



International Trademark Association
Representing Trademark Owners Since 1878

Policy Development and Advocacy

Study on the European Trademark Systems

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EXECUTIVE SUMMARY

INTA has long anticipated the overall examination of the Community and European Union Member State (national) trademark systems by the European Commission, and we hope it will ultimately lead to improvements which will ensure the growth and further harmonization of the systems. The Commission's study is a critical and unique opportunity for EU 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.

INTA views this as 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 (OHIM) and national offices. This review will ultimately benefit users within the EU and beyond.

The Commission's review is extremely important given the fundamental changes which have taken place since the inception of the CTM and the opening of the OHIM, particularly in light of the two enlargements of the EU and the ever-increasing globalization of markets.

PDA Internal Review

INTA's Policy Development and Advocacy Group (PDA) carried out an internal review to engage our members in this process, formulate views on issues, and provide comments at various stages, such as the Max Planck Institute hearings with users' groups in June. Our members were the integral, driving force in this process and dedicated significant time and effort to this review.

PDA first set up a Steering Group¹ to assist in coordinating and launching the internal study. The Steering Group conducted a preliminary analysis of legal and procedural issues raised in the Commission's tender and identified additional issues to be investigated. The Steering Group also facilitated the prioritization of issues.

PDA then set up small working groups consisting of members from the subcommittees of its policy committees to focus on individual issues. Each working group, under the direction of an appointed leader, produced a discussion paper on its assigned issue and, where consensus was possible, offered final recommendations.

The final discussion papers were ultimately voted on by the subcommittee(s) responsible for that particular group. Where necessary, subcommittee comments and suggested changes were referred back to the working group for revision. However, most papers were approved by the responsible subcommittees in their initial form.

¹ Special thanks to our Steering Group members: Ruth Annand (Humphreys & Co, UK); Fabio Angelini (De Simone & Partners, Italy), Luis-Alfonso Durán (Durán-Corretjer, Spain), Charles Gielen (NautaDutilh N.V., Netherlands), and Alexander von Mühlendahl (Bardehle Pagenberg Dost Altenburg Geissler, Germany), who later recused himself.

Structure of the PDA Report

PDA's final report is comprised of two components, both resulting from the discussions and final recommendations of the groups participating in its review.

1) The chart entitled "Summary of Positions" offers a brief overview of the individual issues considered by the working groups. These issues include those from the evaluation questions in the European Commission's tender for the study, along with additional issues suggested by the Steering Group. The document is organized as follows:

- A. **Issue** – whether it is a High, Medium, or Low priority is indicated in the parenthesis.
- B. **Current framework** – i.e. legal references
- C. **Reference in study** – the related evaluation question from the European Commission's tender (where applicable)
- D. **Established INTA position or research** – pre-existing positions in the form of Board Resolutions, Guidelines, committee analysis/research, etc.
- E. **Subcommittee responsible/Working group members** refers to the INTA members that participated directly in the working group for that issue, with the appointed group leader designated in bold/underlined text. In parenthesis, an acronym denotes the responsible subcommittee:

- FWKM = Famous & Well-Known Marks – EU Subcommittee²
- LRC = Legislation & Regulation – Europe and Central Asia Subcommittee³
- ENPTO = Trademark Office Practices – European National Offices Subcommittee⁴
- OHIM = Trademark Office Practices – OHIM Subcommittee⁵
- NTM = Non-traditional Marks – Europe and Central Asia Subcommittee⁶
- ACC = Anti-counterfeiting – EU Subcommittee⁷

(Additional support was provided by INTA's Enforcement Committee and its Opposition and Cancellation Subcommittee, Courts and Tribunals Subcommittee, and Trade Names Subcommittee.)

- F. **Working group recommendations** – whether any action is necessary.
- G. **Rationale** – provides further information as to how that decision was reached.

² Chaired by Sally Field (Bristows, UK)

³ Chaired by Richard Milchior (Granrut Avocats, France)

⁴ Chaired by Deborah Brincat (Procter & Gamble, France)

⁵ Chaired by Liesbeth Marijnissen (Klos Morel Vos & Schaap, Spain)

⁶ Chaired by Janne Glæsel (Gorrissen Federspiel, Denmark)

⁷ Chaired by Manon Rieger-Jansen (Bird & Bird, Netherlands)

The second, lengthier component of the PDA report is the Annex, which contains the final reports from its working groups. These explain in greater detail the background of the issue, the views of the working group and the final recommendations. This section is categorized according to topic matter.

Key Findings of Working Groups and Recommendations

Below is a brief overview of many of the discussions which took place and some key conclusions/recommendations, which are expanded upon later in the report.

Role and functioning of offices:

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
Should OHIM and/or EU national offices be engaged in anti-counterfeiting activities?	It is possible that OHIM and National Offices may be able to contribute to information gathering, public awareness and legal coordination in order to assist the current enforcement efforts being undertaken by other government agencies, but a thorough analysis must be carried out before any conclusions can be reached.
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?	No significant structural mechanisms were identified in which national offices could make a greater contribution to the CTM system. However, increased communication and better cooperation could assist on a practical level. Improvements are recommended particularly for the areas of conversion, online records, consistency, and central filing and information portals.
To what extent do stakeholders see a need for the Trade Mark Office practices becoming more consistent?	There is indeed a need for TMOs to become more consistent, particularly in regard to decision practices, formalities requirements, and in alleviating procedural inconsistencies.
How could the cooperation between the OHIM and National Trade Mark Offices be intensified to achieve a more transparent and consistent Office practice throughout the Community?	There are a number of possible tools for obtaining greater consistency. PDA does not have a consensus as to which tool/tools are best and which ones members would like to see implemented, but the general agreement is that best practices/model guidelines would be effective.

Harmonization of the systems:

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
To what extent has the Trade Mark Directive achieved the objective of creating a single market by removing barriers to free movement and competition?	Great progress has been made towards harmonization, but further work is needed in order to improve such approximation (of law and practice for enforcement) and also, harmonization of interpretation of the existing law covered by the Directive.

<p>To what extent is there a need for further legislative approximation of Members States' national trade mark systems within (and beyond) 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?</p>	<p>There should be further legislative harmonization to bring the laws of member states into harmony, especially in particular areas such as special absolute grounds for refusal or invalidity; grounds for refusal or invalidity concerning conflicts with earlier rights; procedural issues (process of examination, oppositions and cancellation proceedings); protection of unregistered trademark rights; assignment of trademarks and license agreements, and trade names.</p>
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Legal questions (focused on the CTM/OHIM level):

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
<p>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?</p>	<p>So long as use is 'genuine' in one Member State (or part of a Member State), it should suffice to defeat a claim for revocation on grounds of non-use even (in the case of a CTM) if the use has been confined to a single Member State of the EU. PDA holds this view to still be appropriate in view of a Single Market now comprising 27 Member States.</p>
<p>To what extent has the current system with regard to the user requirement, including the 5 year grace period, proved to be efficient and effective to reduce the total number of trademarks protected in the Community?</p>	<p>PDA supports keeping the grace period for CTM use at 5 years.</p>
<p>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?</p>	<p>It is not necessary to amend the CTMR and the TMD. There is no accepted approach to the question of the territory where the applicant of a CTM must show acquired distinctiveness. A rule requiring "all Member States" would be prohibitive. However, OHIM should consider making available public guidelines on the subject of the territory where acquired distinctiveness has to be proven.</p>
<p>To what extent does OHIM's practice of encouraging list of goods and services corresponding to the headings of the Nice classification system meet the business needs of applicants with a view to the objective of avoiding unnecessarily broad specifications of goods and services?</p>	<p>INTA's policy generally encourages further harmonization in regards to class headings and discourages the use of the phrase "<i>all goods in the class</i>" as a permitted definition of goods and services in applications because it creates ambiguity, and recommends that the specific goods or services be defined in applications. However, within the PDA working group, no consensus was reached on this particular question, as our members have expressed distinct positions on OHIM's practice in discussing the pros and cons of OHIM's approach. Still, members would welcome consistency in the approach taken between OHIM and national offices in this matter.</p>
<p>To what extent is the required capability of being represented graphically still a relevant and appropriate requirement for a sign to qualify as a trademark with regard to non-traditional trademarks? What could be appropriate alternative requirements?</p>	<p>PDA is of the opinion that for non-traditional trademarks graphical representations are not always necessary, e.g.:</p> <ul style="list-style-type: none"> • Sound marks: Having a graphical representation of a sound that does not lend itself to musical notation (such as the sound of a baby crying) is unnecessary. The mark is

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
	<p>the sound and the key to understanding such a mark is hearing it, not seeing it.</p> <ul style="list-style-type: none"> • Smell marks: Smell marks should be accepted. For some smell marks, though not all, a simple written description of the mark, such as "the smell of cinnamon" should be adequate. <p>As technological advances and marketing customs develop, additional types of marks should be considered for registration.</p>
Does the definition of the rights conferred upon proprietors in case of infringements still satisfy current need?	In general, the definition does satisfy current need, with the exception of transit goods.
Is there a need to align the Customs seizure sanctions with the civil sanctions, in particular in case of import, export, and transit transactions?	Merely transiting does not fall afoul of civil trademark laws. Article 9 remains broad for private disputes and is adequate, whereas Customs regulations are narrower (and should be narrower), and can interfere where counterfeit and pirated goods are involved.
Should the CTMR include the same sanctions, in accordance with the Directive 2004/48/EC on the enforcement of IP rights, as are made available for the infringement of national IP rights?	PDA was unclear on the meaning of this question and interpreted it as asking whether sanctions in the CTMR and those in Directive 2004/48/EC should be aligned. According to this understanding, it was concluded that it would make sense to align the two, albeit very carefully.
Is there a need for clarifying the difference between or the common features of well-known trademarks and those with reputation?	There is not a need to clarify within the legislation a difference between (or common features between) well-known marks and those with reputation.
Should bad faith be added to the list of absolute grounds for refusal?	PDA does not support having bad faith added to the list of absolute grounds for refusal.
Should adjustments be made to address comparative advertising in the EU trademark legislation?	A clear wording of permitted use of a trademark in comparative advertisement should be introduced. Article 5 of TMD does not make any reference to the use in comparative advertising. On the other hand, lack of direct reference to the comparative advertising in the TMD and CTMR and lack of provisions setting for the relation with the Comparative Advertising Directive (CAD) affects the practice within some members of the EU, particularly where comparative advertisement is very common.
How are security interests addressed by the CTMR?	PDA recommends a number of improvements for the CTMR with respect to the regime of transfer of, and security interests on, CTMs.
Should a specialized IP chamber be established at the EU level?	Members supported such a chamber, which could allow for quality enhancement, increased predictability, and time reduction.

OHIM practices and procedures:

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
To what extent is there a need for the adjustment of fees?	There is a need for a reduction of the CTM renewal fee; this should not be higher than the CTM application/registration fee. Working group members are otherwise satisfied with the recent reduction/merging of the application and registration fee. There was no consensus regarding a potential adjustment of other CTM fees - namely opposition, cancellation, revocation, and/or appeal fees.
To what extent are users satisfied with the e-Business tools offered by the OHIM and to what extent are they in favor of the OHIM performing the registration and administration of CTMs exclusively by electronic means in future?	PDA encourages e-communication; however, e-tools should not be the sole and exclusive way of communicating with the OHIM.
To what extent is the option to file a CTM application at the central IP Office of a Member State still appropriate?	The possibility to file CTM applications through national offices should remain available for users.
To what extent should priority claims be verified by the OHIM in future?	At least a minimum level of verification should be made by OHIM before recording the priority claim.
To what extent has the mandatory search in the CTM Register proved to be effective and efficient for users?	The mandatory search in the CTM Register has proved to have been of very limited effectiveness and efficiency for users, and therefore is of limited value. PDA would not be against the mandatory search to become optional.
Would users like the OHIM to offer different or additional search services?	PDA would not favor OHIM to offer additional search services.
To what extent does the option of claiming seniority of a national trade mark still match the needs of users?	The option of claiming seniority of a national right continues to correspond to the present needs of some users. Not all TM owners have yet claimed their seniority rights and these remaining should still be able to do so. The option will be of interest in the future when the EU will further extend to new Member States, at the time of which, seniority claims of national registrations from those new member countries will be needed.
To what extent should seniority claims be verified by the OHIM in future?	PDA does not have a clear consensus as to whether seniority claims should further be verified. Should they be, specific guidelines on the process should be issued, and OHIM should verify that the data concerning the national rights are correct before recording the seniority claim, provide for relevant priority and seniority dates, and verify the list of goods/services claimed.
Are users satisfied with the present system as regards cooling off?	The period of 22 months is too long and should be shorter. One option is to adopt the system as in the UK whereby the cooling off period is for 9 months but can be subsequently extended for a further 9 months. This would result in a period of 18 months – a 4 month reduction, if both cooling off periods are requested.

<u>ISSUES</u>	<u>PDA RECOMMENDATIONS</u>
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?	PDA recommends keeping the appeal period of two months plus the two months to file the arguments.
To what extent has the examination of relative grounds only upon opposition, i.e. not ex officio, proved to be effective and efficient to deal with conflicting earlier trade mark rights?	The current procedure is working well - no change is necessary.
To what extent are CTM users satisfied with the granted level of access to trade mark protection?	Working group members are in general satisfied with the granted level of access to trademark protection at the EU level.
To what extent does the examination practice of OHIM meet users' expectations of consistency in examination for formal deficiencies, such as classification, or in examination for absolute and relative grounds, at the various levels of OHIM activity (examination, opposition, cancellation, appeal)?	There is a need to improve consistency, particularly in regards to class headings and the use of disclaimers.
To what extent does the examination practice of OHIM meet users' expectations of providing for certainty that the resulting CTM registrations are entitled to a presumption of validity?	There is a need to improve consistency in examination on absolute grounds. OHIM does not meet users' expectations of providing certainty that the resulting CTM registrations are entitled to a presumption of validity. There are fundamental principles of non-discrimination and equal treatment, which are felt to be ignored, leading to frustration for users and delays in the appellate system.
To what extent has in the users' view the providing of opposition proceedings before registration ('pre-registration opposition system') proved to be effective and efficient to best accommodate the interests of both CTM applicants and holders of earlier rights compared to a post-registration opposition system?	<p>There was no real consensus within PDA as to whether users favored either a pre- or post-registration opposition system. However, users do feel that changes are needed, particularly in relation to:</p> <ol style="list-style-type: none"> 1. the quality of decisions; 2. checking of oppositions for admissibility; 3. making opposition proceedings quicker and setting time limits for decisions; 4. making decisions more accessible to users by providing a language translation facility so that decisions are issued in more than one language.
To what extent does the period of three months to file an opposition still meet the interests of users?	The opposition period should remain three months.

SUMMARY CHART OF POSITIONS

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p>Relation between CTM system and national trademark systems (High priority)</p>	<p>How are the CTM system and national trade mark systems used by stakeholders? <i>The reply to this question should in particular establish to what extent these interested parties see the nature of this relation characterised by complementarity and a (operational) notion of a balance. (5.1)(2)(a), p. 21</i></p>		<p>ENPTO, OHIM. Mary Bagnall, Sumi Nadarajah, Dolores Cañadas, <u>Claire Hutchinson</u>, Kerstin Gründig-Schnelle, Chris Parry, Carole De Roeck, Fabio Angelini, Hugh O'Neill</p>	<p>The parallel systems provide choice for applicants in a variety of ways. Applicants select national or Community trade marks on the basis of (1) cost, (2) likelihood of a mark being accepted in the relevant forum, (3) whether an applicant is filing defensively or has intention to use, (4) whether they have broad coverage already, (5) cost of anticipated oppositions, (6) other preference of one system over another.</p>	<p>Applicants requiring large broad general specifications, or cover for the whole class without an intention to use, may select the Community Trade Mark registration system as a preference to national registration in countries where broad specifications or intent to use is an issue.</p> <p>Use of national systems is preferred when an applicant considers that more detailed knowledge of local circumstances will be relevant or when the requirement for territorial coverage is limited and national applications are more cost effective.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p>Relation between CTM system and national trademark systems (High priority)</p>	<p>What should be the role and mission of national offices in the future? <i>Contractor should provide recommendations as to how the role and mission of national offices should be defined in the future. In this context it should establish to what extent these offices should perform additional tasks such as in particular in the field of enforcement (anti-counterfeiting). The upcoming Commission Communication on enforcement will have to be taken into account in this connection. Moreover, the contractor should assess the importance of financial autonomy for national offices.</i> (5.1)(2)(b), p. 21</p>		<p>ENPTO, OHIM. Mary Bagnall, Sumi Nadarajah, Dolores Cañadas, <u>Claire Hutchinson</u>, Kerstin Gründig-Schnelle, Chris Parry, Carole De Roeck, Fabio Angelini, Hugh O'Neill</p>	<p>It is possible that national offices could support other government agencies in enforcement efforts, though a thorough analysis must be carried out before any conclusions can be reached.</p> <p>However, such activities should not detract offices from their primary mission of granting trademark rights. Offices should focus on their primary roles and work to improve current procedures, enhance technology, promote accessibility, and ensure transparency.</p>	<p>Offices may be able to contribute to information gathering, public awareness and legal coordination in order to assist other government agencies.</p> <p>Trademark offices already play a role in the fight against counterfeiting by continuing to assist customs and local criminal enforcement authorities with the provision of relevant information</p> <p>We note that rights-holders need rapid, efficient and cost-effective registration procedures to protect their rights against infringements.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<p>Role and mission: OHIM (Medium priority)</p>	<p>How should the role and mission of OHIM be defined in future? <i>The reply should analyse from a users' perspective the potential, appropriateness and added value of assigning additional tasks to the OHIM, such as particularly in the field of enforcement (anti-counterfeiting).</i> (5.2)(13)(a), pp. 27-28</p>		<p>ENPTO, OHIM, ACC.</p>	<p>As with national offices, OHIM may be able to support other government agencies in enforcement efforts, though a thorough analysis must be carried out before any conclusions can be reached.</p> <p>However, OHIM should focus on its primary role and work to improve current procedures, enhance technology, promote accessibility, and ensure transparency.</p>	<p>OHIM may be able to contribute to information gathering, public awareness and legal coordination in order to assist other government agencies. However, such activities should not detract OHIM from its primary mission of granting trademark rights.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<p>Potential for enhanced cooperation between OHIM and national offices (Medium priority)</p>	<p>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? <i>Reply to this question should establish the potential for an enhanced cooperation between the OHIM and national offices by determining appropriate areas where from a stakeholders' point of view national offices could additionally contribute in an effective manner to the overall functioning of the CTM system, in particular, but not exclusively in the area of enforcement (anti-counterfeiting)....</i> (5.1)(4), p. 23</p>		<p>ENPTO, OHIM. <u>Laura Anderson</u>, Jose Luis Arnaut, Sergiy Grenchuk, Wanda Honwana, Jochen Pagenberg, Carole de Roeck, Franck Soutoul, Paola Ruggiero, Hugh O'Neill, Chris Oldknow</p>	<p>It is felt that there are not significant structural ways in which ways national offices can contribute more to the system. Instead, greater communication and co-operation could assist on a practical level. Enforcement and anti-counterfeiting activities do not seem to be an area in which offices themselves could effectively contribute to the overall functioning of the CTM system, apart from their existing roles.</p>	<p>Improvements are recommended particularly for the areas of conversion, online records, consistency, and central filing and information portals.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<p><i>Need for trademark offices' practices to become more consistent (High priority)</i></p>	<p>To what extent do stakeholders see a need for the Trade Mark Offices Practices becoming more consistent? <i>Reply to this question should establish the main areas in respect of which the practices of the various Trade Mark Offices should be consistent and comparable within each of the Offices as well as the areas where the practices of the various Offices should be consistent and comparable with each other. (5.1)(1)(c)(i), p. 21</i></p>		<p>ENPTO, OHIM. Dolores Cañadas, Andrea Klein, Marie-Laure Bonnaffous, Kerstin Gründig-Schnelle, <u>Marek Lazewski</u>, Elia Sugrañes, Daan Teeuwissen, Carlos Pires, Paola Ruggiero</p>	<p>There is indeed a need for TMOs to become more consistent, particularly in regard to decision practices, formalities requirements, and procedural inconsistencies.</p>	<p>There should be greater consistency particularly in the application of registrability standards. Consistency of decisions is an extremely important aspect for smooth functioning of the trademark systems. Even small deficiencies in this area can lead to the users of the system becoming frustrated, the costs of using the system to increase and the possibility that potential users would be discouraged.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<p><i>Need for trademark offices' practices to become more consistent - ways to achieve more transparency and consistency (High priority)</i></p>	<p>How could the cooperation between the OHIM and National Trade Mark Offices be intensified to achieve a more transparent and consistent Office practice throughout the Community? <i>The reply to this question should analyse ways as to how the OHIM and the National Trade Mark Offices could work closer together to contribute more to establishing consistent practices in Europe to the benefit of users (e.g. developing common tools, etc.). (5.1)(1)(c)(i), p. 21</i></p>		<p>ENPTO, OHIM. Dolores Cañadas, Andrea Klein, Marie-Laure Bonnaffous, Kerstin Gründig-Schnelle, <u>Marek Lazewski</u>, Elia Sugrañes, Daan Teeuwissen, Carlos Pires, Paola Ruggiero</p>	<p>There are a number of possible tools for obtaining greater consistency. The working group did not reach a consensus as to which tool/tools are best and which members would like to see implemented, but the general agreement is that best practices/model guidelines would be effective.</p>	<p>Possible tools for obtaining greater consistency include legislative changes, best practices/model guidelines, making more information available to the general public, increasing informational values of case-law, and making available the reasons for decisions.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Harmonization of national trademark systems - achievement of the TMD objective (High priority)</i></p>	<p>To what extent has the Trade Mark Directive achieved the objective of creating a single market by removing barriers to free movement and competition?</p>		<p>LRC. Mary Bagnall, <u>María González Gordon</u>, David Gill, Frank Dehn, Cecilia Emanuelson, Jonathan Day, Peter Gustav Olson, Kalina Tchakarova</p>	<p>Great progress has been made towards harmonization, but further work is needed in order to improve such approximation (of the law and practice for enforcement) and also, harmonization of interpretation of the existing law covered by the Directive.</p>	<p>Some barriers to harmonization:(a) the parallel existence of CTM and national systems in practices causes discrepancies and differences which the TMD cannot solve (b) Language and cultural differences: (c) The TMD does not cover all trademark areas and only contain options for Member States to decide whether or not finally harmonize (d) ECJ decisions do not always bring enough or consistent light to discrepancies and questions raised. Considerable delays in judgments can also be considered a disincentive (e) Different national laws and practice (i.e. passing off, unfair competition) (g)Costs involved in enforcing TM rights substantially vary between member States (h) Legal concepts can be ambiguous or not sufficiently defined.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<i>Harmonization - need for further legislative harmonization within the scope of the TMD (Medium priority)</i>	To what extent is there a need for further legislative approximation of Members States' national TM systems within (and beyond) the current scope of the TMD? To what extent is there a need for further legislative approximation of Members States' national TM systems beyond the current scope of the TMD?		LRC. María González Gordon, Elisabetta D'Amore, Claire Hutchinson, Carlos Polo, João Pereira da Cruz, <u>Kerstin Gruendig-Schnelle</u>	There should be further legislative approximation to bring the laws of Member States, especially in some particular areas, into harmony.	Discussions focused on special absolute grounds for refusal or invalidity; grounds for refusal or invalidity concerning conflicts with earlier rights; procedural issues (process of examination, oppositions and cancellation proceedings); protection of unregistered trademark rights; assignment of trademarks and license agreements.
<i>Use Requirements - Territorial requirements (High priority)</i>	Requirement for a CTM to be used "in the Community": 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?	January 2010 response to MPI	LRC. Jean-Christophe Troussel, <u>Christopher Morcom</u> , Marcus Lüpke, Ruth Annand, Fabio Angelini, Andy VanArsdel, Boudewijn van Vondelen, Belinda Isaac, Koen Limperg	So long as use is 'genuine' in one Member State (or part of a Member State), it should suffice to defeat a claim for revocation on grounds of non-use even (in the case of a CTM) if the use has been confined to a single Member State of the EU. This view is still appropriate in view of a Community market now comprising 27 Member States.	While "cluttering" of the CTM register is frequently cited as a risk, our members do not feel that this is actually a significant problem.

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	(5.1)(2)(c)(ii), p. 22				
Use requirements - CTM Grace Period (Medium priority)	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 trademarks protected in the Community, and, consequently, the number of conflicts which arise between them? Reply should establish to what extent users are satisfied with the current use requirement and its application in OHIM and Court practice. In this context the study shall investigate whether there is support from users to shorten the present 5 years grace period to 3 years, as well as regards any other measure that might be adopted in this context... (5.2)(6), p. 25		LRC. Jean-Christophe Troussel, <u>Christopher Morcom</u> , Marcus Lüpke, Ruth Annand, Fabio Angelini, Andy VanArsdel, Boudewijn van Vondelen, Belinda Isaac, Koen Limperg	There was no support for a shorter period, and no sufficient ground for departing from the period of 5 years.	Members pointed out that 3 years is a rather short time in business.

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<p><i>Acquired distinctiveness - territory of acquired distinctiveness (High priority)</i></p>	<p>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? (5.2)(5)(c), p. 25</p>	<p>INTA Guidelines for TM Examination; INTA 14 Jan response to MPI</p>	<p>FWKM. Jeremy Pennant, Oscar Garcia, Markus Frick, Bénédicte Linden, <u>Jan Willem van Dijk</u>, Ursula Stelzenmueller, Carin Wiberg</p>	<p>It is not necessary to amend the CTMR and the TMD. However, we encourage OHIM to make available public guidelines on the subject of the territory where acquired distinctiveness has to be proven.</p>	<p>Having OHIM guidelines:(1) will make it easier for both trademark owners and trademark professionals to decide what to do and to assess where acquired distinctiveness will have to be proven and(2) will enable trademark owners and professionals to apply sooner for conversion of CTM's and CTM applications under Articles 108 et seq. CTMR. The guidelines would preferably pay attention to a number of aspects, including language aspects (official languages, language barriers, language proficiency), secondary meaning and the nature of the goods and services.</p>

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Classification (High priority)	To what extent does OHIM's practice of encouraging list of goods and services corresponding to the headings of the Nice classification system meet the business needs of applicants with a view to the objective of avoiding unnecessarily broad specifications of goods and services? (5.2)(3), p. 24	<i>INTA Guidelines for Trademark Examination</i>	OHIM. Astrid Johnsson, <u>Andrea Klein</u> ; Patrick Wheeler, Daan Teeuwissen, Ozlem Ozgur Meric, Marie-Laure Bonnaffous, James Johnson, Volkert J. Teding van Berkhout	<p>INTA's policy generally encourages further harmonization in regards to class headings and discourages the use of the phrase "all goods in the class" as a permitted definition of goods and services in applications because it creates ambiguity, and we recommend that the specific goods or services be defined in applications.</p> <p>However, within the working group, no consensus was reached on this particular question, as members expressed distinct positions on OHIM's practice in discussing the pros and cons of OHIM's approach. Still, members would welcome consistency in the approach taken between OHIM and national offices in this matter.</p>	Some members feel that the use of classification headings should be stopped since applicants tend to claim beyond the limits of legitimate protection for their marks and this practice, currently accepted by the OHIM, can lead to higher expenses and uncertainty. Others have the perspective that there are obvious advantages in obtaining a broad scope of protection, and using a class heading shortens and simplifies the application process.

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p>Graphic representation (High priority)</p>	<p>Definition of signs of which a trade mark may consist (Article 2 TMD, 4 CTMR) <i>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?</i> (5.2)(1), pp. 23-24</p>	<p>INTA January 2010 response to MPI: trademark offices not require that a mark be “visually perceptible.”</p>	<p>NTM. Sumi Nadarajah, Christian Hadeyer, Ekaterina Savova, Jan Weiser, Stefan Völker, Michiel Haegens, Michael Lasky, <u>Stephen James</u>, Massimo Gori</p>	<p>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. Group discussions focused on what acceptable graphical representation could be for sound, motion, color and smell marks.</p>	<p>PDA is of the opinion that for non-traditional trademarks graphical representations are not always necessary. For example (1) Sound marks: Having a graphical representation of a sound that does not lend itself to musical notation (such as the sound of a baby crying) is unnecessary. The mark is the sound and the key to understanding such a mark is hearing it, not seeing it, and (2) Smell marks: Smell marks should be accepted and for <i>some</i> smell marks, a simple written description of the mark, such as “the smell of cinnamon” should be adequate. As technological advances and marketing customs develop, additional types of marks should be considered for registration.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<i>Rights conferred - definition of the rights conferred (Medium priority)</i>	Does the definition of the rights conferred upon proprietors in case of infringements still satisfy current need?		ACC - EU Task Force	In general, the definition does satisfy current need, with the exception of transit goods.	Article 9 CTMR is very good and perhaps any substantive changes would not relate to anti-counterfeiting since in anti-counterfeiting cases, the infringements are usually self evident. It's not the substantive law that is lacking but enforcement. The only situation not included in Article 9 is the case of goods in transit where the transit of goods coming from a known-EU country is destined to a non-EU country.
<i>Rights conferred - need to align the customs seizure sanctions with the civil sanctions (Medium priority)</i>	Is there a need to align the customs seizure sanctions with the civil sanctions, in particular in case of import, export, and transit transactions?		ACC - EU Task Force	Merely transiting does not fall afoul of civil trademark laws. Article 9 CTMR remains broad for private disputes and is sufficient, whereas customs regulations are narrower (and should be narrower) and can interfere where counterfeit and pirated goods are involved.	Under the Counterfeit Goods Regulation, one must satisfy that the goods will be exchanged in commerce in order to be seized. If they are not exchanged in commerce, then "in transit" is deemed as merely passing through. While passing through may cause no impact, they would still be seen as liable if they were counterfeiting under the Customs Regulation.

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Rights conferred - sanctions (Medium priority)	Should the CTMR include the same sanctions, in accordance with the Directive 2004/48/EC on the enforcement of IP rights, as are made available for the infringement of national IP rights? (5.2)(2), p. 24		ACC - EU Task Force	The task force was unclear on the meaning of this question and interpreted it as asking whether sanctions in the CTMR and those in Directive 2004/48/EC should be aligned. According to this understanding, it was concluded that it would make sense to align the two, however, this should be done very carefully.	There is a current challenge in that the implementation of the Directive 2004/48/EC is implemented differently in the Member States. Furthermore, sanctions in national laws across Member States are also not consistent. It was agreed that the Enforcement Directive has not been fully implemented in all countries, and has been interpreted differently throughout the EU.
Well-known marks and reputation marks (High priority)	Is there a need for clarifying the difference between or the common features of well-known trade marks and those with reputation? (5.2)(9)(b), p. 26		FWKM. <u>Jeremy Pennant</u> , Markus Frick, Ewa Skrzydło-Tefelska, Christoph Kleiner, Paula Sailas, Olivia Bernardeau-Paube, Henrik Lindström, Jonas Koelle	There is not a need to clarify within the legislation a difference between (or common features between) well-known marks and those with reputation.	Members noted that business is far too fluid, so such matters must be left to the courts to deal with on a case-by-case basis. It was suggested that perhaps further specifications, standards, rates, etc. might be welcome (perhaps in the form of guidelines) but it was not felt that any further modifications are needed in national laws.

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<p>Costs-current regime (Medium priority)</p>	<p>To what extent has the current regime on costs proved to be effective and efficient? <i>The reply to this question should as well not only analyse in this context the benefits of repealing Article 81 or of amending the cost regime to provide higher claimable amounts, e.g. in cases of pointless or frivolous oppositions, but should also look into other options to assist users such as for instance the possibility of providing legal aid to SME's. (5.2)(12), p. 27</i></p>		<p>ENPTO, OHIM. Manish Joshi, Stefanie Ziegler, Anthony Van Luchem, Pen Hosford, Barbara Mueller, Andrea Klein, Marek Lazewski, Dolores Cañadas, Laura Anderson, Bill Ladas, Cecilia Emanuelson, <u>Elisabetta D'Amore</u>, Jurgen Heumann, Carlos Polo, Gabriella Sasvari.</p>	<p>There seems to be no substantial need to change the current regime on costs.</p>	<p>Members substantially agree that the current regime on costs is effective and efficient.</p>

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<p><i>e-Business tools (Medium priority)</i></p>	<p>To what extent are users satisfied with the e-Business tools offered by the OHIM and to what extent are they in favour of the OHIM performing the registration and administration of CTMs exclusively by electronic means in future? <i>Apart from establishing the level of satisfaction with the e-Business tools offered the reply to the question should establish whether from a users' point of view the OHIM should admit only electronic communication in future or whether it should continue to also allow communication by traditional means such as post and fax, at least against payment of a higher fee. (5.2)(11), p. 27)</i></p>		<p>OHIM. Marek Lazewski, David J Gill, Patrick Wheeler, Reyes Campello Estebarez, <u>Marie-Laure Bonnaffous</u>, Brenda O'Regan, Elena Solovyova, Dragos Mihail Vilau</p>	<p>There is general satisfaction with OHIM's e-business tools, though there is still room for further developing and implementing these tools by OHIM (i.e., MYPAGE).</p> <p>The working group encourages e-communication; however, e-tools should not be the sole and exclusive way of communicating with the OHIM.</p>	<p>The use of e-business by CTM users should be encouraged; it is much simpler and quicker for filing applications. However, while electronic communication is desirable, traditional means of communication should indeed be maintained. It should still be possible to send a fax or email as users are not only professionals but also include individuals and small companies which do not systematically rely on e-methods.</p>

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<p>Fees - adjustment of fees (High priority)</p>	<p>To what extent is there a need for the adjustment of fees? <i>Reply should analyse the current fees structure and assess whether with a view to the recent substantial reduction of accession fees there is a need for adjustment of other main fees (in particular, opposition fee, fee for the application for revocation or for a declaration of invalidity, and appeal fee), taking into account the interests of earlier right holders.</i></p>	<p>INTA response to European Commission re. Renewal Fees,</p>	<p>ENPTO, OHIM. Manish Joshi, Stefanie Ziegler, Anthony Van Luchem, Pen Hosford, Barbara Mueller, Andrea Klein, Marek Lazewski, Dolores Cañadas, Laura Anderson, Bill Ladas, Cecilia Emanuelson, <u>Elisabetta D'Amore</u>, Jurgen Heumann, Carlos Polo, Gabriella Sasvari.</p>	<p>There is a need for a reduction of the CTM renewal fee. Members are otherwise satisfied with the recent reduction/merging of the application and registration fee. There was no consensus regarding a potential adjustment of other CTM fees - namely opposition, cancellation, revocation, and/or appeal fees.</p>	<p>We are of the view that the renewal fee should not be higher than application/registration fee.</p>

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<p>Fees - streamlining of fees structure (Medium priority)</p>	<p>To what extent is there a need for changing and/or streamlining the fees structure? Reply should analyse the appropriateness of the introduction of a fee that is linked to the number of classes in the application rather than allowing the first three classes for one set fee. In this context the reply should also look at the experiences made in trade mark systems with an application fee linked to the number of classes applied for. Furthermore, the reply should establish the potential for further simplification of the fees structure in order to offer a better service to businesses. <i>(5.2)(13)(b), p. 28</i></p>		<p>ENPTO, OHIM. Manish Joshi, Stefanie Ziegler, Anthony Van Luchem, Pen Hosford, Barbara Mueller, Andrea Klein, Marek Lazewski, Dolores Cañadas, Laura Anderson, Bill Ladas, Cecilia Emanuelson, <u>Elisabetta D'Amore</u>, Jurgen Heumann, Carlos Polo, Gabriella Sasvari.</p>	<p>There is no consensus on this issue.</p>	<p>Some members believe that fees should be linked to the number of classes in the application rather than allowing a flat fee up to three classes, as this would reflect what already happens in several EU countries, as well as help prevent applicants from extending the protection of their marks to classes of no interest to them. Other members underline that keeping a flat fee for up to three classes would serve the industry better, since companies often decide to protect the goods of main interest as well as potential "corresponding services" and/or goods which might be considered similar.</p>

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<p>Claiming Priority (Medium priority)</p>	<p>To what extent should priority claims be verified by the OHIM in future? <i>Reply should define users' preference as to the treatment of priority claims. Like other IP Offices, OHIM could be allowed to simply record such claims without verification and with the applicant only having to identify the place of earlier registration and the relevant trade mark number. The claim could be challenged in adversarial proceedings. Alternatively, a full examination of the requirements could be foreseen with the applicant having to prove his priority right.</i> (5.2)(4), p. 24</p>		<p>OHIM. Sandra Paulsson, <u>Paula Sailas</u>, Alessandro Mannini, Ozlem Ozgur Meric, Slawomira Piotrowska, Claire Hutchinson</p>	<p>At least a minimum level of verification should be made before recording the priority claim. When priority is claimed, OHIM can continue to check whether the relevant claim information is available online from the national office's website; if so, no priority document should be required. If the records are not online, a priority document should be requested by OHIM (and in that case, a simple copy of the certificate or similar should be sufficient without any legalization etc.) Additionally, OHIM should keep the document on which the priority has been verified on record, so it should be easily accessible for any third party.</p>	<p>Practices of national IP offices seem to vary significantly. OHIM also seems to have a somewhat inconsistent practice depending on the filing country. Some national offices make a thorough verification of the priority claim before granting, while other offices just record them. Since the origins and juridical implications of a priority claim are different from those of seniority claims, and due to implications that a priority claim has on the ensuing rights, we take the view that the current OHIM provisions for a reasonable verification of the priority claim should be at least a minimum requirement.</p>

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<p>Searches - additional OHIM search services (Medium priority)</p>	<p>Would users like the OHIM to offer different or additional search services? The reply should establish to which extent (potential) users would be interested in being provided with other or additional services in the area of searching, such as, for example, pre-filing searches, or qualified search reports which do not only list possible conflicting earlier rights but also assess the relevance of these hints. (5.2)(7)(c), p. 26</p>		<p>ENPTO, OHIM. Astrid Johnsson, Christopher Benson, Bill Ladas, Daan Teeuwissen, Elisabetta D'Amore, <u>Sandrine Peters</u>, Carole De Roeck</p>	<p>The group would not favor OHIM to offer additional search services.</p>	<p>Various companies already provide for pre-filing or qualified search reports. Also, today the scope of pre-filing searches often goes beyond trademark searches and includes a domain name search, company name search, design search, etc. The group doubts OHIM would ever be able to provide a comparable level of detail in searches. Also, it is the group's opinion that it is not the role of OHIM, as the competent body for granting CTM rights, to also assess the relevance of hits in search reports.</p>

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<p>Searches - mandatory search in the CTM Register (Medium priority)</p>	<p>To what extent has the mandatory search in the CTM Register proved to be effective and efficient for users? <i>The reply to this question should establish the degree of user satisfaction with the mandatory search in the CTM Register and consult with users whether this search should become optional as well. (5.2)(7)(b), pp. 26.</i></p>		<p>ENPTO, OHIM. Astrid Johnsson, Christopher Benson, Bill Ladas, Daan Teeuwissen, Elisabetta D'Amore, <u>Sandrine Peters</u>, Carole De Roeck</p>	<p>The mandatory search in the CTM Register has very limited effectiveness and efficiency for users, and therefore is of limited value. The working group would not be against the mandatory search to become optional.</p>	<p>It appears that in a great majority of cases, clients carry out availability searches including the CTM register before filing, so that at the time of filing they are already aware of potential obstacles. In those circumstances, the OHIM search reports have no added value. Experience also shows that even where prior availability searches are not conducted, it is only seldom that the applicant decides to withdraw or limit its application. Finally, reports to CTM owners of a potential conflicting CTM filing also seldom led to the filing of an opposition.</p>

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<p>Seniorities - option to claim seniority of a national mark (High priority)</p>	<p>To what extent does the option of claiming seniority of a national trade mark still match the needs of users? <i>The reply to the question should thoroughly establish the reasons for the low number of seniority claims filed and analyse the need for maintaining this option from a users' perspective.</i> (5.1)(2)(c)(iii), p. 22</p>		<p>ENPTO. Tania Clark, Nadine Archer-Patchett, Debbie Brincat, Sumi Nadarajah, Simone Verducci, Elia Sugrañes, <u>Sandrine Peters</u>, Jane Collins, Klaus Rosenhagen</p>	<p>The option of claiming seniority of a national right continues to correspond to the present needs of some users. Not all TM owners have yet claimed their seniority rights and these should still be able to do so. The system will still be of interest in the future when the EU will further extend to new Member States, at the time of which, seniority claims of national registrations from those new member countries will be needed.</p>	<p>The number of claimed seniorities is declining because today, fewer right holders own prior national rights which could be claimed in a CTM. Many are directly filing CTMs rather than nationally. The original success of the seniority system can, amongst other, be explained to the large number of national rights that did not have access to the Madrid system and, to that in the early years of the existence of the CTM system, TM owners consolidated their various national rights into one registration - the CTM - to achieve portfolio management simplification.</p>

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<p>Seniorities - verification by OHIM (High priority)</p>	<p>To what extent should seniority claims be verified by the OHIM in future? <i>Reply should establish users' satisfaction with the current OHIM practice and provide information on users' preference as to the desired extent of examination of seniority claims (e.g. simple recording of such claims without any examination and with the applicant only having to identify the place of earlier registration and the relevant trade mark number, or, a full examination of the requirements laid down in Article 34 of the CTMR.</i></p>		<p>ENPTO. Tania Clark, Nadine Archer-Patchett, Debbie Brincat, Sumi Nadarajah, Simone Verducci, Elia Sugrañes, <u>Sandrine Peters</u>, Jane Collins, Klaus Rosenhagen</p>	<p>There was not a clear consensus as to whether seniority claims should further be verified. Should they be, specific guidelines on the process should be issued, and OHIM should verify that the data concerning the national rights are correct before recording the seniority claim, provide for relevant priority and seniority dates, and verify the list of goods/services claimed.</p>	<p>Some members favor the verification of seniority claims as, at least for corporations filing directly with OHIM, it is very important to be sure that what has been filed is accurate. It is indeed the OHIM's role to verify what is submitted in the exactly same way a national office verifies a trademark application. Furthermore, not all EU national offices' databases are complete and correct, and therefore this information is required to be checked at both the national and CTM level.</p>

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Appeal procedure (Medium priority)	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? <i>The contractor should analyse whether the procedure should be speeded up by requiring that both the notice of appeal and the statement setting of grounds are to be filed within two months after the date of notification of the decision appealed from.</i> (5.2)(10), p. 27		OHIM. <u>Sandra Paulsson</u> , David Gill, Manish Joshi, Michael Lantos, Alain Lapter, Slobodan Petosevic, Joao Paulo Mioludo, Massimo Gori	The group recommends keeping the appeal period of two months plus the two months to file the arguments.	The two-month term after the notice of appeal is rather useful: it often takes several weeks before the parties can take the final decision on whether or not to actually appeal. Also, often the decision to proceed is last minute and in those cases the preparation of the statement of grounds would be a “rush job”, to the detriment of the parties. In other cases, appeals are filed in order to continue the negotiations and to keep the procedure alive.
Bad faith as an absolute grounds for refusal (Medium priority)	Should bad faith be added to the list of absolute grounds for refusal? The reply should analyse the usefulness and added value of bad faith constituting also an absolute ground in the registration procedure.		LRC. Ruth Annand, Oscar Garcia, <u>Crina Frisch</u> , Vincenzo Melilli, Antonina Pakharenko-Anderson, Carmela Rotundo Zocco, Birgit Noha	There is no support for having bad faith added to the list of absolute grounds for refusal.	It is uncertain what criteria could establish/identify “bad faith”; members suggest this should instead be left to oppositions.

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<p>Prior use (Low priority) (in Annex, see "Bad faith as an absolute ground of refusal")</p>			<p>ENPTO, OHIM. <u>Frank Dehn</u>, Ignace Vernimme, Ignacio Temiño, Joan Salvà, Silvie Wertwijn, Birgit Noha</p>	<p>A comparison of the jurisdiction of several EU Member States showed that the criteria of bad faith are different across jurisdictions. There was no consensus amongst members regarding further action/changes.</p>	<p>The effect of the Lindt & Sprüngli case on the national jurisdictions in which only the knowledge of the prior trademark or the application of a trademark without intention to use the trademark constitutes bad faith may be more important than in the jurisdictions according to which the knowledge of the prior trademark without further facts which constitute violation of bonus mores is not sufficient for bad faith.</p>
<p>Examination - relative grounds: no ex-officio examination (High priority)</p>	<p>To what extent has the examination of relative grounds only upon opposition, i.e. not ex officio, proved to be effective and efficient to deal with conflicting earlier trade mark rights? (5.2)(8)(a), p. 26</p>	<p>INTA Guidelines for TM Examination</p>	<p>OHIM. <u>Christopher Benson</u>, Frank Dehn, Ekaterina Savova, Patrick Wheeler, Jonathan Day, Michael Lantos, Kalina Tchakarova</p>	<p>The current procedure is working well - no change is necessary.</p>	<p>Given the nature of the Community Trade Mark, members felt that the system could not work any other way and that, indeed, any alternative may not be achievable.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
Examination - absolute grounds - access to trademark protection (Medium priority)	To what extent are users satisfied with the granted level of access to TM protection? <i>Reply should establish to what extent users are satisfied with the registration practice at EU level and to what extent they consider this practice either too liberal or too strict. The related results of the EBTP survey should be taken into account.</i> (5.2)(5)(a), p. 24)	Guidelines for TM Examination	OHIM. <u>Brenda O'Regan</u> , Jan Weiser, Alessandro Mannini, Peter Gustav Olson, Giulia Bramanti, Klaus Rosenhagen, Ignace Vernimme, Tania Clark, Christopher Benson, Andy VanArsdel, James Johnson, Slobodan Petosevic	Group members are generally satisfied with the granted level of access to trademark protection at the EU level.	
Examination - absolute grounds - consistency (Medium priority)	To what extent does the examination practice of OHIM meet users' expectations of consistency in examination for formal deficiencies, such as classification, or in examination for absolute and relative grounds, at the various levels of OHIM activity (examination, opposition, cancellation, appeal)? (5.2)(5)(b), p. 25	INTA Guidelines for TM Examination	OHIM. <u>Brenda O'Regan</u> , Jan Weiser, Alessandro Mannini, Peter Gustav Olson, Giulia Bramanti, Klaus Rosenhagen, Ignace Vernimme, Tania Clark, Christopher Benson, Andy VanArsdel, James Johnson, Slobodan Petosevic	There is a need to improve consistency, particularly in regards to class headings and the use of disclaimers.	Some members are concerned by the scope of protection OHIM gives to class headings and the claiming of the full class. There is also a perception that the classification of goods and services by examiners is not always consistent. Members support the use of disclaimers, but noted that these are permitted under the CTM Regulation but rarely applied, while the laws in Member States on disclaimers differ.

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p>Examination - absolute grounds - quality of examination (Medium priority)</p>	<p>To what extent does the examination practice of OHIM meet users' expectations of providing for certainty that the resulting CTM registrations are entitled to a presumption of validity? <i>The reply to this question should not only establish the level of users' satisfaction on this point but also analyse the relevance and efficiency of pertinent quality standards and quality control mechanism established by the OHIM to ensure the required high quality. (5.2)(5)(b), p. 24-25)</i></p>	<p>See INTA Guide for TM Examination; INTA response to MPI re. oppositions. (Previous Enforcement Committee work on disclaimers?)</p>	<p>OHIM. <u>Brenda O'Regan</u>, Jan Weiser, Alessandro Mannini, Peter Gustav Olson, Giulia Bramanti, Klaus Rosenhagen, Ignace Vernimme, Tania Clark, Christopher Benson, Andy VanArsdel, James Johnson, Slobodan Petosevic</p>	<p>There is a need to improve consistency in examination on absolute grounds. By virtue of inconsistency, OHIM does not meet users' expectations of providing certainty that the resulting CTM registrations are entitled to a presumption of validity. There are fundamental principles of non-discrimination and equal treatment, which are felt to be ignored, leading to frustration for users and delays in the appellate system.</p>	<p>There is a perception that OHIM examiners are over-dependant on the Internet. Also, there is no consistency on how the catch-all objection "non-distinctiveness" is applied. Another question arises as to what training examiners receive on the interpretation of EU case law. It is accepted that every individual decision cannot necessarily impact on the examination practice, but OHIM's practice of not being bound by precedent can be frustrating for users.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Accelerated registration procedure (Medium priority)</i></p>	<p>To what extent is there support for introducing an option for requesting the accelerated registration of a CTM application against the payment of a higher fee and with opposition occurring thereafter? (5.2)(8)(b), p. 26</p>		<p>OHIM. Marek Lazewski, David J Gill, Patrick Wheeler, Reyes Campello Estebarez, <u>Marie-Laure Bonnaffous</u>, Brenda O'Regan, Elena Solovyova, Dragos Mihail Vilau</p>	<p>OHIM should either maintain the current registration system as it is, or establish a new and unique registration procedure involving higher fees and linked to a cancellation procedure subject to lower fees. The system could be regarded as a real choice in case enforcement needs make it advisable. OHIM is also encouraged to pursue the efforts made so far to speed up all the procedures by minimizing delays (with the exception of the obligatory 3-month opposition period).</p>	<p>An expedited registration is likely to be sought by a small number of applicants under specific circumstances. In most cases, it is expected that CTM users would request accelerated procedures to prevent and/or stop infringement by enforcing their CTM rights (e.g. to fight look-a-likes or counterfeits). However, it is feared that running the two systems side-by-side at the same time would be detrimental to the well-functioning of the overall structure of the CTM system, and could encourage the use of accelerated registration of a CTM application in bad faith as well as generate a growing number of cancellation actions (eventually involving higher fees than oppositions).</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Opposition procedure: appropriate relative grounds (High priority)</i></p>	<p>To what extent have the relative grounds under Article 8(3) and 8(4) CTMR proved to be appropriate subject matter to be dealt with in opposition proceedings with a view to their legal and evidentiary complexity? (5.2)(9)(c), p. 27</p>	<p>I</p>	<p>OHIM, EC. Reyes Campello Estebaranz, Ekaterina Savova, Andy VanArsdel, Jonathan Day, <u>Peter Gustav Olson</u>, Ignacio Diez de Rivera Elizaburu, Anne Marie E. Verschuur, Birgit Noha</p>	<p>8(3) CTMR: The group does not encourage further changes to this provision. Despite its legal and evidentiary complexity, it is appropriate subject matter to be dealt with in opposition proceedings, and, just as important, is a useful safeguard which avoids oppositions.</p> <p>8(4) CTMR: There was consensus insofar as something should be done about this provision, but no consensus as to what remedial steps should be taken.</p>	<p>8(3) CTMR: Research revealed that Art. 8(3) CTMR is raised relatively infrequently in CTM oppositions. According to the OHIM database, few cases citing this article have been appealed. The usefulness of Art. 8(3) CTMR should be seen not only in light of the adjudicated matters; many cases are avoided simply because of the existence of this provision.</p> <p>8(4) CTMR, which grants owners of non-registered TMs or other signs used in the course of trade the right to lodge an opposition, raises concerns which included uncertainty, inequality, difficulty in proving right(s), very local rights, encouragement of litigiousness, and proper venue.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
Opposition procedure: pre-and post-registration opposition system (High priority)	To what extent has in the users' view the providing of opposition proceedings before registration ('pre-registration opposition system') proved to be effective and efficient to best accommodate the interests of both CTM applicants and holders of earlier rights compared to a post-registration opposition system? (5.2)(9)(a), p. 26	See INTA response to MPI re. oppositions, EC Report on Pre and Post-registration Opposition Systems	ENPTO, OHIM. <u>Nadine Archer-Patchett</u> , Astrid Johnsson, Christian Hadeyer, Boudewijn Van Vondelen, Simone Verducci, Ursula Stelzenmuller, Jane Mutimear, Ignacio Diez de Rivera Elizaburu, Anne Marie Verschuur	There was no consensus as to whether users favored either a pre- or post- registration opposition system. However, users do feel that changes are needed, particularly in relation to: 1. the quality of decisions; 2. checking of oppositions for admissibility; 3. making opposition proceedings quicker and setting time limits for decisions; and 4. for making decisions more accessible to users by providing a language translation facility so that decisions are issued in more than one language.	Users feel that there are advantages and disadvantages to using both pre- and post-registration opposition systems.
Filing - three month period to file an opposition (Medium priority)	To what extent does the period of three months to file an opposition still meet the interests of users? <i>The contractor should analyse whether the procedure should be speeded up by shortening this period to two months.</i> (5.2)(9)(d), p. 27		OHIM, ENPTO. Nadine Archer-Patchett, Debbie Brincat, <u>Paola Ruggiero</u> , Bill Ladas, Sandra Paulsson, Sandrine Peters	The opposition period should remain three months.	This period is necessary, allowing the earlier trademark owners time to decide whether or not to react, and to possibly initiate contact with the applicant - in some cases, a limitation or an undertaking might be executed before the three months has passed and therefore there is no more the need to file the opposition.

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Absolute grounds - absence of (or rather overcoming) descriptiveness as regards “simple” colour marks and 3D marks consisting of “simple” shapes of the goods or of their packaging (Low priority)</i></p>		<p>INTA Guidelines for TM Examination</p>	<p>FWKM. Jeremy Pennant, <u>Markus Frick</u>, Jonas Kölle, Ewa Skrzydło-Tefelska, Carolina Montero, Ursula Stelzenmueller.</p>	<p>Members considered whether registration should be made explicitly dependent on acquired distinctiveness. In light of the fact that non-conventional trademarks, such as “simple” color marks and 3D marks consisting of “simple” shapes, are generally not perceived as indicators of source, registration of such marks should be made explicitly dependent on acquired distinctiveness. However, a general rule laid down in the Regulation or Directive is not necessary.</p>	<p>There could be cases – e.g. in certain, very specific markets, where a color or a shape may be inherently distinctive (perhaps due to certain market practices) in which “simple” colors or shapes could be understood as an indication of source. This view would leave it up to the trademark offices and courts to decide in which cases they deem a color or shape not inherently distinctive, although case law usually requests acquired distinctiveness for “simple” colors and shapes.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<i>Absolute grounds - appropriate evidence for proving acquired distinctiveness (Low priority)</i>		INTA Guidelines for TM Examination	FWKM. Jeremy Pennant, <u>Markus Frick</u> , Jonas Kölle, Ewa Skrzydło-Tefelska, Carolina Montero, Ursula Stelzenmueller	The group would welcome a proposed solution of use over a specific period of time as accepted prima facie evidence (similar to the U.S. rule which accepts as prima facie evidence five-year exclusive use), for the CTM and national systems as well.	There are some problems with respect to the proof of "exclusive" use on one hand and the issue of mere use over a specific period of time (providing a monopoly on the term in issue) on the other. Use should be "exclusive"; however, the group would like to have a presumption of exclusive use that the applicant can submit sufficient evidence for "intensive" use, over a (longer than the proposed 5 years) period of time of 10 years. A third party should be able to rebut the presumption of exclusive use in the application process.
<i>Absolute grounds - filing date (Low priority)</i>		INTA Guidelines for TM Examination	FWKM. Jeremy Pennant, <u>Markus Frick</u> , Jonas Kölle, Ewa Skrzydło-Tefelska, Carolina Montero, Ursula Stelzenmueller	Where secondary meaning (acquired distinctiveness) is involved, such distinctiveness acquired between filing date and decision date should be accepted, but with the consequence of a later filing date.	Currently, evidence for acquired distinctiveness must be provided at the filing date (and/or the time before the filing date). The later filing date should be the date by which the applicant is able to prove acquired distinctiveness by sufficient evidence.

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
Comparative Advertising (Infringement and Rights Conferred) (Medium priority)		INTA board resolution on comparative advertising: http://www.inta.org/index.php?option=com_content&task=view&id=217&Itemid=153&getcontent=3	LRC. Alain Lapter, Karin Sandberg, <u>Ugur Aktekin</u> , Henrik Lindström, Morten Petersenn, Ruth Annand, Alice Gould, Dominik Eickemeier	A clear wording of permitted use of a trademark in comparative advertisement should be introduced. Article 5 TMD does not make any reference to the use in comparative advertising. On the other hand, lack of direct reference to the comparative advertising in the TMD and CTMR and lack of provisions setting for the relation with the Comparative Advertising Directive (CAD) affects the practice within some members of the EU, particularly where comparative advertisement is very common.	The exhaustion of rights and fair use doctrines could be applicable in case of comparative advertisements, but this issue is also debatable in case law. The lack of a direct reference to comparative advertisement in the TMD and CTMR could result in some member states not being able to bring an action based on TMD and CTMR but only CAD, where the remedies are weak for trademark proprietors, in comparison with the TMD and CTMR.
Cooling off period (CTM) (Medium priority)			OHIM. <u>Tania Clark</u> , Jane Collins, Stefanie Ziegler, Ewa Skrzydło Tefelska, Anthony Van Luchem	The period of 22 months is too long and should be shorter. One option is to adopt the system as in the UK whereby the cooling off period is for 9 months but can be subsequently extended for a further 9 months. This would result in a period of 18 months – a 4 month reduction, if both cooling off periods are requested.	The reduction in the length of the cooling off period will ensure that the registration of applications is not unduly delayed, since it is common for attorneys or representatives to delay negotiating settlement of the matter until closer to the expiry of the cooling off period.

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<i>Descriptive marks (Low priority)</i>		INTA Guidelines for TM Examination	FWKM. Bénédicte Linden, Jan Willem van Dijk, <u>Dominik Eickemeier</u> , Cameron Olsen, Jonas Kölle, Carin Wiberg, Uğur Aktekin, Paula Sailas, Massimo Gori, Ignacio Temiño	There is a need for further discussion with respect to the scope of protection of composite trademarks containing elements of descriptive character, whereby the descriptive character may be confirmed in parts of the Community and may be denied in other parts of the Community.	To harmonize decisions with such composite trademarks involved, it could be thought of applying the principle of Art. 7 (2) CTMR also in infringement cases in Art. 9 CTMR. Also, it could be thought of introducing in the CTMR a provision which would enable OHIM to request disclaimers whenever composite marks have generic/descriptive components in any EU language. However, there will be further need for discussion if such disclaimer establishes a constraint to disregard such element disclaimed.
<i>Earlier rights in member states - cancellations and laches (Low priority)</i>	Directive, CTMR Article 53		Crina Frisch, Carolina Montero, <u>Eva Szigeti</u> , Jurgen Heumann, Kalina Tchakarova, Anthony Van Luchem	Consideration should be given towards allowing laches as a defense in infringement actions based on a CTM against a later national (registered) mark; however, further analysis is necessary before making any concrete recommendations or proposals.	

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Examination - ex parte examination for earlier rights (Medium priority)</i></p>		<p>INTA's Guidelines for TM Examination</p>	<p>ENPTO, OHIM. Alessandro Mannini, Chris Parry, Manish Joshi, <u>Juergen Heumann</u>, Jane Collins</p>	<p>OHIM's examination process should not be expanded to relative grounds.</p>	<p>With so many marks on the OHIM register for specifications consisting of class headings, a great number of marks would be refused registration despite there being no conflict in practice. Also, it is unlikely that OHIM could cope with such an increased work-load without massive staff increases and massive fee increases.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p><i>Grounds for invalidity, grounds for revocation – time limits (Low priority)</i></p>			OHIM SC.	The absolute ground for invalidity as defined in Article 52 (1) (a) CTMR should not be subject of any time limitation.	When it concerns the cancellation of a CTM which has been registered contrary to the provisions of Article 7, the possibility to file an invalidity action should be available anytime. The only restriction to file such an action is already included in the regulation itself, namely when the trademark has become distinctive in relation to the goods or services for which the registration is requested in consequence of the use which has been made of it (see Article 7 (3) CTMR) or if the trademark, in consequence of the use which has been made of it, has after registration acquired a distinctive character in relation to the goods or services for which it is registered (see Article 52 (2) CTMR)).

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
<p>Right to use name (Medium priority)</p>			<p>LRC. Stefan Völker, Jose Luis Arnaut, Sergiy Grenchuk, Wanda Honwana, <u>Bernadette Walsh</u>, Giulia Bramanti, Michiel Haegens, Silvie Wertwijn</p>	<p>The “right to use name” (RTUN) exception provides that a CTM shall not entitle the proprietor to prohibit a third party from using his own name in the course of trade provided such use is “<i>in accordance with honest practices in industrial or commercial matters</i>”. The Courts have determined that the RTUN defense is available not only to natural persons but also to legal entities. The group’s view is that the courts are correct in determining that the RTUN defense should be available to legal entities.</p>	<p>The group does not consider that there is any justification for restricting the RTUN defense to individuals, nor is there anything in the CTMR to suggest that any distinction is to be drawn between the rights enjoyed by natural persons under the CTMR and those enjoyed by legal entities. To exclude legal entities from availing of the defense provided by Article 12 would serve to create such a distinction, and such exclusion would be unfair and discriminatory.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (leader in bold/underline)	Working Group Recommendations	Rationale
Security interests in CTMs (Low priority)		INTA board resolutions on Trademark Licensing and Security Interests	LRC. <u>Jean-Christophe Troussel</u> , Laura Anderson, Silvie Wertwijn	The group recommends a number of improvements for the CTMR with respect to the regime of transfer of, and security interests on, CTMs (<i>see rationale and annex</i>).	<p>Transfer and unitary character of the CTM: the current approach benefits from simplicity and should stand as it is.</p> <p>Effect of a transfer on pending proceedings: it may be useful to provide certainty on the effect of a transfer of a CTM on pending proceedings; this issue should be further investigated.</p> <p>Transfer and misleading character of a CTM: greater clarity could be provided to explain when a transfer of a CTM may be not be registered under CTMR Article 17(4).</p> <p>Security interests in CTMs: the CTMR should be improved as to facilitate the use of CTMs as a class of assets that is simple, efficient and safe to use to secure lending or other type of asset financed transactions.</p>

Issue	Reference in Study	Established INTA Position or research:	Subcommittee responsible; Working Group Members (<u>leader in bold/underline</u>)	Working Group Recommendations	Rationale
<i>Courts - jurisdiction and enforcement (Low priority)</i>		INTA Board Resolution on judiciaries	EC, LRC. Henrik Lindström, <u>Morten Petersenn</u> , Koen Limperg, Jochen Pagenberg, Catriona Smith, Szamosi Katalin, Ludwig Kouker, Fabrizio Miazetto, Maarten Haak, Christian Lemke	Working group members support the establishment of a specialized IP chamber at the EU level (rather than only a CTM chamber). It has also been suggested by some members that there could be special chambers at the lower courts, rather than focusing only on the last instance. At the Member State level, group members identified some issues related to a lack of harmonization across the CTM courts.	Having such a chamber at EU level could allow for quality enhancement, increased predictability, and time reduction.

COMPILATION OF WORKING GROUP PAPERS

I. Overview of the EU trademark systems

Relationships between OHIM and national offices – how the systems are used

The Commission had asked in its tender how the CTM and national trademark systems are used by stakeholders. Our members narrowed their discussion on this very broad topic to focus on how the parallel systems provide choice for applicants in a variety of ways. Applicants select national or Community Trade Marks on the basis of:

- (1) Cost
- (2) Likelihood of a mark being accepted in the relevant forum
- (3) Whether an applicant is filing defensively or has intention to use
- (4) Whether they have broad coverage already
- (5) Cost of anticipated oppositions
- (6) Other preference of one system over another.

Applicants requiring large/broad/general specifications, or cover for the whole class without an intention to use may select the Community Trade Mark registration system as a preference over national registration in countries where broad specifications or intent to use is an issue.

Use of national systems is preferred when an applicant considers that more detailed knowledge of local circumstances will be relevant or when the requirement for territorial coverage is limited and national applications are more cost effective. It was noted that OHIM applies different standards to national offices in relation to the registrability of a mark on absolute grounds or the way it is graphically represented.

In conclusion, our members appreciate and make use of the opportunity to tailor their trademark strategies according to their business needs, and view this as a very valuable feature of the EU trademark systems.

Future Role and Mission of Offices – Engagement in Anti-counterfeiting/Enforcement Activities

Numerous government agencies, such as ministries of justice and customs, already undertake a wide spectrum of anti-counterfeiting responsibilities and activities. It is possible that both OHIM and EU national offices may be able to contribute to information gathering, public awareness and legal coordination in order to assist the enforcement efforts by these agencies and also the European Observatory on Counterfeiting and Piracy.

We note that trademark offices already play a role in the fight against counterfeiting by continuing to assist customs and local criminal enforcement authorities with the provision of relevant information.

As jointly stated⁸ with our colleagues at AIM, ECTA, BUSINESSEUROPE and MARQUES, further enforcement/anti-counterfeiting activities would require a fundamental change of offices' missions. Therefore, we continue to stress that a thorough analysis must be carried out before any conclusions can be reached.

Crucially, offices should ensure that any anti-counterfeiting activities do not detract from their primary mission of granting trademark rights, and we encourage offices to focus on improving current procedures, enhancing technology, promoting accessibility, and ensuring transparency.

Rights-holders need rapid, efficient and cost-effective registration procedures to protect their rights against infringements. In that respect, offices should focus on their existing roles of dealing with the registration of a trademark and resulting disputes (namely oppositions) as well as invalidity and revocation proceedings.

Some members mentioned that some national offices do not handle procedural litigation such as oppositions and cancellations, and this can lead to great expense for applicants and opponents. Such proceedings were generally thought to be more appropriate to be handled within national offices rather than by the Courts.

Potential for enhanced cooperation between OHIM and national offices

Members feel there are not significant structural ways in which ways national offices can contribute more to the system. As mentioned above, enforcement and anti-counterfeiting does not seem to be an area in which the offices themselves could effectively contribute apart from their existing roles. Instead, greater communication and cooperation (such as the projects envisioned for OHIM's Cooperation Fund) could assist on a practical level.

Improvements are recommended particularly for the areas of conversion, online records, consistency, and central filing and information portals, as discussed briefly below (and elsewhere in this paper).

⁸ Joint Letter regarding the Competitiveness Council Conclusions, 4 May 2010.
<http://www.inta.org/images/stories/downloads/PDA/Letters/councilconclusionstrademarksjoint.pdf>

Need for Trademark offices to become more consistent

Trademark office practices throughout the EU are far from being uniform, considering divergent cultural connotations, different levels of knowledge of foreign languages and other differences between the many countries. The substantive practice of the relevant trademark bodies reflects this.

As later mentioned in this report, it must be acknowledged that each country has its own specificities and that there are different legal traditions. Nevertheless, there is indeed a need for EU trademark offices to become more consistent.

Our discussions focused on inconsistencies with regards to decision practices, formalities requirements, and procedural inconsistencies.

- *Decision practices:* members noted how the same mark filed in different jurisdictions can result in completely different decisions. There should be greater consistency particularly in the application of registrability standards. For instance, inconsistencies in the application of standards for registration and requirements for graphic representation by national offices and OHIM make it difficult for an applicant to judge what will and will not be accepted in a national forum when compared with a CTM.
- *Central Filing and Information Portals:* we support the current proposals for a European platform for filing national, international and Community Trade Mark applications using one single interface (Eurofiling) and a common web portal providing information regarding IP throughout the EU (EuroPortal). This would be a useful tool for the centralised collection of national and OHIM decisions on applications, oppositions and revocations.
- *Consistency of decisions* is an extremely important aspect for smooth functioning of the EU trademark systems. There are inconsistent decision practices between offices. Even small deficiencies in this area can lead to the users of the system becoming frustrated, the costs of using the system to increase (a significant risk when considered in the broad economic sense) and the possibility that potential users could be discouraged. Such divergences in relatively unimportant practicalities of the operation of the system can lead to unnecessary costs to the users, thereby making the system less attractive.

Inconsistent decisions on absolute grounds can be both confusing and frustrating for applicants. However, it is unlikely that a national office would be prepared to be bound by OHIM, and vice versa, and it would be difficult to ensure consistent decisions where each case is different and decided on its own merits. It would nevertheless be useful for there to be some cooperation and scrutiny between OHIM and Member States to coordinate examination guidelines and to try to ensure consistency of approach to particular types of marks, the assessment of

evidence of use to overcome absolute grounds objections, and genuine use of a mark for non-use purposes.

It has been also been shown by the case law of the ECJ that particular bodies are in no way bound by earlier decisions of a registrar or court in a different country, thus the consistency should be perceived rather as consistency of the analytical approach and reasoning than consistency perceived as requirement for the same outcome each time the same mark is filed in several jurisdictions.

- *Conversion:* Member States should apply consistent rules, criteria and procedure to the conversion of CTMs.
- *Classification:* some national registries are already co-operating with OHIM under the terms of the EuroClass project to provide a common online classification tool showing the approved lists of goods and services used by national offices, hopefully leading to consistency in classification within the EU. It would be beneficial if all EU countries were included as soon as possible and examiners were to follow the guidance provided by that tool. It would also be useful for the national registries to consult with OHIM with a view to obtaining EU-wide consistency in relation to the effect of the use of class headings (namely regarding whether these are permitted as specifications and whether they cover all goods or services within the relevant class).
- *Formalities:* e.g. Power of Attorney (notarization requirements; whether original or copy sufficient, need for further documents to show that PoA has been signed in accordance with the rules of representation of the legal entity, etc.)
- *Procedural inconsistencies* including the following areas:
 - Evidence of use - affidavit (by whom?), documents, specified trading evidence, level of specificity of the evidence required to maintain registration;
 - Use requirement as defense against relative grounds objection/opposition/invalidity action: some countries (e.g. Spain, Poland) have a procedural problem with the evaluation of an earlier opposed right within the same proceedings as the one where the trademark is opposed. Needing to start separate proceedings invokes problems with the interplay between the two, stay of proceedings, competence to hear, etc.;
 - Unusual requirements for standing in a revocation action: necessity to show legal interest (i.e. showing that your rights and obligations resulting from substantive law are affected by the existence of the mark) required to have standing (for example, as in Poland);

- Specification of goods and services and level of detail required: some countries follow the OHIM in allowing class headings while some require further specialization⁹; the need to adapt the level of specification to various countries seems to unduly increase the costs of running a multi-jurisdiction registration. Differences in interpretation of the meaning of the class heading can cause difficulties in infringement matters and in dealing with contentious matters such as invalidity applications or oppositions.
- Online records: There are differing levels of detail in records depending upon the office. At some national offices, the online records of CTMs show the basic details but are not as comprehensive as the national mark records or the CTM records at OHIM. To allow for one stop online searching, it would be useful if the current full details of CTMs could be disclosed as well by the national offices' online records (including seniority claims) and if searches on proprietary names also included CTMs. However, to some extent the need for this may be negated in light of OHIM's TMView online interface, which aims to create a common search engine tool and allows users to search the online registers of a number of the national offices, as well as OHIM. Ideally, offices whose records cannot be currently searched via this portal would make their records available swiftly.

Ways to achieve more transparency and consistency

Members outlined some possible tools that could be used to obtain greater consistency, including legislative changes, best practices/model guidelines (such as those published by OHIM), increased transparency (i.e. making more information available to the general public) and increasing informational values of case law (making available the reasons for decisions and possibly even earlier actions).

However, our members did not come to a consensus as to which tool(s) would be best, though the general agreement is that best practices/model guidelines would be effective. Members noted that OHIM publishes quite comprehensive guidelines, which are available online. However, just a few national trademark offices have such published guidelines (for example Germany, the Benelux countries, the UK, Denmark and Bulgaria). Many other countries in the EU have no such guidelines. In some countries, there are published recommendations for examiners, but they concern only specific issues and lack the comprehensive character of OHIM's guidelines.

Furthermore, greater communication and cooperation on a practical level could assist, particularly in regards to conversion, online records, classification, consistency, central filing and information portals.

⁹ Also discussed in Section II.

Achievement of the TMD in harmonizing the EU trademark systems

The Commission solicited in its tender views as to what extent the TMD has achieved the objective of creating a Single Market by removing barriers to free movement and competition.

Our members' view is that the TMD and Enforcement Directive have harmonized the basic principles of the EU trademark law to a large extent. This should be viewed as a success, considering that the intention of the Directive was not to achieve a total harmonization, but rather, an approximation. The TMD does not cover all trademark areas and only contains options for the Member States to decide whether or not finally harmonize. The Enforcement Directive only mentions a minimum standard from which national laws can deviate to favour a trademark owner.

By nature, the parallel existence of the CTM and national systems will inevitably lead to discrepancies and differences that the TMD will not be able to solve, for instance, language and cultural differences which can lead to marks being deemed similar by some offices, but not others.

However, further work could be done in order to improve such approximation of the law and practice for enforcement and also, harmonization of interpretation of the existing law covered by the Directive. For instance:

- ECJ decisions do not always bring enough or consistent light to discrepancies and questions raised before it. Considerable delays in judgments can also be considered a disincentive.
- Different national laws and practice (i.e passing off, unfair competition) can force applicants to treat each Member State differently in determining where to clear and enforce trademark rights.
- Costs involved in enforcing trademark rights substantially vary between Member States and can act as a significant deterrent to a Single Market.
- Legal concepts can be ambiguous or not sufficiently defined: the majority of concepts used by the Directive and the national laws are legal concepts without a unanimous or at least a homogeneous definition, therefore requiring interpretation (similarity, likelihood of confusion, reputation, acquired distinctiveness, etc).

II. Need for further legislative harmonization

The working group discussed at great length the need for further legislative harmonization within and beyond the current scope of the TMD.

We focused our recommendations on 7 areas, which are discussed in detail below.

1. Special absolute grounds for refusal or invalidity (Article 3 TMD), grounds for refusal or invalidity concerning conflicts with earlier rights (Article 4 TMD)
2. Remedies
3. Procedural issues: process of examination, oppositions and cancellation proceedings
4. Protection of unregistered trademark rights
5. Assignment of trademarks, license agreements
6. Use of class headings and the consequences this has for examination and resolution of conflicts between trademarks
7. Company/trade names

Special absolute grounds for refusal or invalidity (Article 3 TMD), grounds for refusal or invalidity concerning conflicts with earlier rights (Article 4 TMD)

The first Council directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States related to trademarks (the TMD) required Member States to harmonize their trademark laws in various areas, including those in relation to absolute and relative grounds for refusal of registration or for invalidity of a registered trademark.

Certain aspects of the Harmonization Directive in relation to absolute or relative grounds were mandatory for every Member State of the European Union but others were optional and each member was permitted to decide whether or not to incorporate that aspect into their own law.

The mandatory aspects of the absolute grounds for refusal or invalidity are comprised within Article 3 Sections (1) and (3) of the Harmonization Directive. In addition to the mandatory requirements, Member States were allowed to provide that a trademark may be refused (or if already registered, declared invalid) in circumstances where the following apply:

- 1) the use of that trademark may be prohibited pursuant to the provisions of law, other than trademark law, of the Member State concerned or of the Community;
- 2) the trademark covers a sign of high symbolic value, in particular a religious symbol;
- 3) the trademark includes badges, emblems and escutcheons other than those covered by Article 6 of the Paris Convention and which are of public interest, unless the consent of the appropriate authorities to its registration has been given in conformity with the legislation of the Member States;

- 4) The application for registration of the trademark was made in bad faith by the applicant.

Member States were also permitted to provide for the provisions of the directive to be applied to pending applications prior to the date on which the directive entered into force.

With regard to relative grounds for refusal, the mandatory provisions are embodied in Article 4(1), (2) and (3). The non-mandatory provisions of Article 4(4), (5) and (6) allow a Member State to refuse registration or, if a mark is registered to declare a registration invalid, where the new mark was identical with, or similar to, an earlier national mark with a reputation and is to be registered or has been registered in relation to dissimilar goods to those for which the earlier mark is registered, where use of the later mark would take unfair advantage of or be detrimental, to the distinctive character or repute of the earlier trademark.

Furthermore, a Member State may provide that earlier unregistered marks could form a basis for which a later application could be refused, or a registration invalidated, if priority through use had been established, and where the unregistered trademark or other sign conferred on the proprietor the right to prohibit the use of a subsequent trademark. Further optional areas concerned a provision that a trademark could be refused because of another earlier right, including the right to a name, right of personal portrayal, copyright, or an alternative industrial property right.

A Member State could opt to allow a mark to be refused, or if registered, to be declared invalid, if identical or similar to an earlier certification or collective mark which had expired within 3 years. Finally, a Member State could provide that a trademark could be refused if liable to be confused with a mark in use abroad on the filing date of the application provided that, at the date of the application, the applicant was acting in bad faith. Each Member State was entitled to allow marks which would otherwise be refused to be accepted if the proprietor gave consent and, as with absolute grounds, each Member State was free to allow grounds of refusal which were mandatory under the directive to apply or not to marks pending at the point at which the new law came into force.

INTA's discussion focused on whether there should be further legislative harmonization to bring the laws of Member State in this area into harmony – i.e. to make any or all of the non-mandatory aspects of the directive mandatory. It was noted that a number of countries have implemented some or many of the optional provisions of the directives.

For instance, in the UK, many optional provisions are incorporated in law, but others are missing. For example, there is no specific reference in the UK Trademarks Act to prohibition of registration of a trademark liable to be confused with a mark which is in use abroad on the filing date of the application. Trademarks are not barred from registration on the basis of a right of personal portrayal or because they are a high value

symbol. Some of the non-mandatory provisions are covered by other aspects of UK law to some extent.

The non-mandatory requirement to give protection to marks with a reputation where use would take unfair advantage of or, be detrimental to the distinctive character or repute of the earlier trademark, seems to be something which should be provided for in all national legislation.

A further helpful EU-wide provision would be the prohibition of registration of marks which infringe copyright or an industrial property right.

Remedies

The TMD did not include provisions regarding remedies in case of trademark infringements, but the Enforcement Directive 2004/48/EEC brought substantial progress in this regard. It established the necessary transposition to the legislations of the Member States, basically of remedies relative to:

- (i) Evidence
- (ii) Measures for preserving evidence
- (iii) Right of information
- (iv) Provisional and precautionary measures
- (v) Measures resulting from a decision on the merits of the case
- (vi) Corrective measures
- (vii) Injunctions
- (viii) Alternative measures
- (ix) Damages and legal costs
- (x) Publicity measures.

The TMD left open the possibility for the Member States to introduce other measures related to the proposed remedies, either because it is expressly stated by law, or due to the hodgepodge included in Article 16 of the Directive, whereby Member States are allowed to “apply other penalties suitable for cases in which an intellectual (or industrial) property right has been infringed”.

Regarding evidence (Art. 6), the TMD does not provide a single definition that the evidence has to be considered “reasonable evidence” and leaves this question to the discretion of the Member States. This absence of a single definition might give rise to different criterion, and consequently, to inequalities.

As for the measures for preserving evidence (Art. 7), the possibility of taking measures to protect the identity of the witnesses is left at the discretion of the Member States. (However, it was not felt that a greater harmonization is necessary in this case, as the national legislations already establish general measures in that respect (including those

relative to the protection of personal data, the right to privacy, the right to one's own image, etc.)

Regarding the alternative measures (Art. 12) arising from a decision on the merits, the TMD allows the Member States to agree on a substitution of the measures (Art. 10 and 11) for the payment of a sum of money ("monetary compensation"). For example, in Spain, this possibility is provided for under a general rule.

Regarding the publication of the legal decisions (Art. 15), it was set out that the Member States could establish additional measures for publication. Thus, for instance, under Spanish law, apart from ordering the publication of the sentence, it is possible to order the infringer to publish press communications in a particular sense.

As for the measures to establish the damages caused, it can be deduced from the TMD that of the points mentioned, two are described as of obligatory transposition -"negative economic consequences" (Art. 13.1.a) and the point on the hypothetical royalties (Art. 13.1.b), whereas the point on the profit obtained by the infringer could be considered optional (Art.13.2).

For instance, Spanish trademark law contains three different criteria to calculate compensations (Art. 43.2):

- (i) On the one hand, the negative economic consequences, including both the benefits that the plaintiff would have obtained if the infringement had not taken place, and the benefits that the infringer would have obtained as a consequence of the infringement (moral damages and expenses can also be claimed);
- (ii) On the other hand, a quantity equal to a hypothetical license;
- (iii) Finally, the Spanish law established a residual and minimum criterion, which consists of the payment of 1%¹⁰ of the revenues obtained by the infringer from the products or services illicitly distinguished.

Differences among various national legislations may create considerable problems, in particular when bringing an action for a CTM infringement in all/most of the territories. Therefore, in requesting remedies across the EU, the CTMR establishes that regarding sanctions (including compensation), must be requested on the basis of national legislations. Different remedies must be claimed in each country on the basis of their own legislation, and furthermore, requires foreign law evidence to be submitted with a complaint (which clearly complicates the proceeding and increases costs).

While the Enforcement Directive has led to substantial harmonization within the field of remedies in case of trademark infringement throughout Europe, further harmonization should be made in order to make the infringement proceedings easier when trying to obtain remedies in different countries at the same time. Otherwise, a potential plaintiff, after considering the great effort, would simply reject the possibility of requesting some

¹⁰ Regarding this 1% criteria, Spanish law establishes the possibility of the plaintiff claiming a higher percentage if he is able to prove that the infringement causes him higher damages

of those remedies, or simply limit them to a few countries, due to current difficulties on the lack of harmonization.

Procedural issues: process of examination, oppositions and cancellation proceedings

The preamble of the TMD expressly stipulates that it does not appear to be necessary to undertake full-scale approximation of the trademark laws of the Member States and it will be sufficient if approximation is limited to the national provisions of law which most directly affect the functioning of the Internal Market. Therefore, as regards procedural issues, the Directive stipulates in paragraph 6 that Member States should remain free to fix the provisions of procedure concerning the registration, revocation and invalidity of trademarks acquired by registration.

Member States are thus free to determine the form of trademark registration and invalidity procedures, decide whether earlier rights should be invoked either in the registration procedure or in the invalidity procedure (or in both) and also if they allow earlier rights to be invoked in the registration procedure, have an opposition procedure or an ex officio examination procedure (or both).

With the acquisition and maintenance of rights in registered trademarks being substantively harmonized, the main goal of the Directive is thus duly safeguarded, i.e. to avoid obstacles to the free movement of goods and freedom to provide services.

The degree of freedom granted by the Directive to the Member States allows the coexistence of different procedural systems in the several countries. These differences concern the process of examination and opposition and cancellation proceedings.

In the case of examinations, some laws stipulate that the examination at the national offices is only to be carried out in respect of the absolute grounds for refusal. Other laws lay down that ex officio examination must be carried out as regards not only the absolute grounds for refusal, but also the relative grounds for refusal.

With regard to opposition proceedings, there are also relevant differences between the laws of the Member States. These dissimilarities concern the different terms for the filing of oppositions and mainly the options of the States to stipulate whether oppositions are to be filed before or after the registration of the trademark. In procedural terms, there are also differences between the various opposition systems, for some laws provide for the possibility of requesting the submission of proof of use of the trademarks invoked as grounds for the opposition, while this mechanism is not stipulated in other Member States' laws.

Finally, there are relevant differences also as regards cancellation proceedings, mainly the option in respect of the bodies which are appropriate for assessing such proceedings. Some laws stipulate that the body competent for assessing cancellation

actions is the national office, whereas in other laws this competence is directly attributed to the courts.

There are clearly considerable differences between the procedural systems of the Member States. While in some aspects, a greater approximation between the various laws would be advantageous in relation to examination, opposition and cancellation proceedings, the spirit of the Directive should be maintained as regards not undertaking a full-scale approximation of the laws. In fact, it must be taken into account that each country has its own specificities and that there are different legal traditions and realities which would not be easily coordinated with a full harmonization of all procedural aspects.

The aspects which could be more easily harmonized are those relating to the ex officio examination by the national Offices, thus unifying the criteria for this examination. In accordance with the practice followed by many Offices (and also in respect of the Community Trade Mark), the examination should be limited to the absolute grounds for refusal.

In the case of oppositions, it would be justifiable to undertake an approximation, namely for the purpose of generalizing the stipulations concerning the submission of proof of use of the trademarks invoked in oppositions.

Still, it is doubtful whether harmonization in that field would be possible under Article 114 of the Treaty on the Functioning of the European Union. This provision allows measures for the approximation of the laws of the Member States, which have as their object the establishment and functioning of the Internal Market. If the requirements of this provision are not met, harmonization in the field of procedures could only be achieved in the framework of an independent agreement of all EU Member States.

Protection of unregistered trademark rights

Article 4.4 of the Trademark Directive states, “Any Member State may, in addition, provide that a trademark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a) *omissis*

(b) rights to a non-registered trademark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trademark, or the date of the priority claimed for the application for registration of the subsequent trademark, and that nonregistered trademark or other sign confers on its proprietor the right to prohibit the use of a subsequent trademark”.

Therefore, the possibility of opposing/acting against a subsequent mark on the basis of non-registered marks has been left to the discretion of each Member State.

Many EU countries recognize non-registered marks, however in the great majority of countries the extent of use and consumer recognition required for these marks to be protected coincide with those requested for marks to qualify as well-known (in the sense of Article 6bis of the Paris Convention).

Very few countries, on the other hand, protect non-registered marks having a lower extent of use and consumer recognition, such as Italy, Denmark, Ireland and the United Kingdom.

In particular, In Italy rights on non-registered trademarks arise only if

- a) the use is not merely local, and
- b) there is knowledge of the mark among the consumers, which does not need to be attained with the mark's use in commerce, but can be sufficiently achieved by other means, such as advertising campaigns made even prior to the use of said mark.

Moreover, such marks enjoy protection only under Italian unfair competition law and not under Italy's Industrial Property Code.

Under these circumstances, it would be desirable that at least the legislations of the various Member States which do afford protection to non-registered marks be harmonized, so as to achieve an even system with similar tools of protection upon which trademark owners can rely.

License agreements

Article 8 of the Trade Mark Directive deals with questions related to licensing. It reads as follows:

- “1. *A trademark may be licensed for some or all of the goods or services for which it is registered and for the whole or part of the Member State concerned. A license may be exclusive or non-exclusive.*
2. *The proprietor of the trademark may invoke the rights by that trademark against a licensee who contravenes any provision in his licensing contract with regard to its duration, the form covered by the registration in which the trademark may be used, the scope of the goods or services for which the license is granted, the territory in which the trademark may be affixed, or the quality of the goods manufactured or of the services provided by the licensee.”*

Thus, important principles have been harmonized. However, the following questions have not been addressed and have been left to the discretion of the Member States:

- 1) Does a license agreement need to be in writing in order to be valid? For example, in the United Kingdom a license agreement must be in writing; under German law, an oral or even a tacit license agreement would also be valid.
- 2) Does a license agreement need to be registered? What are the consequences, if no registration has taken place? Under the trademark laws of Italy and Spain, license agreements need to be recorded in the trademark register. In Germany it is not possible to have a license recorded.
- 3) Is the licensee entitled to take legal action against trademark infringements? Some countries, such as the UK and Sweden, have legal provisions according to which the holder of an exclusive license is entitled to take legal action in case of trademark infringement. Under the German Trademark Act the licensee is not entitled to take legal action without the express consent of the trademark owner.

INTA's position on trademark license recording requirements (established in a 1995 Board Resolution¹¹) states that mandatory trademark license recording requirements should be eliminated, since such requirements are burdensome to trademark owners and create difficulties in enforcement and maintenance of trademark rights. The Board Resolution outlines main reasons on how mandatory recording requirements can be served by other, less disadvantageous means.

During the working group's discussion, some members mentioned that the laws of some countries (such as France) have such mandatory requirements, and members felt they should remain free to keep them but make sure that their laws comply with Article 17 to Article 19 of the Singapore Treaty.

Assignment of trademarks

The Trademark Directive does not contain any provisions regarding the transfer of trademark rights. The following questions could be harmonized:

- 1) Does an assignment agreement need to be in writing in order to be valid?
- 2) Is it necessary to have a trademark assignment recorded with the national trademark register? What are the consequences in case the recordal has not taken place?

Under Article 17(6) CTMR, the successor in title may not invoke the rights arising from the registration of the Community Trade Mark as long as the transfer has not been entered in the register. For example under the German Trademark Act, the successor in title could enforce its trademark rights before the civil courts (but

¹¹ INTA Board Resolution on the Elimination of Mandatory Trademark License Recording Requirements, 28 March 1995. http://www.inta.org/index.php?option=com_content&task=view&id=236&Itemid=153&getcontent=3

not before the Patent and Trademark Office or the Federal Patent Court), if he can prove the assignment irrespective of whether the assignment has been recorded or a request for recordal has been filed.

For trademark owners, it is also desirable that questions relating to the assignment of trademarks will be harmonized. It is our view that both trademark owners and third parties would benefit from transparency and up-to-date trademark registers. We therefore suggest that the TMD is amended to the effect that national laws should include a provision comparable to Art. 17 (6) CTMR, ensuring that a successor in title may not invoke the trademark rights as long as the transfer has not been entered into the register or at least a request for recordal has been filed.

Use of class headings

The International Classification for goods and services comprises 34 classes for goods and 11 for services, each one composed of a summary description of its content, commonly known as a “class heading” (i.e.: “*Clothing, footwear, headgear*” for Class 25). Currently, the use of class headings to list the goods and services in a new trademark application poses some questions about whether this description covers all the goods and services in the respective class or whether the description is limited to the only goods and services literally claimed by the class heading. The issue is to harmonize and determine which of these possibilities is right, provided that each national office takes a different one.

The TMD provides no answer about this problem. In response, the President of OHIM issued Communication 4/03 of 16 June 2003, in which he explained the Office’s practice on this matter. For OHIM, “*it constitutes a proper specification of goods and services in a CTM application if the general indications or the whole class headings provided for in the Nice Classification are used*”. In this way, the use of a class heading in the application means that the applicant intends to claim all the goods and services in such a class¹².

As regards national offices, each Member State has a different point of view. Thus, in Spain, even if there is no official communication on this matter, the Spanish PTO’s practice is similar to OHIM’s.

This inconsistency of EU legislation leads to some practical problems concerning applications. Firstly, concerning trademark protection, the applicant cannot be certain as to what goods and services will be covered by his trademark if he chooses the class heading wording, because it will depend on the respective office’s interpretation. Secondly, concerning the proof of use in an eventual opposition, the defendant would not be certain what kind of use he should prove – and for which goods and services – whether the entire class or just the goods and services specifically listed in the registration.

¹² INTA’s members’ views on class headings at the EU/CTM level are further discussed on pg. 59

Finally, there are repercussions for the framework of an infringement, revocation or invalidity action. If one considers, for instance, OHIM's perspective, two trademarks could be deemed identical and not similar even if one refers to goods not literally covered by the class heading chosen by the other one. In such a case, the defendant would not have the possibility of proving the absence of likelihood of confusion. In view of this, it would be advisable to reach a common interpretation on this matter, though it is yet to be determined whether this would best be addressed in the TMD or by other means.

Trade/Company Names and Business Identifiers

The TMD does not address the protection of company names and possible conflicts with trademarks. Like unregistered trademark rights, rights as to a company name may be established by simple use in the course of trade. The legal situation as to how such rights are established and what are the consequences in case of a conflict with a subsequent trademark varies from country to country. Since trade/company names may have an important impact in case of a trademark conflict, it is from the trademark owners' point of view desirable that the protection of company names and the rules that apply in case of a conflict with a trademark should be harmonized.

As for the level of protection itself, INTA's 2009 Board Resolution on Trademark Rights & Business Identifiers¹³ acknowledged that there have been several attempts over the years to address conflicts between trademarks and the concept of "business identifiers." (This concept, which is broader than "trade names," was defined in WIPO's 1998 Joint Recommendation on Provisions Concerning the Protection of Well-Known Marks as, '*any sign used to identify a business of a natural person, a legal person, an organization or an association*').)

INTA's Board Resolution outlines issues and loopholes that allow for the infringement and/or dilution of their marks by holders of business identifiers, pertaining to (1) business identifier carve outs; (2) registration and use of business identifiers identical to trademarks for purposes of supporting counterfeiting, piracy, and/or for which there is no valid or legitimate use; and (3) business identifier registries that have no jurisdiction and are not empowered with the ability to change or cancel an infringing trade name, even in the face of a valid court order.

In 2006 INTA had intervened in the landmark case *Céline SARL v Céline SA*, Case C-17/06, in which the Cour d'Appel de Nancy referred to the European Court of Justice (ECJ) the following question:

Must Article 5(1) of Directive 89/104/EEC be interpreted as meaning that the adoption, by a third party without authorisation, of a registered word mark, as a company name, business name or style in connection with the marketing of

¹³ http://www.inta.org/index.php?option=com_content&task=view&id=2019&Itemid=153&getcontent=3

identical goods, amounts to use of that mark in the course of trade, which the proprietor is entitled to stop by reason of his exclusive rights?

INTA recommended that the ECJ answer the question in the affirmative, because use as a company or trading name may constitute use in the course of trade and thus is capable of being an infringing use within the meaning of Article 5(1) of the Trademark Directive. In light of the ECJ's decision that the adoption of a shop sign is to designate a business and is not necessarily use if not affixed to the goods and services it sells, as well as other issues identified by INTA members, many jurisdictions do not have adequate laws to address conflicts between trademarks and business identifiers.

III. Legal issues

Territorial Requirements for Genuine Use

Throughout the course of this study, one of the most heavily discussed issues within INTA and with other organizations has been on territorial requirements for genuine use of a CTM, and whether the interpretation of Article 15 of the CTMR is still appropriate in light of the enlarged EU, now consisting of 27 Member States. After much consideration, INTA continues to support the view that so long as use is 'genuine', it should suffice to defeat a claim for revocation on grounds of non-use, even (in the case of a CTM) if the use has been confined to a single Member State.

This discussion has attained an even higher profile because of a decision of the Benelux Office for Intellectual Property ('BOIP'), in *Hagelkruis Beheer B.V v Leno Merken B.V.*, in which it was held that the use of a CTM in a single Member State of the EU is insufficient to constitute 'genuine use in the Community'. Other national offices, including the Hungarian Office, are understood to have supported the decision of BOIP, but elsewhere the decision has been widely criticized.

As regards the current state of the law, the history of the CTM suggests very strongly, indeed perhaps decisively, that the intention behind the relevant provisions of the CTMR was that any use of a trademark, so long as it is in the Community, and is 'genuine' (as to which see the ruling of the ECJ in the *La Mer* case (Case C-259/02 [2004] ETMR 47, 640), should be treated as satisfying the user requirements. The *La Mer* ruling, it may be said, has settled the position in so far as it concerns the user requirements for national registrations.

Although the matter has yet to be the subject of a ruling from the ECJ, INTA's discussion proceeded on the basis that under the existing law, 'genuine' use of a CTM in any part of the Community and even in a single Member State (or part of a Member State) meets the requirements of the CTMR, as stated in the Joint Statement of the Council of 20 December 1993.

The second part of the discussion is whether this interpretation of the law is still "appropriate" in view of a Community market now comprising 27 Member States. As to the appropriateness or otherwise of the law, at the center of the question is the issue of 'cluttering' of the register. It has been argued that to allow CTMs to be retained (after 5 years) where use has been confined, say, to a single Member State, and to allow CTMs to remain unchallengeable on non-user grounds, for as long as 5 years, leads to the existence of too many registrations, and thus more conflicts that arise between them. (Both are addressed by OHIM in its January 2010 contribution to MPI, in Section IV - 'Genuine use': Part 2 addresses the territoriality question and Part 3 deals with "cluttering".)

On the question of cluttering, OHIM does not seem to consider this to be a problem, pointing out that there is little hard evidence to justify the fears that have been expressed. Likewise, for INTA, “cluttering” was not deemed to be a significant problem.

In conclusion, our recommendation is that the territorial aspects of the ‘genuine use’ requirement should not be changed. We see no reason for questioning either the correctness or the continued appropriateness of the *La Mer* ruling. In the case of the CTM, the unitary nature of the right and the need to avoid discrimination against small and medium sized businesses are just as relevant and valid today as they were when the CTM Regulation was framed and adopted.

CTM Grace period

The Commission had asked to what extent the 5 years grace period has proved to be efficient and effective in reducing the total number of trademarks protected in the Community (and consequently, the number of conflicts which arise between them) and also whether there would be any support for shortening the present period to 3 years.

Within the group, there was no support for a shorter grace period. There appears to be no sufficient ground for departing from the current period of 5 years and furthermore, it was observed that 3 years is a rather short time in business. While the issue of the cluttering of the register had been raised, it was not deemed to be a problem for our members (similar to our discussion on territorial requirements for genuine use).

Acquired distinctiveness - territory of acquired distinctiveness

The tender has inquired whether there is a need for clarifying the territorial scope in respect of which acquired distinctiveness must be shown. Our group’s conclusion is that it is not necessary to amend the CTMR and the Directive. However, it would be helpful if OHIM provided guidelines addressing the territory where acquired distinctiveness has to be proven.

There is a need in practice for such guidelines, for two reasons:

- (1) It will be easier for both trademark owners and trademark professionals to decide what to do and to assess where acquired distinctiveness will have to be proven, and
- (2) It will enable trademark owners and professionals to apply sooner for conversion of CTM’s and CTM applications under Articles 108 et seq. CTMR.

The guidelines would preferably pay attention to a number of aspects, including language aspects (official languages, language barriers, and proficiency), secondary meaning and the nature of the goods and services.

Classification

Another issue raised was whether OHIM's practice of encouraging list of goods and services corresponding to the headings of the Nice classification system meets the business needs of applicants, with a view to the objective of avoiding unnecessarily broad specifications of goods and services.

OHIM's Communication of the President No. 4/03 clarifies that the use of a single general indication found in the class heading will embrace all of the individual goods or services falling under that general indication and properly classified in the same class. For example, the use of the general indication "*Pharmaceutical and veterinary preparations*" in class 5 will include all pharmaceutical preparations regardless of their composition or indication. As a consequence of this, the use of all the general indications listed in the class heading of a particular class constitutes a claim to all the goods or services falling within this particular class.

INTA generally encourages further harmonization in regards to class headings. We explained in our January response that in principle we discourage the use of the phrase "all goods in the class" as a permitted definition of goods and services in applications, because it creates ambiguity, and we recommend that the specific goods or services be defined in applications.

However, no consensus was reached on this particular question, as our members have expressed distinct positions on OHIM's practice in discussing the pros and cons of OHIM's approach.

Some feel that the use of full classification headings should be stopped since applicants tend to claim beyond the limits of legitimate protection for their marks and this practice, currently accepted by the OHIM, can lead to higher expenses and uncertainty. Others see obvious advantages in obtaining a broad scope of protection, and using a class heading shortens and simplifies the application process.

It seems that the possibility of specifying entire classes of goods/services by their headings can lead to abuse. Not only will an applicant seek protection for an entire class when its realistic requirement is only for a small part of the class, but it may also apply for other entire classes on the same principle - that they might be useful in the future - thus introducing undesirable effects on the integrity of the CTM system as a whole.

On the other hand, it also appears that applications claiming class headings are not subject to more opposition/cancellation actions than applications claiming only a very specific and narrow scope of protection. From the applicants' point of view, it seems that broad claims and class headings do not entail higher expenses, at least upon filing.

Further supporting broader claims, it was observed that in countries where the local trademark offices do not accept class headings as a claim to all goods or services that

may be classified into that specific class, applicants often claim the whole listing of goods/services from the WIPO publications. Obviously a similar practice would cause even more uncertainty and expenses to determine the actual goods or services of interest for the applicant.

In addition, it was pointed out that the CTM system, in contrast, for instance, to the US system, is not an intent-to-use system. Thus, an applicant has in principle the choice and the right to claim all goods and services in an application. It is only if and when the trademark is challenged, (in an opposition, cancellation action, or revocation action) that the owner may have to limit the description of goods/services.

One suggestion was to adopt a “technical” approach and, for instance, verify with the OHIM the number of oppositions settled by way of a limitation of the goods/services specification for further insight on this matter.

Graphic representation requirements

INTA discussed current graphic representation requirements particularly in regard to non-traditional marks, and whether alternative requirements could be established.

In our January submission, we had recommended that trademark offices not require that a mark must 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.

Our subsequent discussions have focused on what acceptable representation requirements could be for sound, motion, color and smell marks, and we came to the following recommendations:

Sound marks

- i) A sound file,
- ii) Musical notation in written form, or
- iii) Both a sound file and written musical notation.

Having a graphical representation of a sound that does not lend itself to musical notation (such as the sound of a baby crying) is unnecessary. The mark is the sound and the key to understanding such a mark is hearing it, not seeing it.

Motion marks

In a similar vein, an acceptable graphical representation of a motion mark (such as an Internet icon, a gesture or a key part of an advert) could be

- i) An mpeg file, a movie file or similar,

- ii) A series of pictures illustrating the movement, together with a written description of the mark (see, for example, CTM 5952999 and UK 2235348),
- iii) A combination of (i) and (ii).

Color marks

A proper graphical representation of a color mark should always include a color code (or codes) or similar, easily accessible definition, identifying the precise nature of the color or colors claimed. (Such a requirement should only apply to color per se marks not to, for example, get-up marks in which color is only one aspect of the mark.)

Smell marks

INTA continues to encourage the acceptance of smell marks. We agreed that, for some smell marks (though not all) a simple written description of the mark, such as "the smell of cinnamon" should be adequate. (See UK case 2000169 - <http://www.ipo.gov.uk/tm/t-decisionmaking/t-challenge/t-challenge-decision-results/o02401.pdf>)

Rights conferred – sanctions

The Commission asked whether the definition of rights conferred upon proprietors in case of infringements still satisfies current need. Our members' view is that it does indeed still satisfy current need, in general. One exception is transit goods, including goods coming from outside the EU (in practice, some states are certainly less affected than others) and also the case of goods in transit where the transit of goods coming from a known-EU country and destined for a non-EU country.

Other members (particularly those involved in litigation) discussed that there seems to be insufficient use by stakeholders of the opportunity offered by CTMs for pan-European relief in infringement matters. Even when CTMs are enforced, they are treated as national rights, and pan-European relief is either not requested or not understood by the court and therefore not properly applied.

The Commission's tender also asked whether there is a need to align the customs seizure sanctions with the civil sanctions, in particular in case of import, export, and transit transactions. Our members felt that merely transiting does not fall afoul of the civil trademark laws. Under the Counterfeit Goods Regulation, one must satisfy that the goods will be exchanged in commerce in order to be seized. If they are not exchanged in commerce, then "in transit" is deemed as merely *passing through*. While *passing through* may cause no impact, they would still be seen as liable if they were counterfeit – under the Customs Regulation. Thus, the two tests are important.

Members support that Article 9 should remain broad for private disputes, whereas the Customs Regulations are narrower (and should be narrower) and can interfere where counterfeit and pirated goods are involved.

Finally, it was asked whether the CTMR should 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. Our members interpreted the question as asking whether sanctions in the CTMR and those in Directive 2004/48/EC should be aligned. According to this understanding, the group concluded that it would make sense to align the two; however, this should be done very carefully – particularly in determining to which standard(s) the sanctions should be aligned. There is a current challenge in that the implementation of the Directive 2004/48/EC is implemented differently in the Member States. Furthermore, sanctions in national laws across Member States are also not consistent. It was also noted that the Enforcement Directive has not been fully implemented in all countries, and is implemented differently throughout Member States.

Well-known marks and marks with reputation

INTA discussed the Commission's question of whether there is a need for clarifying the difference between or the common features of well-known trademarks and those with reputation. The dominant view of INTA's Famous and Well-Known Marks subcommittee for the EU is that business is far too fluid to do so; therefore such matters must be left to the courts to deal with on a case by case basis.

It was suggested that perhaps further specifications, standards, rates, etc. might be welcome, perhaps in the form of guidelines, but the subcommittee insisted that no further modifications are needed in national laws.

IV. Office Practices - OHIM

Costs

The Commission had asked whether the current regime on CTM costs was effective and efficient. In our view, there seems to be no substantial need to change the current regime on costs, though it was suggested that the claimable amounts constituted by the representation costs in opposition, revocation, cancellation and appeal proceedings could be raised.

E-business tools

The tender inquired whether users are satisfied with the e-Business tools offered by the OHIM and also whether they would be in favor of OHIM performing the registration and administration of CTMs exclusively by electronic means in future.

There is general satisfaction with OHIM's e-Business tools, and members strongly support the use of these tools which allow for much simpler application filing and renewals. In turn, the use e-business by CTM users should be encouraged by OHIM with the incentive of reducing application costs and especially renewal fees. However, there is still room for further developing and implementing these tools by OHIM.

Members did report several issues with MYPAGE in particular:

- Downloading official communications: members reported problems with handing official communications using the MYPAGE function and changes that are being made in the presentation of correspondence. Changes in the operation of this function can cause difficulties, specifically the procedure for downloading the Adobe file containing the official communication which has changed. Any changes to the MYPAGE function should be notified in advance.
- Sending priority documents by fax (*i.e. when the documents are not at hand at the moment of filing and need to be sent on after the initial filing of the application*): the process should be simplified here by allowing applicants to send such documents via MYPAGE or e-mail.
- E-communication for several representatives: when one person receives e-communications for several representatives, the person has no way of identifying easily for which representative this is being sent and so does not know which MYPAGE account to access. We propose that OHIM indicates the user's reference in both the subject and body of the email containing the document/communication.

Turning to the second part of the question, we feel that, while valuable, e-tools should not be the sole and exclusive way of communicating with the OHIM. Electronic

communication is desirable but there need to be procedures in place in the case of non-transmittal of correspondence. For instance, what proof would be required in the case of a missed deadline because documents not received?

Against this, we strongly feel that traditional means of communication should indeed be maintained, especially considering that users are not only professionals but also include individuals and small companies which do not systematically rely on e-methods.

In case of an IT issue on the user's side which takes time to be resolved, it should still be possible to send a fax for example, the filing of a CTM in order to obtain the filing date and then to follow up with the "usual" e-filing forms. Likewise, when there is an issue with the filing of a renewal, it should still be possible to send a fax or mail in order to be able to maintain the trademark. To promote swift and efficient communication, OHIM should offer the possibility via MYPAGE of using standard emails between e.g. the applicant and the examiner.

Fees

Implications of renewal fees going to Member States

The tender raised several questions related to the conclusions of the September 2008 Joint Meeting between OHIM's Administrative Board and Budget Committee and the decision to divert 50% of CTM renewal fees to EU Member States. Particularly, the tender asked for potential benefits and disadvantages of this arrangement, and also ways to ensure transferred funds are used for the specified purposes (i.e., trademark-related).

In January, we made it clear that 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. We had accepted the September 2008 decision in acknowledgment of the difficult negotiations which had produced the agreement to lower CTM application and registration fees, but continue to oppose the decision to divert CTM renewal fees.

We are adamant that these fees should be used exclusively for OHIM-related purposes and remain highly concerned that the renewal fees which are to be diverted to the Member States to fund expenditures may be redistributed to areas totally unrelated to projects that would benefit the European trademark system.

Adjustment of CTM fees and fee structure

The Commission also made a general inquiry as to whether there is a need for further adjustment of the CTM fees. INTA strongly feels that there is still a need for an adjustment of the renewal fee in line with the recently reduced CTM application and registration fees. In our view, the renewal fee should not be higher than the CTM

application/registration fee. 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.

There is no consensus among members as to the potential adjustment of other fees, particularly cancellation, revocation and appeal fees. Those who believe that these fees should be lowered view these current amounts as very expensive when compared to, for instance, the CTM opposition fee or corresponding national fees. On the other hand, other members have stated that a reduction is not necessary take the view that a reduction would encourage a frivolous use of these procedures.

The Commission posed a further question on whether there is a need for changing and/or streamlining the fees structure. We did not reach a consensus as members remain divided on this issue. Some believe that fees should be linked to the number of classes in the application rather than allowing a flat fee up to three classes, as this would reflect what already happens in several EU countries and may help prevent applicants from extending the protection of their marks to classes of no real interest to them. Other members underline that keeping a flat fee for up to three classes would serve the industry better, since companies often decide to protect the goods of main interest as well as potential "corresponding services" and/or goods which might be considered similar.

Filing a CTM application at a Member State's IP Office

The tender asked if the option to file a CTM application at the central IP Office of a Member State is still appropriate. While our members do not generally use this option, they would like for this option to remain since it may still be of assistance to some filers (e.g.: self-filers which do not use law or attorney firms, filers which are not familiar with CTM filings and need/prefer to deal with and through their national offices).

Priority claims

One evaluation question asked users for their view on to what extent should priority claims be verified by the OHIM in future. Our group believes that it is in all trademark owners' interest that at least a minimum level of verification is made before recording the priority claim. Since the origins and juridical implications of a priority claim are different from those of seniority claims, and due to implications that a priority claim has on the ensuing rights, our members took the view that the current OHIM provisions for a reasonable verification of the priority claim should be at least a minimum requirement.

When claiming priority, OHIM can continue to check whether the information is available online from the office website relevant to the claim. If it is, no priority document should be required. If the records are not online, a priority document should be requested by the Office, and in that case a simple copy of the certificate or similar should be sufficient

without any legalization etc. Additionally, OHIM should keep the document on which the priority has been verified on records, meaning that it should be easily accessible for any third party.

Practices of national offices can vary significantly when it comes to claiming priority. (OHIM also seems to have a somewhat inconsistent practice, depending on the filing country.) Some national offices make a quite thorough verification of the priority claim before granting, while other offices just record them. In certain countries, even legalized and certified copies of registration certificates are requested in order to be filed as priority documents. Despite the current regulation, according to the prevailing practice of OHIM, they do not always request for the declaration of priority or copies of the previous application.

For example, due to the open database of the Finnish Trademark Office, it seems that the Finnish Examiner of the OHIM can find the information about the Finnish previous application easily and therefore, strict formalities are not required. In addition, translations are no longer requested from Finland because applications can be filed in Finnish. However, due to national representatives of OHIM, this usage seems to be different in other countries. From Finland's point of view, the practice where no verification is required would be very welcome and formalities would not be necessary, since the claim could be challenged in adversarial proceedings. The current usage in Finland/OHIM regarding Finnish CTM applications would perhaps be suitable to countries where the national trademark database is open to everyone (and also in English) and where a representative from a country in question is the Examiner of OHIM. However, in many countries (e.g., Italy or Belgium) trademark holders are used to the relative formality of priority claim procedures.

In most cases, when claiming priority at OHIM, our members are accustomed to providing a copy of the priority application and, if necessary, a translation into the chosen official language. We realized that this not only facilitates the Examiner's work, but it is also in the applicant's own interest to secure a correct priority claim upon filing a CTM and to be prepared to support that claim in order to rely on it. OHIM, in turn, should secure proper recognition to such a claim by acknowledging or denying it after a review of the facts, to allow for certainty of rights when the priority claim is published.

Furthermore, in some cases, only the fact that priority is claimed can be a reason not to file an opposition - although the CTM application for part B might have been *filed later* than the one for part A, if B has claimed priority that *predates* part A's CTM application in a country *outside the EU* (often searches are not conducted in countries outside the area of interest), then technically part B has the earlier filing date also in the EU.

Additionally, our members hypothesized that if no verification at all was required and the claim could only be challenged in adversarial proceedings, it would be difficult to determine the penalty for someone who knowingly claimed priority of a mark that never existed. Would the whole CTM be revoked, or only the priority claim (meaning the

earlier filing date)? If it would be the later one, would it create fraudulent filings of priority claims?

Searches - optional search system for national rights, mandatory search in the CTM register and additional search services

Overall, our members rarely, if ever, use the recently introduced optional search system for national rights. The mandatory search in the CTM register also has very limited value, and we would not be against having the mandatory search become optional. The mandatory search in the CTM Register has proved to have been of very limited effectiveness and efficiency for users. It appears that in great majority of cases, clients carry out availability searches including the CTM register before filing so that at the time of filing they are already aware of potential obstacles. In those circumstances the OHIM search reports have no added value.

Experience also shows that, even where prior availability searches are not conducted, it is only seldom that the applicant decides to withdraw or limit its application further to the notification of the mandatory search. Finally, reports to CTM owners of a potential conflicting CTM filing also seldom led to the filing of an opposition.

Furthermore, we are not in favor of having OHIM offer additional search services. It is to be noted that various companies do already provide for pre-filing or qualified search reports such as Compu-Mark and Questel. The scope of pre-filing searches often goes beyond trademark searches to include a domain name search, company name search, design search, Common Law search, and more. We doubt OHIM would ever be able to provide such comprehensive searches. Finally, it is our opinion that it is not the role of OHIM, which is the competent body for granting CTM rights, to also assess the relevance of hits in search reports. Indeed, providing such legal consultancy services can lead to conflicting situations when OHIM further takes the role of examining the CTM applications for relative grounds, which is not acceptable.

Seniorities

Option to claim seniority of a national mark

We believe that the option of claiming seniority of a national right has to be maintained and furthermore, there is a need to further develop the system and its modalities in order to eliminate the legal uncertainties attached.

The option of claiming seniority of a national right continues to correspond to the present needs of some users. Not all trademark owners have yet claimed their seniority rights and these should still be able to do so. The system will still be of interest in the future as the EU extends to new Member States since seniority claims of national registrations from those new member countries will be needed at that time.

The number of claimed seniorities is declining because fewer right holders own prior national rights which could be claimed in a CTM – today, many of them are filing directly CTM rather than nationally. The original success of the seniority system is in part due to the large number of national rights that did not have access to the Madrid system. In these early years of the existence of the CTM system, trademark owners consolidated their various national rights into one registration - the CTM - to achieve portfolio management simplification.

However, we are concerned by the legal uncertainty surrounding the practicalities of enforcing rights of national registrations for which seniority has been claimed in a CTM and where such national rights have not been maintained. What happens in case of cancellation of a CTM registration under which seniorities are claimed? There should be rules at national level to re-establish the rights proceeding from the "former" national registrations. Furthermore, what happens to the action pending at national level in the case of a national trademark under attack at a national level which has been claimed as a seniority in a CTM registration that has lapsed? There is a need for relevant legal texts (at all levels) to be amended to provide for legal certainty in this respect.

We also support the creation and maintenance of a "seniority database", and we are pleased this is included as a project for OHIM's Cooperation Fund. Such a database will help users to determine the rights of the trademark. As seniority may be claimed at any time, even after CTM registration, users cannot always rely on the CTM application date to determine the rights of the trademark.

Verification by OHIM

Our members are divided as to whether seniority claims should be verified by the OHIM in the future. Some members favor the verification of seniority claims as, at least for corporations filing directly with OHIM, it is very important to be sure that what has been filed is accurate. It is indeed the OHIM's role to verify what is submitted in the exactly same way a national office verifies a trademark application. Furthermore, not all European national offices databases are complete and correct, and therefore this information is required to be checked by both Official bodies (national and OHIM).

Other members underlined the fact that the rules for claiming seniority are very clear (triple identity: owner, mark, goods and services). Therefore it might be sufficient for OHIM only to record the claim, but it should provide for full details of the national rights on its database, including full description of goods and services. Also, record of abandoned national trademarks for which seniorities have been claimed should be kept by the national offices.

It is our opinion that the costs related to the maintenance of those rights in the national databases should be supported by OHIM's budget as it will receive the renewal fees of the CTMs for which a seniority claim has been made.

If full examination is to be provided, OHIM should issue specific guidelines on the process. OHIM should verify that the data concerning the national rights is correct before recording the seniority claim, provide for relevant priority and seniority dates (this should not be left to the discussion of parties involved for instance in litigation proceedings), and verify the list of goods/services claimed.

V. OHIM Procedures

Appeal procedure

It was asked whether the provision of an additional two month period for filing the grounds of appeal still meets the needs and interests of users. We recommend keeping the appeal period of two months, plus the two months to file the arguments.

The two-month term after the notice of appeal is rather useful: it often takes several weeks before the parties can make the final decision on whether or not to actually appeal. Also, frequently the decision to proceed is made at the last minute and in those cases the preparation of the statement of grounds would be a “rush job”, to the detriment of the parties. In other cases, appeals are filed in order to continue the negotiations and to keep the procedure alive.

Thus, a single two month period in which to both file the notice of appeal (decide how to proceed) and also file the legal arguments is too short; we do not see where the pros may be in eliminating the two-month period between the notice of appeal and the statement of grounds.

We are unaware of any criticism of the current two month term to file the ground of appeal, and our general opinion is that the additional two months period has only positive aspects to it. If the Commission’s goal is to speed up the system (rather than shortening the time limits for appellants), we would prefer to see swifter decisions, quicker translation of the decisions (into at least the five official languages of the Office), and higher official fees or a significant award of costs against an unsuccessful appellant in order to deter frivolous or opportunistic appeals.

Bad faith as an absolute ground of refusal

Our members did not support adding bad faith to the list of absolute grounds for refusal. Members questioned how criteria could be established to identify “bad faith” and suggested this should instead be left to oppositions; in that case, a list of common issues could be adopted in order to circumscribe examiners’ potential arbitrary power on the matter, which could be a way to tackle “prima facie” registrations sought in bad faith).

Another working group also considered bad faith and the position of “prior users”, as had arisen in the context of bad faith (particularly, in the Lindt & Sprüngli case). In this case, the ECJ ruled that in order to determine whether the applicant is acting in bad faith within the meaning of Article 51 Section 1 (b) CTMR, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trademark, in particular:

- the fact the applicant knows or must know that a third party is using, in at least one Member State an identical or similar sign for an identical a similar product capable of being confused with the sign for which registration is sought;
- the applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.

Therefore, according to the ECJ, the fact that the applicant knows or must know that a third party has long been using in at least one Member State an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought is not sufficient, in itself, to permit the conclusion that the applicant was acting in bad faith (No. 40 of the decision).

In addition, according to the ECJ (based on the opinion of the Advocate General on March 12, 2009) the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where a sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitors' freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors. In this situation, the trademark proprietor is able to prevent his competitors not merely from using an identical or similar sign but also from marketing comparable products (No. 50).

Also, according to the ECJ, in order to determine whether the applicant is acting in bad faith a consideration may be given to the extent of the reputation enjoyed by a sign at the time when the application for its registration as a CTM is filed. The extent of this reputation might justify the applicant's interest ensuring a wider legal protection for his sign.

In discussing this issue, it was noted that the position of the Spanish Supreme Court is very close to the ECJ's perspective in the Lindt & Sprüngli-case, since the Spanish Supreme Court also does not limit the existence of bad faith to the evidence of a prior knowledge of the existence of the prior mark (Judgment of June 22, 1995 "Good faith or bad faith is a legal concept which depends on the assessment of behaviors deriving from acts...").

According to the German Federal Court of Justice, the applicant's knowledge of the existence of the prior mark does not constitute bad faith; bad faith requires further facts which qualify the application as contrary to public policy. An applicant acts in bad faith, for example, if the prior mark has gained a status which is worthy of protection and the applicant has the intention to disturb this status or to prevent the use of this prior trademark.

In contrast to the Spanish and the German jurisdiction, Article 2.49 (f) of the Benelux Convention on Intellectual Property (BCIP) and Benelux case law provide that a trademark applicant is deemed to act in bad faith when he had the knowledge of any prior use of a (identical or similar) trademark. Therefore, knowing about someone else's prior trademark use and filing for an identical (or confusingly similar) trademark application is deemed to be in bad faith and results in cancellation of the trademark application.

Therefore the important effect of the Lindt & Sprüngli-case on the trademark practice in Benelux could be that the mere knowledge of prior use itself, as mentioned in Article. 2.4 (f) BCIP is not sufficient. However, the general opinion in the Netherlands is that this does not give rise to an increased burden of proof, since the knowledge of prior use will also indicate an intention to prevent the prior trademark.

Therefore, a comparison of the jurisdiction of the states of the working group member shows that the jurisdictions regarding the criteria of bad faith are different. The effect of the Lindt & Sprüngli-case on the national jurisdictions in which only the knowledge of the prior trademark or the application of a trademark without intention to use the trademark constitute bad faith may be more important than on the jurisdictions according to which the knowledge of the prior trademark without further facts which constitute violation of bonus mores is not sufficient for bad faith.

Examination practices

Examination of relative grounds - no ex-officio examination

Users were asked to assess the extent to which the examination of relative grounds only upon opposition, i.e. not ex officio, has proved to be effective and efficient to deal with conflicting earlier trademark rights.

In our view, the current procedure is working well. Given the nature of the CTM, our members think that the system could not work any other way and that, indeed, any alternative may not be achievable. (One point raised is if OHIM could, in their standard correspondence, inform trademark applicants of the availability of watching services.)

Alternatives to the current system were discussed and subsequently dismissed. One idea was that OHIM could examine CTM applications against prior CTMs only – however, given the pan-European Union system, this is felt to be insufficient. Also, OHM could examine all applications on the basis of earlier Community and national rights, but given the length of time it takes for a Community application to proceed to registration, it was thought that this would considerably delay applications and would also increase the cost of filing applications. It was thought only a small proportion of applications would proceed to registration if there is a full relative grounds examination.

Furthermore, given the breadth of specifications of CTMs, members believe that blocking later Community marks on the basis of specifications of earlier marks would not reflect the commercial situation as actual conflicts may not exist between an earlier mark with a wide description of goods and services and a later application.

In general, our members take the view that the CTM system works well. The UK has moved to a similar system (no examination on relative grounds), and it was not thought by UK members that this has worked to the disadvantage of UK trademark owners. In addition, Bulgaria is adopting a new trademark law shortly which appears to be identical to the Community system.

Examination of relative grounds - introduction of an "accelerated registration" procedure

The Commission has asked if users would support the introduction of an option to request an accelerated CTM registration, against the payment of a higher fee, with opposition occurring thereafter. We generally consider that the CTM system has improved significantly over the last few years, and CTM registration is already a relatively fast process. Thus, expedited registration would likely only be sought by a small number of applicants, under specific circumstances. In most cases, it is expected that CTM users would request accelerated procedures to prevent and/or stop infringement by enforcing their CTM rights (e.g. to fight look-alikes or counterfeits).

However, it is feared that running the two systems (i.e. with possibility of opting in or out of accelerated registration) side-by-side at the same time would be detrimental to the well-functioning of the overall structure of the CTM system. We are concerned that such a situation could encourage the use of accelerated registration of a CTM application in bad faith as well as generate a growing number of cancellation actions (eventually involving higher fees than oppositions).

Against this, we would either a) encourage the maintenance of the current system, or b) propose a new and unique registration procedure involving higher fees, linked to a cancellation procedure subject to lower fees. The system could be regarded as a real choice in case enforcement needs make it advisable.

Last, we encourage OHIM to pursue the efforts made so far to speed up all the procedures by minimizing delays (with the exception of the obligatory 3-month opposition period).

Examination of absolute grounds - access to trademark protection, consistency of protection

Our members are in general satisfied with the granted level of access to trademark protection at the EU level.

However, many (but not all) members are concerned about the scope of protection the OHIM gives to class headings and the claiming of "all goods/services in the class". As already noted in our submission, we do not have a consensus on this matter. However,

our members would welcome a consistent approach between national offices and OHIM.

There is also a perception that the classification of goods and services by examiners is not always consistent. The OHIM position is "*that when assessing the classification requirements, the examiner is not bound - for sake of consistency - by earlier decisions of other examiners in respect of other applications with identical/similar specifications*". This is confusing for clients, and adds to the costs of trademark applications.

Members support the use of disclaimers. As for disclaimers, these are permitted under the CTM Regulation but rarely applied, while the laws in Member States differ on disclaimers. There was a general feeling that disclaimers are a good means of determining the rights being granted by a registration. We encourage OHIM to use disclaimers more frequently, to overcome objections on absolute grounds and to avoid arguments on distinctiveness of certain words or terms contained in a mark during oppositions or infringement proceedings.

Examination of absolute grounds - quality of examination

The tender asked whether the examination practice of OHIM meets users' expectations of providing for certainty that the resulting CTM registrations are entitled to a presumption of validity. Our group generally agrees there is a lack of consistency in examination of absolute grounds.

One question that arises is what training do the examiners get on the interpretation of EU case law? It is accepted that every individual decision cannot necessarily impact on the examination practice, as ECJ decisions can also lack coherence. However, OHIM's practice of not being bound by precedent can be frustrating for users and can make it difficult to advise clients on their rights, and can ultimately clog the appellate system.

Another problem results from examiners' reliance upon the Internet to substantiate their objections, including a recently criticized use of Wikipedia.

Members also expressed concern over the catchall objection "non-distinctiveness" and noted there is no consistency on how this objection is applied, with case law research tools such as "Darts-ip" cataloging inconsistencies.

Opposition procedure

Appropriate relative grounds

The tender inquired whether the relative grounds under Article 8(3) and (4) CTMR have proved to be appropriate subject matter to be dealt with in opposition proceedings with a view to their legal and evidentiary complexity.

Our members had little experience as regards Art. 8(3) CTMR, which is the prohibition against marks filed by agents. Research revealed that Art. 8(3) CTMR is raised relatively infrequently in CTM oppositions. According to the OHIM database, only a handful of cases citing this Article have been appealed to the OHIM Boards of Appeal. Of these, though, quite a high number are further appealed to the General Court, and the Def-Tec cases (Court of First Instance decision of September 6, 2006 in Case No. T-6/05 and pending Case No. T-262/09, brought on 6 July 2009) demonstrate that there can be complicated evidentiary issues.

However, the usefulness of Art. 8(3) CTMR should be seen not only in light of the adjudicated matters because many cases are avoided simply because of the existence of this provision. It has its origins in Article 6*septies* of the Paris Convention and provides a safeguard for trademark owners against attempts of misappropriation of their trademarks by agents. In advising and negotiation situations, it is often helpful to be able to point to this long standing and relatively clear delineation of the relationship between the trademark owner and the agent.

We do not advocate any changes to Art. 8(3) of the CTMR. Despite its legal and evidentiary complexity, it is appropriate subject matter to be dealt with in opposition proceedings, and, just as important, is a useful safeguard which avoids oppositions.

As regards Art. 8(4) CTMR, which grants owners of non-registered marks or other signs used in the course of trade the right to lodge an opposition, our members had a good deal of experience, and outlined a number of concerns which included:

- Uncertainty:
 - When claiming Art. 8(4) CTMR as an opponent, there are concerns that OHIM will not properly apply the national law;
 - When defending a CTM met with a claim under Art. 8(4) CTMR, how can one be sure such a national right really exists, and that OHIM can properly apply it, without getting expert local advice?
- Inequality: the party claiming the local right will typically have better understanding of the scope of protection, etc.
- Difficulty in proving right: research indicated that opponents were often unsuccessful raising a claim under Art. 8(4) CTMR, in particular trade names.
- Very local rights: in the Benelux, trademark law is harmonized, but trade name law is not. Thus a Dutch attorney would, all else being equal, not be able to assert or defend a case concerning a Belgian trade name.
- Encourages litigiousness: opponents who assert claims under Art. 8(4) CTMR and lose have an extra appellate claim that OHIM misapplied the national law, see e.g. LAST MINUTE TOUR, (CFI decision of June 11, 2009 in joined Cases T-114/07 and 115/07 Last Minute Network v OHIM - Last Minute Tour).
- Proper venue: should it really be the General Court / Court of Justice which has the last word in applying local law, see, e.g. LAST MINUTE TOUR, where not all U.K. practitioners are convinced that the CFI was correct in overruling the OHIM Board?

The consensus among our members is that something should be done in regards to Art. 8(4) CTMR. One contingent believes this provision should be removed from the list of opposition grounds (in such case, it should be replaced with a national procedure.) Another group suggested a connection between OHIM and the national CTM Court, whereby OHIM would refer Art. 8(4) CTMR to the national CTM Court for a preliminary ruling on the validity of the national alleged prior right.

Other (less radical) suggestions to improve the current provision and practice included:

- OHIM opposition examiners could be entitled to enlist the assistance of local experts, e.g. from a panel of neutrals, when Art. 8(4) CTMR is raised in an opposition
- The national laws publication section of the OHIM database <http://oami.europa.eu/en/office/diff/pdf/National_law.pdf> be annotated with reference to OHIM case law, as more and more Art 8(4) cases get finally adjudicated.
- Better training and a manual for OHIM opposition examiners concerning Art. 8(4) CTMR.

Ultimately, there was no consensus as to what recommendation INTA should make.

Pre-and post- registration opposition system

The tender inquired whether users feel the pre-registration opposition system has been effective and efficient in accommodating the interests of CTM applicants and holders of earlier rights (in comparison with a post-registration opposition system).

Our members discussed how there are advantages and disadvantages to using both systems. For instance, in countries where a post-registration opposition system is used nationally, for example in Germany and Sweden, there is an advantage the likelihood of opposition is low.

There was no real consensus whether a change to post- registration oppositions was required. Nevertheless, users do feel that some changes are needed, particularly in relation to:

- the quality of decisions;
- checking of oppositions for admissibility;
- making opposition proceedings quicker and setting time limits for decisions;
- making decisions more accessible to users by providing a language translation facility so that decisions are issued in more than one language.

The main problems which users appear to have in relation to using the current system:

1. There is a substantive diversity in the quality of decisions issued out of OHIM. Users often find that although decisions can be issued by OHIM at length, the actual reasoning behind the decision is limited to only a couple of lines.
2. Decisions also seem to be issued fairly quickly on easy cases (for example these take approximately 2 months to be issued) while more complex cases could take up to 4 years to be issued.
3. There appears to be some inconsistency with checking the admissibility of oppositions and the forms generally by examiners at OHIM. In some cases, there is a very strict application of the law and regulations when it comes to checking oppositions which have been filed, but in other cases the checks are not carried out at all and do not necessarily comply with the regulations.
4. Users find that the cooling-off period of 22 months is too long and causes severe delay and detriment to any applicants or opponents who potentially want to resolve cases quickly¹⁴. An additional problem is that if an application is opposed on the basis of another earlier application which has also been opposed, this causes an even longer delay in relation to the second opposition.
5. Users also feel that there should be more consistency or ease of access to decisions which are published. The biggest problem occurs when decision are published in only one language of the Community. Apparently there is an internal database which is used by OHIM, which gives a summary of decisions in English, although only translated in the exact wording of the decision. However, some users might benefit from this facility and perhaps OHIM should consider making this publicly accessible.

Opposition period

We discussed the tender's question of whether the three month period to file an opposition still meets the interests of users. In our view, the opposition period should remain three months. This period is necessary, allowing the earlier trademark owners enough time to get a good picture of whether or not to react, and to possibly initiate contact with the applicant. In some cases a limitation or an undertaking might be executed before the three months has passed, and therefore there is no more the need to file the opposition.

¹⁴ The cooling off period is further discussed on p. 78.

VI. Additional topics not included in the European Commission's Tender

Absolute grounds

Acquired distinctiveness/secondary meaning

One working group discussed descriptiveness as regards "simple" color marks and 3D marks consisting of "simple" shapes of the goods or their packaging. Because these non-conventional trademarks are generally not perceived as indicators of source, our members agreed that registration of such marks should be made explicitly dependent on acquired distinctiveness.

There could be cases in certain, very specific markets, where a color or a shape may be inherently distinctive, e.g. due to certain market practices, in which "simple" colors or shapes could be understood as an indication of source. This view would leave it up to the trademark offices and courts to decide in which cases they deem a color or shape not inherently distinctive (although case law usually requests acquired distinctiveness for "simple" colors and shapes). A general rule laid down in the Regulation or Directive is not necessary.

Where secondary meaning/acquired distinctiveness is involved, such distinctiveness acquired between filing date and decision date should be accepted, but with the consequence of a later filing date. Currently evidence for acquired distinctiveness must be provided at the filing date (and/or the time before the filing date). We propose that the later filing date should be the date by when the applicant was able to prove acquired distinctiveness by sufficient evidence.

Appropriate evidence for proving acquired distinctiveness

We would welcome a proposed solution of use over a specific period of time as accepted prima facie evidence (similar to the U.S. rule which accepts as prima facie evidence five-year exclusive use), for the CTM and national systems as well. There are some problems with respect to the proof of "exclusive" use on the one hand and the issue of mere use over a specific period of time (providing a monopoly on the term in issue) on the other.

Use should be "exclusive", however, we would like to have a presumption of exclusive use that the applicant can submit sufficient evidence for "intensive" use, over a (longer than the proposed 5 years) period of time of 10 years. A third party should be able to rebut the presumption of exclusive use in the application process.

Comparative advertising

We support a clear wording of permitted use of a trademark in comparative advertisement to be introduced into TMD and CTMR. We also encourage that the TMD and CTMR should supersede the Comparative Advertising Directive (CAD), which could set aside the debate as to the nature of use in comparative advertising and also provide direct applicability of TMD and CTMR to conflicts.

Comparative advertising is highly encouraged in Europe, and is regarded as a tool that can stimulate competition between suppliers of goods and services in favor of the consumers and provide them with better information when making their purchasing decisions. However, it is also important that trademark owners are well equipped with legal remedies in case of an infringement of their registered trademark rights via comparative advertising.

The ECJ's pro-comparative advertising ruling in *O2* clears that lawful comparative advertising that does not contain likelihood of confusion therefore cannot give rise to a situation of trademark infringement under Article 5(1) (b) of the TMD. On the other hand, the ECJ's ruling in *Bellure* shows that even if use of competitor's mark for identical goods/services does not damage competitor's trademark's essential function (guaranteeing origin of the goods/services – meaning even if there is no likelihood of confusion), the trademark proprietor can still prevent this use under Article 5(1)(a) of the TMD if such use damages trademark's other functions, like advertising and communication function.

The case law has developed that trademark infringement requires use of the competitor's mark for the advertiser's own goods/services, which considerably loosened the definition of "trademark use". After the *O2* decision, the use need not to be use to indicate source, but must be a use in relation to the defendant's goods. According to the ECJ, the mark is also being used "in respect of the defendant comparative advertiser's goods, as it is being used to promote them". The need for the interpretation of the use by the ECJ is required as a result of the wording of Article 5 of TMD, which does not make any reference to the use in comparative advertising.

On the other hand, lack of direct reference to comparative advertising in the TMD and CTMR, along with a lack of provisions addressing their relation with the CAD, affects practice within some EU Member States, particularly where comparative advertisement is common.

The same goes for Unfair Commercial Practices Directive and CAD as well, where there are no references to the TMD or CTMR, and it is only concluded by way of interpretation of the preambles of directives by the ECJ that CAD is *lex applicable* to comparative advertising. *Lex special* and comparative advertising in compliance with the Advertising Directive precludes the trademark proprietor to use its exclusive rights or a liability of trademark infringement to arise under Trademarks Directive.

The exhaustion of rights and fair use doctrines could be applicable in case of comparative advertisements, but this issue is also debatable in case law. The lack of direct reference to comparative advertisement in the TMD and CTMR could result in some Member States not being able to bring an action based on the TMD and CTMR but only the CAD, where the remedies are weak for trademark proprietors in comparison with the TMD and CTMR.

Cooling off period

At present, the cooling off period can be extended for a further 22 months through a letter requesting extension to the OHIM, signed by both parties (or their representatives). The cooling off period can be terminated at any time.

In our view, the period of 22 months is too long and should be shorter. From an industry perspective, it would be preferable if this period was only 12 months but it is uncertain whether OHIM would agree to limit this period to such an extent, since it would mean a reduction of 10 months. Therefore, the other option is to adopt the system as in the UK whereby the cooling off period is for 9 months but can be subsequently extended for a further 9 months. This would result in a period of 18 months – a 4 month reduction, if both cooling off periods are requested.

The reduction in the length of the cooling off period will ensure that the registration of applications is not unduly delayed, since it is common for attorneys/representatives to delay negotiating settlement of the matter until closer to the expiry of the cooling off period.

The requests for extension of cooling off should be made electronically and, to reduce costs, the forms should state that the party requesting the cooling off period (or extension thereof) has obtained the consent of the other party. The onus is on the other party to state otherwise by letter to the OHIM. This will obviate the need for requesting suspensions which often occur when the original cooling off period has expired and not been extended due to delays incurred in obtaining countersignature of the request for extension of the cooling off period.

The system of opting out should be maintained but should be available in an electronic format.

Descriptive marks

We believe there is a need for further discussion with respect to the scope of protection of composite trademarks containing elements of descriptive character, whereby the descriptive character may be confirmed in parts of the Community and may be denied in other parts of the Community.

To harmonize decisions in which such composite trademarks are involved, it could be possible to apply the principle of Art. 7 (2) CTMR also in infringement cases in Art. 9 CTMR. Additionally, perhaps a provision could be introduced into the CTMR which would enable OHIM to request disclaimers whenever composite marks have generic/descriptive components in any EU language. However, there is a need for further discussion to determine if such disclaimer would establish a constraint to disregard such element disclaimed.

According to Art. 7 (1) (c) of the CTMR, a mark shall not be registered if it consists exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of the rendering of the service, or other characteristics of the goods or service. Art. 7 (1) (c) CTMR contains an absolute ground for the refusal of a trademark application. According to Art. 7 (2) CTMR, the application shall also be refused in case the ground of non-registrability does only exist in a part of the Community.

In cases of composite trademarks, a question been raised on how the scope of protection could be defined particularly in cases of trademarks containing elements which are regarded descriptive or non-distinctive in a part of the Community. For instance, how could cases be dealt with if, for example, the existing of likelihood of confusion can only be confirmed in parts of the Community?

Earlier rights in member states - cancellations and laches

It was noted that the TMD and CTMR are silent on the question of whether the laches defense is available in infringement actions based on a CTM against a later national (registered) mark. It was discussed that Article 53 only deals with actions on the basis of earlier CTMs against later CTMs, and on the basis of earlier national marks against later CTMs. Some agreed that the rules on conflicts between earlier CTMs and later national marks should follow the same principle, and it was discussed whether to extend laches and acquiescence to other earlier rights.

Some members suggested that the rules concerning laches and acquiescence should apply to the owners of any other IP rights, as Article 53(2) mentions them (particularly, the right to a name, a right of personal portrayal, a copyright, an industrial property right). It was also suggested to have the limits of acquiescence to be introduced in article 54, or a separate article.

Members agreed it should be clearly and unequivocally specified the fact that the owner of a prior right knew or tolerated on purpose the existence of a trademark/sign that is subsequent to his/her registration. Concerning the limits of acquiescence, this should be clearly outlined from the statute of limitations, given the fact that these two notions are similar and could create confusion, both being defences that paralyze the plaintiff's actions (sanctioning the plaintiff's lack of diligence, disabling his defences).

The group's discussion focused only on Romania and Hungary, so further analysis is necessary before making any concrete recommendations or proposals.

Examination - ex parte examination for earlier rights

One working group discussed whether ex parte examination for earlier rights (or in any event, for earlier CTMs) is appropriate. It was decided that it would be unrealistic to expect the OHIM to expand the official search to prior national trademark rights. It would only make (some) sense if all the national offices did the same.

As OHIM had, some time ago, made such searches optional for the users, and considering that several major countries have never provided any searches, it was needless to discuss this option as it would never be put into practice.

Hence, this task boiled down to the question of whether the OHIM should go beyond its present notification process and in ex parte examination start to refuse registrations on the grounds of prior CTMs while for prior national marks the current system would still apply.

Firstly, there is no logical basis for this in a Single Market. Secondly, with so many marks on the OHIM register for specifications consisting of class headings, a great number of marks would be refused registration despite there being no conflict in practice. Finally, OHIM simply could not cope with this work-load without massive staff increases and massive fee increases. Therefore, it was recommended that OHIM's examination process should not be expanded to relative grounds.

Grounds for Invalidity – time limits

When it concerns the cancellation of a CTM which has been registered contrary to the provisions of Article 7, our members feel that the possibility to file an invalidity action should be available anytime. The only restriction to file such an action is already included in the Regulation itself, namely when the trademark has become distinctive in relation to the goods or services for which the registration is requested in consequence of the use which has been made of it (see Article 7 (3) CTMR) or if the trademark, in consequence of the use which has been made of it, has after registration acquired a distinctive character in relation to the goods or services for which it is registered (see Article 52 (2) CTMR)).

Right to Use Name

Our members discussed the "right to use name" (RTUN) exception (enshrined in Article 12 of the CTMR) which provides that a CTM shall not entitle the proprietor to prohibit a third party from using his own name in the course of trade, provided such use is "*in*

accordance with honest practices in industrial or commercial matters". An individual may use his own name, under certain conditions stated in this Article.

The Courts have determined that the RTUN defense is available not only to natural persons but also to legal entities. Our members discussed whether they felt the Courts were correct in this interpretation, and if not, whether Article 12 of the CTMR should be amended to specifically limit the RTUN defense to natural persons and thereby exclude the availability of this defense to legal entities.

The unanimous view is that the Courts are correct in determining that the RTUN defense should be available to legal entities. We do not consider that there is any justification for restricting the RTUN defence to individuals, nor is there anything in the CTMR to suggest that any distinction is to be drawn between the rights enjoyed by natural persons under the CTMR and those enjoyed by legal entities. To exclude legal entities from availing of the defence provided by Article 12 would serve to create such a distinction, and such exclusion would be unfair and discriminatory.

In order to avail of the RTUN defence provided by Article 12, the Defendant must establish that the name is being used in a manner consistent with "*honest practices in industrial or commercial matters*". The working group discussed whether the wording "*honest practices in industrial or commercial matters*" in Article 12 should be limited or expanded in any way, and, if so, what modification would be appropriate.

Members were equally divided between those in favor of retaining the existing wording and those who suggested omitting the qualification "in industrial and commercial matters" and amending the existing wording to "honest practices"; therefore there is no consensus on whether the phrase "honest practices in industrial or commercial matters" in Article 12 should be modified in any way.

Security Interests

There are a number of suggestions which we feel can help improve the CTMR in respect to the regime of, transfer of, and security interests on, CTMs.

Unitary Character

CTMR Article 1(2) provides that a Community Trade Mark shall have a unitary character and shall not be transferred, save in respect of the whole Community. It is tempting to suggest that this fundamental principle lacks flexibility and that transfers should be allowed in respect of part the Community as in the case of licenses, particularly as it is possible for a transfer to relate only to some of the goods and services for which the mark is registered. However, this could cause difficulties in the case of geographic division in (for instance, the event of an enlargement of the Community) and could also undermine the objective of the CTM, by serving to create national or regional rights

when the point of the CTM is to cover the EU as a whole. Therefore, the current approach benefits from simplicity and should stand as it is.

Effect of a transfer on pending proceedings

It may be useful to provide certainty on the effect of a transfer of a CTM on pending proceedings. The simplest approach would be for the new proprietor to take the place of the old proprietor in the pending court or OHIM proceedings. However, with court proceedings, this may not be as straight forward, because in some jurisdictions it will be necessary as a matter of national law to transfer the right to bring proceedings for infringement as well as the mark itself. A broad statement regarding transfers of CTMs and the effect on proceedings may not be consistent with such national laws.

Under CTMR Art. 97, where a defendant is not domiciled or established in the Community, jurisdiction of the CTM courts is dependent on the location of the claimant. As such, we would recommend that once jurisdiction has been established by a court over certain proceedings based on the domicile or establishment of the claimant, this should not be affected by a subsequent transfer of the CTM.

Transfer and misleading character of a CTM

Greater clarity or guidance could be provided to explain when a transfer of a CTM may be not be registered under CTMR Art. 17(4), because it is likely to mislead the public concerning the nature, quality or geographical origin of the goods or services in respect of which it is registered. CTMR Art. 17(4) is currently applied when it is "clear" that the public is likely to be misled and this suggests a high threshold.

Security interests in CTMs

Intellectual property assets, including trademarks, are a major and growing factor in commercial lending transactions. The CTMR should be improved as to facilitate the use of CTMs as a class of assets that is simple, efficient and safe to use to secure lending or other type of asset financed transactions.

In that respect, the following principles should be followed:

- Use the CTMR to the fullest extent possible with a view to provide a uniform set of regulation that, with respect to security interests on CTMs, has precedence on national laws. To the fullest extent possible, the CTMR should therefore regulate all aspects of creation (i.e. effectiveness between the parties), perfection (i.e. effectiveness towards third parties), recordal, priority.
- The creation and/or perfection of a security interest on a CTM should not effect, nor require, a transfer (even conditional) of legal or equitable title to the CTM subject to the security interest. The system of collateral assignment should be avoided, and the grantor should retain ownership of the encumbered CTM.

- The creation and/or perfection of a security interest on a CTM should not confer to the secured party a right to use the trademark.
- The creation and/or perfection of a security interest on a CTM application should remain possible.
- The recordal of the security interest on a CTM in the OHIM register should be considered as creating priority over general creditors and as effecting dispossession in the Member States where such dispossession is required for a security interest to be valid and enforceable.
- Formalities in connection with the recordal of a security interest and the amount of the taxes should be kept to a minimum.
- The holder of a security interest on a CTM should have the right to take the necessary steps to maintain or renew the CTM where it can show that it has a contractual right to renew or maintain the CTM.
- The owner of an encumbered CTM should, unless otherwise provided for in the security agreement, not have the right to transfer the encumbered CTM without prior approval of the secured debtor.
- The enforcement of a security interest through foreclosure, after a judgment, administrative decision or other triggering event, should not be an unduly burdensome process.

Courts – jurisdiction and enforcement

Specialized Chamber within the ECJ and General Courts

Our members have voiced support for the establishment of a specialized IP chamber (rather than only a CTM chamber) at the EU level. Such a chamber could enhance quality, increase predictability, and reduce the amount of time for cases.

A specialized chamber could enhance quality and predictability of decisions, as it:

- would be helpful for getting reliable decisions at the highest level of interpretation;
- would improve the recognition of the ECJ for national courts so that the process of harmonization of the laws of the Member States could also be improved and accelerated, helping to prevent inconsistent decisions between national courts and European bodies;
- would ensure the establishment of a consistent case-law which would reinforce the predictability of the decisions;
- could add trademark expertise and understanding of legal concepts of trademark law and knowledge of the relevant historical legal bases;
- would facilitate high quality and well founded decisions; and
- could ensure that judges would be more likely understand the needs of trademark owners.

A specialized chamber could also play a role in time reduction and increase efficiency. Judges might be able to come to well-founded decisions within a shorter period of time, which is highly necessary in the view of the rapid developments of the Internet.

Overall, members felt this would be very helpful because of the increasing number of European matters and the decreasing number of national matters.

It has also been suggested by some members that there could be special chambers at the lower courts, rather than focusing only on the last instance.

CTM Courts

Today CTM courts can be found in every Member State of the EU, enabling a proprietor of a CTM to act against an infringement by taking measures expressly provided for under the CTMR in relation to disputes concerning the infringement and validity of CTMs.

CTM courts have exclusive jurisdiction:

- for all infringement actions and - if they are permitted under national law - actions in respect of threatened infringements relating to Community Trade Marks;
- for actions for declaration of non-infringement, if they are permitted under national law;
- for all actions brought as a result of acts referred to the rights conferred by a CTM and compensation cases (Article 9 (3) CTMR);
- for counterclaims for revocation or for a declaration of invalidity of a Community Trade Mark pursuant to Article 96 CTMR.

Our members identified some issues related to a lack of harmonization across the CTM courts. For instance, the enforcement of these jurisdictions is not unitary within the EU. There exist 27 different Community Trade Mark court systems within the individual Member States. In theory, 27 different opinions on the same legal question are possible. Having 27 different Community Trade Mark courts allows also 27 different lengths of proceedings, whereas the same decision could be expected in one Member State within 12 months, in another state it could take 36 months. All in all it, there are varying standards of enforcement for CTMs across the various EU Member States.

The following pages give a short overview on the current situation of the CTM courts in several Member States, including advantages and disadvantages.

Summary of National CTM Courts

Group leader: Morten Petersenn (Germany). Comments from: Fabrizio Mazzetto (Spain), Katalin Szamosi (Hungary), Maarten Haak (Netherlands), Ludwig Kouker (Germany), Christian Lemke (Germany), Jochen Pagenberg (Germany), Henrik Lindström (Sweden), Nathalie Ruffin (France) and Vincenzo Melilli (Italy).

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
<p><u>Spain:</u></p> <p>established one CTM Court in Alicante in 2006;</p> <p>the first Instance has two chambers, each of them lead by one judge</p>	<ul style="list-style-type: none"> - the judges are already trained in IP matters and have gained consistent experience in TM related issues - there is just one-court case law which strengthened the consistency of the decisions and the predictability of the same - there is a significant reduction of time of the proceedings 	<ul style="list-style-type: none"> - there are just two chambers each of them led by a single judge - the CTM Court of First Instance is at the same time the Mercantile Court of the City of Alicante - because of both aspects sometimes the CTM Court Judges have to concentrate on cases not related to CTM issues, which implies a slow of the CTM infringement proceedings 	<ul style="list-style-type: none"> - under normal circumstances one CTM Court would be sufficient - it would be advisable to discharge one of the two judges of the CTM Court of First Instance of any other matter they have to deal with as members of the Mercantile courts, which are not related to CTM cases. 	<ul style="list-style-type: none"> - follows Spanish Procedural Rules - first Instance decisions may be expected within less than one year - appeal decisions are available within another 6 month

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
<p><u>Hungary:</u></p> <p>established one CTM Court in 2004;</p> <p>it has two councils and every council has 2 judges</p>	<ul style="list-style-type: none"> - the councils have great experience in trademark matters - they also negotiate disputes in connection with international and national trademarks 	<ul style="list-style-type: none"> - the court does not deal with the community database: they do not send their judgments to the website of Alicante and they do not monitor ex officio the judgments of the Community Court 	<ul style="list-style-type: none"> - at the moment the number of the CTM Court is sufficient because there are not many issues in Hungary 	<ul style="list-style-type: none"> - there are the same conditions for the statement of claim for the CTM Court as for the claims in connection with Hungarian trademarks - the language of the procedure is Hungarian - the translation of the necessary enclosures is an expensive procedure
<p><u>Netherlands:</u></p> <p>has appointed the District Court of the Hague as its sole CTM Court</p>	<ul style="list-style-type: none"> - the court was enabled to develop a vast expertise with regard to trademark law - decisions can increasingly be predicted 	---	<ul style="list-style-type: none"> - two First Instance CTM courts would be more sufficient because it may be difficult in practice to challenge a legal position that has already been adopted by that court. 	<p><u>General Dutch civil procedures:</u></p> <ul style="list-style-type: none"> - ex parte injunctions can be obtained within hours or days - summary proceedings may lead to an enforceable judgment within 6-12 weeks after filing a request for a court session - Proceedings to the merits lead to an enforceable judgment appr. 12 month after the first docket session <p><u>Procedures at the Court of appeal:</u></p> <p>CTM appeal cases last for over 1.5-2 years</p>
<p><u>Germany:</u></p> <p>For the first instance procedure</p>	<ul style="list-style-type: none"> - the fact that the respective Chambers of the courts are specialized enables 	<ul style="list-style-type: none"> - not any of the specialized court has got sufficient cases to further develop their 	<ul style="list-style-type: none"> - the number of the CTM-courts should be reduced to about 2 or 3 regional and appeal 	<ul style="list-style-type: none"> - the procedures follows the procedural rules of national German procedures - a first instance decision may be expected

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
<p>Germany appointed 18 regional courts. The chamber forming the CTM-courts are the same which are specifically competent for national trademark and related cases</p>	<p>them to come to fairly quick an well-founded decisions</p>	<p>special knowledge and experience for properly deciding CTM litigations</p> <p>- this may result in surprising and inconsistent decisions</p> <p>- Inconsistency of the different CTM courts as to the question under which circumstances and for which period of time after the claimant's knowledge of a TM violation the matter may or may still be considered as "urgent" in order to obtain a preliminary injunction.</p>	<p>courts</p> <p>- but considering the fact that, for example, the Regional Court of Hamburg currently has seven Chambers which are responsible for trademark matters and are working at full capacity, the number of CTM courts in Germany seems appropriate.</p>	<p>within less than one year; appeal decisions are available within another 1,5 years.</p>
<p><u>Sweden:</u></p> <p>Stockholm District court is the only</p>	<p>- Stockholm District Court is also the exclusive forum for infringement in community designs and in patent</p>	<p>- It can lead to high litigation costs for the parties residing far from the court and smaller companies that are holders of</p>	<p>- it would be difficult to maintain the same level of predictability and competence if Sweden designates</p>	<p>- the Swedish code of judicial procedure will be applied and a preliminary injunction can in more clear cut cases be obtained within a day or two- provided that the claimant puts up a security</p>

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
specialized CTM court in Sweden	infringement cases, which means that the judges have developed a significant experience and thorough understanding of IP-law in general as well as case law from the ECJ	CTMs may have economic difficulties to pursue with an action.	additional CTM courts - anyway other additional CTM courts are not necessary because of the fairly low number of infringement cases in Sweden	- a final ruling from the CTM court may be handed down within approximately 12 months time.
France: One 1st instance CTM court (Paris Court of First Instance)	<p>- the Paris Court of First Instance is also the exclusive forum for community designs .infringement</p> <p>- specialized IP judges with good knowledge of ECJ's case law</p> <p>- consistency and predictability of case law</p>	- saturated courts and thus lengthy procedures	<p>- one court is not sufficient</p> <p> </p> <p>- however, additional CTM courts would threaten the predictability of case law</p>	<p><u>French civil procedure:</u></p> <p>– follows the French Civil procedure code rules</p> <p><u>Possible procedures:</u></p> <p>– ex parte injunctions can be obtained on the same day</p> <p>– preliminary injunction (immediate cession of the use of the litigious sign) can be obtained within 4- weeks.</p> <p>– emergency proceedings on the merits can be obtained within 4-8 weeks</p> <p>– action on the merits:</p> <ul style="list-style-type: none"> ➢ a first instance decision may be expected within 12-18 months ➢ an appeal decision may be expected within additional 12-18 months

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
<p><u>Italy:</u></p> <p>Twelve Italian courts, specialized on IP matters, have exclusive subject matter jurisdiction over both Italian general IP matters and Community trademarks.</p>	<p>Specialized knowledge and expertise of the judges, stricter consistency of the jurisprudence.</p>	<p>Issues about territorial distribution of the courts. For instance, there are four courts (Catania, Palermo, Naples, Bari) in the same area (where less IP relief is sought and less kind of IP work is performed) and there is no specialized court in the whole island of Sardinia. In addition, although implementing regulation on administrative actions in the Italian PTO has recently been enacted, at today's date, such specialized courts are swamped with Italian national trademark cases (which could have been easily decided by the Italian PTO as administrative actions instead).</p>	<p>The number of courts might suffice. However, there could be much fewer exclusive CTM specialized courts (instead of general IP matter specialized courts which include CTM's)</p>	<p>➤ According to the Italian code of civil procedure, this kind of trial consists of three main steps.</p> <p>a) Preparing/serving the summons and complaint, receiving the adverse party's appearance memorandum/claims/counterclaims, up to the first hearing;</p> <p>b) discovery, evidence recollection, testimony (if any) and hearings relating to the same.</p> <p>c) exchange of memoranda relating to conclusions and hearings relating to the same.</p> <p>It might usually take two/three years until a first instance decision is issued by the court.</p>

	The specialized CTM court in the different countries			The formal/procedural functioning of the specialized CTM court in the different countries
	Pros	Cons	Number of the CTM court sufficient?	
<p><u>Portugal:</u></p> <p>established two CTM Courts in Lisbon and Gaia in 1999, by means of Law no. 3/99, January 13; the Court in Lisbon has four chambers and the Court in Gaia three chambers</p>	<ul style="list-style-type: none"> - in theory the judges are already trained in IP matters and have gained consistent experience in TM related issues; - the concentration of decisions on specialized courts may potentially lead to some consistency and, consequently, to a better protection of the industrial property rights; - a midterm goal is to achieve a specialized jurisprudence. 	<ul style="list-style-type: none"> - CTM Courts also have jurisdiction in what concerns commercial matters, Insolvency proceedings and offenses against Administrative Law. - As it is given priority to injunctions and to other urgent proceedings, Industrial Property cases are often accumulated and the period between the beginning of the proceedings and their end tends to increase significantly. 	<ul style="list-style-type: none"> - under current circumstances two CTM Courts are not sufficient; - there is a project pending aiming at the establishment of a specialized Court in Industrial Property matters only; - until the implementation of such project it would be advisable to constitute more CTM Courts, in view of the current saturation of the two existing ones. 	<ul style="list-style-type: none"> - follows Portuguese Procedural Rules (civil and criminal); - first Instance decisions may be expected within not less than two years; - appeal decisions are available within another one year at least.