection

As stated, opposition proceedings provide a low-cost venue (versus a court action) for the parties to settle their differences. Such settlements often involve restraints on use of a particular mark in the marketplace to avoid a likelihood of confusion and protect consumers.

The rights conferred by virtue of registration are of such significance that it should not be possible to obtain them without third parties first having the opportunity to prevent such rights arising. Otherwise, the registered proprietor could, for example, rely on its rights to frighten customers of any relevant competitor from supplying relevant products.

Factual information / Background information

The subcommittee also performed a survey. In order to have as much information about opposition procedures as possible before writing this report, the subcommittee decided to contact a selection of countries for more information. The countries were selected from two criteria:

- 1) Countries that do not have – or do not practice – opposition procedures (Italy, Kazakhstan, Serbia and Montenegro (before the separation of states), and the Russian Federation), and
- 2) countries that recently have switched to a system with opposition procedures (Benelux, Nepal, and Morocco).

To the countries listed in Group 1, we asked the following questions: Does your country have any Opposition Procedures? What procedures, if any, can a third party challenge a trademark registration in your country? Would you like your country to introduce Opposition Procedures? Do you know why your country does not have Opposition Procedures?

To the countries listed in Group 2, we asked the following questions: What was the main reason for introducing Opposition Procedures? What involvement have Trademark Owners had in the introduction of Opposition Procedures? What involvement has WIPO had in the introduction of Opposition Procedures? What involvement have Trademark Attorneys had in the introduction of Opposition Procedures? Have there been any difficulties with the introduction of Opposition Procedures?

The full responses we received from these countries can be found in Annex 1. The responses are from agents domiciled or operating in that country.

Summarizing of findings¹

Of the countries we contacted, some are in the midst of establishing an opposition procedure (Nepal, Italy, Benelux, Morocco), and some rely on cancellation procedure before the office or the courts (Serbia, Montenegro and the Russian Federation).

Some countries do not have an official opposition system, but can accept an informal “opposition/observation” from a third party in order to draw the attention of the Examiner to his prior rights (the Russian Federation). We have no information whether the applicant can submit his arguments as well in such an informal procedure, but since this is an informal procedure, an “opposition” does not create any obligation for the Examiner to respond to it. The Russian Federation will have a revision of its trademark law entering into force January 2008, but it does not intend to establish an official opposition proceeding.

Of the countries that have the legal mechanisms for an opposition procedure, Italy is waiting for these provisions to enter into force. In another country, Kazakhstan, an opposition is only available before the Board of Appeals. Nepal which has recently adopted an opposition procedure, does not have any specific formal training for its staff – nor does the staff have any technical knowledge. A rotation system, where the staff will be rotated every 2 years if not sooner, might not be very helpful with gaining and preserving technical knowledge and continuance in the office.

Countries like Serbia and Montenegro rely on cancellation procedures alone, before the office.

Conclusion

This subcommittee believes that it is important that a Trademark Office provides for opposition proceedings. Whether an office provides for a pre-registration opposition procedure or a post-registration procedure is beyond the scope of the current recommendation. In either case, what is of paramount importance is that the procedure provided is official and creates obligations for the Examining Authority and rights for third parties and holders.

Even though we would like all Trademark Offices to have formal opposition procedures, we accept the reality that it might not for the time being be applicable to all, for example smaller offices with low filing rate. We would however encourage every office that does not have such procedure today, to examine closely our list of benefits, to see whether such procedure after all might be beneficial to the office, to the trademark holders and for third parties.

Even the countries currently having an opposition procedure could perhaps benefit from our list. They might find advantages to improve their system with more training and accepting oppositions before the Office and not only the Board of Appeals. Having a formal opposition procedure might help staff receive the training or actual experience with opposition cases it needs to be able to perform well for holders and third parties. Having a more permanent workforce doing opposition cases (and not a speedy rotation) will help the office keep and preserve

¹ The subcommittee will be making suggestions for harmonization in the report regarding its objective 2.

necessary technical knowledge and competence in such matters. It will also contribute to making the practice in the office be more consistent in the decisions made by the Examiners.

In conclusion, this subcommittee fully supports the establishment of opposition proceedings in view of the many benefits and advantages outlined above. One can also observe the trend that countries which did not have such proceedings, have moved towards instituting such proceedings within their trademark system. The one exception where opposition proceedings may perhaps be regarded as impracticable is where the national Trademark Office is relatively small and receives only a small number of trademark applications.

An opposition procedure is an important tool for any holder, applicant or third party in ensuring protection of his own right. With this document, we would encourage any national or regional Trademark Office that does not have such procedure in place, to strongly consider establishing an opposition procedure within their trademark system and administration.

Annex 1

Responses from countries in Group 1 and 2:

Responses from Italy

Before 2001 Italy had not any opposition procedure; but the opposition procedure to the posterior trademark was introduced and established by an implementing law in 2001. However, the articles of this code have not been in force yet. In lieu of this procedure; the Patent and Trademark Office in Italy grants the trademarks filed after 2001 but the opposition will be started after a few months and only for some classes of products.

The New Industrial Property Code; issued with Law No. 30 on February 10, 2005, with articles 174-184; specifies the opposition system; however the situation is the same and these articles have not been applied yet.

Under the New Industrial Property Law; it is possible for the third party to oppose against both Italian trademark applications and International trademarks extended to Italy. Article 174 of this Code foresees that the opposition shall be files within two months from the publication. *Per contra*, it is better to note that the clauses for the opposition proceedings will be executed if the rules of application is published by the competent authorities but this procedure has not been in force yet.

To conclude; in Italy the opposition is theoretically available. On the other hand; cancellation (or other equivalent action) is available if the opposition term (or any extensions thereof) has expired. So, the situation is uncertain.

Responses from Kazakhstan

There is no opposition procedure in Kazakhstan due to the fact that their trademarks' system is different. The system of registration in Kazakhstan is an examination system not a registration system so that to be registered as a trademark; there is a procedure to check for presence of confusing similar marks or identical to prior marks in the database of registering body.

If a trademark is registered after the term of examination; there will be the publication. After the registration; the opposition against an already registered trademark is possible in the Board of Appeals. It has been specified in the Law of the Republic of Kazakhstan "On Trademarks that this opposition means a contestation of the trademark registration. Relating to this subject, we can refer to the article 23(2) of Law of the Republic of Kazakhstan "On Trademarks which explains that any interested person may, on grounds specified in par.1 of this Article, file with Kazpatent opposition to the registration of the trademark, the opposition shall be considered by the Board of Appeal within six months following the date of its receipt and the person that filed the opposition as well as the owner of the trademark have the right to participate in the proceeding.

Due to the existing examination procedure; we may not need an opposition procedure. However, the cancellation (or other equivalent action) is available if the opposition term (the short time after the publication) (or any extension thereof) has expired.

Nepal

Does your country have any Opposition Procedures?

Yes. Introduced recently.

Section 18(1) of the Patent Design and Trademark Act 2022 (1965) permits the filing of pre-opposition. However, there is no mention of any period for pre-opposition. The Trademark, Patent and Design Registry Office of Nepal has issue a notice stating that within 90 days from publication, pre-opposition could be filed on the grounds of “derogation to the repute of any person or institution or on the grounds of contradiction to the public order or morale or national interest or on the grounds of possibility of hampering the goodwill of someone else’s trademark”.

What procedures, if any, can a third party challenge a trademark registration in your country?

Please see above

Would you like your country to introduce Opposition procedures?

Not Applicable

Do you know why your country does not have Opposition procedures?

Not Applicable

If a trademark is registered in your country will a court automatically assume that it is valid during infringement proceedings?

No, not automatically. Dependent on use of trademark within prescribed timeframe (i.e. 1 year of registration)

Are you aware of any reasons why it may be difficult to introduce Opposition procedures in your country?

Not Applicable

Does the staff of your Trademark Office have the appropriate training to conduct Oppositions?

No. The staff of the trademark office of Nepal does not have formal training nor any technical knowledge. There is no manual or guidelines to assist. Further, staff is being rotated every 2 years if not earlier.

What, if any, additional resources would your Trademark Office require to introduce Opposition procedures?

Should have permanent staff who does not have the fear of being transferred to any department and should be formally trained in sections, namely, registration, substantial examination, opposition, etc.

The Russian Federation

According to the Russian Trademark Law (Article 28) it is possible to file a cancellation action against a trademark registration. Cancellation actions can be filed within 5 years from the publication date on relative grounds (Article 7) and at any time on the absolute grounds (Article 6).

Cancellation actions are considered by the Chamber for Patent Disputes of the Russian PTO and normally take from 5 to 12 months (there are no fixed time-frames for the cancellation procedures, the hearings can be postponed at least 1-2 times). Decisions of the Chamber for Patent Disputes can be appealed at Court within three months from the date of receipt of the Decision.

There is no formal Opposition procedure in Russia. Despite the fact that there is no pre-grant opposition procedure in the Russian Federation, the Russian Patent Office accepts so called "informal oppositions". This means that if an interested party learns about a pending application either through a search or by way of reviewing applications placed on Rospatent's (Russian PTO's) web-site it may send a letter to the examination authority drawing its attention to the deficiencies of the trademark, based either on absolute grounds or on senior rights. At present since the procedure is not based on any legal regulations such informal opposition does not create any obligation for the examination authority to respond to it. In practice though it has proved to be quite effective. We usually file such "informal oppositions" in order to draw the attention of the Examiner to our client's prior rights. We would say that the system of "informal oppositions" has become quite effective and compensates lack of the official pre-grant opposition procedure. Besides, "informal oppositions" are much cheaper for the client, since they do not require our participation in hearings. On the other hand, this is the disadvantage in comparison with the post-grant cancellation procedure, since we cannot have much influence on the course of examination and the decision taken by the Examiner.

The rationale under not having the Opposition procedure is that Russia has the full ex officio examination, including that based on senior rights coupled with the administrative post-registration cancellation procedure via the Chamber of Patent Disputes. An excuse often used for not changing the system, is that the introduction of Opposition would require a massive reform of the trademark examination system. There is also an argument that those countries of Europe that have Opposition do not have full ex officio examination.

We would like our country to introduce Opposition procedures, although our view is not commonly shared.

There is also a new law going into force on January 1, 2008 which maintains the existing system.

A court will automatically assume that it a Russian registration is valid during infringement proceedings.

Serbia and Montenegro

'Does your country have any Opposition Procedures?

What procedures, if any, can a third party challenge a trademark registration in your country?

Would you like your country to introduce Opposition procedures?

Do you know why your country does not have Opposition procedures?

Please be advised that *The Law on Trademarks* of Serbia and Montenegro (published by the Official Gazette of Serbia and Montenegro, No.61, 24 December 2004 entered into force 1 January 2005) (hereinafter Law on Trademarks) does not provide for Opposition proceedings against trademark applications. In this country they do not publish trademark applications and therefore the public is not given notice.

However, there is an unofficial means of objection to the registration of pending applications. If an offending application is discovered during a trademark search or otherwise, a letter can be sent to the IPO setting out reasons for why the trademark should not be registered. The Examiner has no obligation to take such a letter into account. However, in practice, such letters can be quite influential. That is why some trademark owners may wish to conduct periodic searches of the trademark register for pending applications.

In Serbia & Montenegro (SRM) there is only cancellation against registered trademarks. You have asked what procedures SRM has for challenging a registered trademark. The Trademark Law allows for cancellation proceedings before the IPO.

The cancellation procedure is regulated by the Law on Trademarks; in particular Article 50, paragraph 1 and Article 51 and 52. Pursuant to Article 50, the decision on trademark registration and/or an international registration of a trademark for Serbia and Montenegro may be annulled, in whole or for some goods/or services comprised, if it is determined (by the IP office) that, at the time of issuance of the decision, the requirements for trademark registration prescribed by this Law have not been met.

According to Article 51, the decision on registration of trademark and/or an international registration of a TM for Serbia and Montenegro may be submitted only by the holder of the former right or person authorized by him, unless he knew, for the period of five years preceding the submission of the request for nullification, of the use of a latter trademark whose holder acted in good faith, and has not objected it.

Further, please note that in the proceedings upon request for annulment of trademark, the holder of the earlier registered trademark or his successors in rights must present evidence that the registered trademark has been used in SRM for a period of five years preceding the submission of the cancellation action.

With respect to our opinion on whether or not we would like to see Opposition Proceedings in Serbia and Montenegro, the answer is yes. There is a lack of consistency in the decisions of the Examiners of the IPO. Some Examiners can be quite lenient when examining the registrability of a mark on relative grounds. An Opposition Procedure would add another filter and prevent too many confusingly similar marks from being entered on to the register.

The responses we received from countries in Group 2:

Benelux

1) What was the main reason for introducing Opposition Procedures?
i) The opposition procedure in the Benelux Trademark Act (BTMA), effective as of January 1, 2004, is part of a further harmonization of the BTMA with the First Harmonization Directive 1989/104/EEC. Until recently, the BTMA was the only trademark act within the EU which did not provide for an opposition procedure. The introduction of the opposition procedure in the BTMA was optional in the Harmonisation Directive but has been an incentive to introduce this system in these countries. It is therefore aimed to harmonize Benelux Trademark Law with trademark legislation in other EU-member states.

ii) Another important reason to introduce this procedure is that it can solve conflicts between trademarks at an early stage, both cheaply and effectively.

2) What involvement have Trademark Owners had in the introduction of Opposition Procedures? There is no clear stand on the exact involvement of Trademark Owners. Trademark Owners are represented by organizations such as the European Brands Association (AIM) and the Association of European Trademark Owners (Marques) and they are also represented in organisations of trademark practitioners like the BMM (Benelux Association of Trademarks and Design Agents) and ECTA (European Communities Trademark Association). Generally speaking trademark owners used to support the intended introduction of the opposition procedure in the Benelux countries, with the exception, however, of some companies with large trademark portfolios. In the opinion of the supporters, an opposition procedure would be cheaper, simpler and quicker than court proceedings and it would enhance legal security and a 'cleaner' trademarks registry. Moreover, the introduction of an opposition procedure would improve consistency with European legislation on intellectual property rights.

3) What involvement has WIPO had in the introduction of Opposition Procedures? The responses from the survey do not indicate familiarity with the precise involvement of WIPO. However, a couple of the responses suggest that WIPO may have supported or lobbied for the introduction of the opposition procedure in the Benelux countries.

4) What involvement have Trademark Attorneys had in the introduction of Opposition Procedures?

Trademark attorneys are organized through organizations such as the European Communities Trademark Association (ECTA) and the Benelux Association of Trademarks and Design Agents (BMM). After an internal discussion between representatives of the profession on the one hand and representatives of the industry on the other and after certain concessions by the legislator, they expressed their support to the introduction of the opposition procedure. The concessions involved the introduction of an accelerated registration procedure and certain safeguards in respect of the opposition proceedings, such as the level of fees charged by the office (as well as the partial restitution of fees and cost awards) and a cooling-off period.

5) Have there been any difficulties with the introduction of Opposition Procedures?

Differing Views

i) No, there have been no difficulties with the introduction of the opposition procedure. In January 2004 the opposition procedure was first introduced in a phased manner, where the opposition was only open for application in certain classes. During the first year opposition was only possible against one of the classes 2, 20 en 27. In 2005 classes 6, 8, 13, 15, 17, 19 and 21 were added. From January 2006 the opposition procedure has been opened for all classes. This means that the phased introduction of the opposition procedure has been completed a year earlier than anticipated.

ii) The system is not extensively used because the opposition fees are very high (EURO 1000)

iii) Another disadvantage of the Benelux opposition system is that the French language is favoured over the Dutch language, which is much more widely spoken in the Benelux countries.

Information about Morocco

Morocco issued a new decree No. 31/05 concerning Intellectual Property published in the official bulletin No. 5397 and effective from 20 February 2006. The new law recognizes for the first time the registrability of the sound and smell marks.

The centerpiece of the aforementioned law stipulates the introduction of the opposition system in Morocco instead of the filing system.

Accordingly, there will be a period of two months from publication date during which a third party can oppose the trademark application. The Moroccan Office for Commercial and Industrial Property will decide upon the opposition petition within six months after the publication period. This timeframe can be extended to another six months. In case, one of the concerned parties objected the decision of the Moroccan Office for Commercial and Industrial Property, the case is taken to the Commercial Court.

The amendments in the law enhance the close cooperation between the different governmental bodies so as to tackle infringement more directly and aggressively.

Due to the great concern of harmonizing the penal sanctions and preventive measures against counterfeiters, the new law comes to amend and strengthen the measures at the borders. Consequently, the Customs Administration have the full authority to seize any products that are suspicious of violating the intellectual rights of a third party. The seizure can also be upon the request of the owner of a registered trademark, or its local agent.

The legislator specified a period of 10 days from the date of notification during which the holder's right should provide either a decision by the court justifying the seizure or that a judicial action is taking place, failure to submit such documents will result in waiving the seizure.