

July 6, 2012

António Campinos
President
Office for Harmonization in the Internal Market
(Trademarks and Designs)
Avenida de Europa, 4
E – 03008 Alicante, Spain
Via email: Observatory@oami.europa.eu

Re: The EU Observatory: A General Consultation of Stakeholders

Dear Mr. Campinos:

The International Trademark Association (INTA) is pleased to provide comments to the general consultation to stakeholders initiated on June 5, 2012. We appreciate OHIM's efforts to gain a comprehensive understanding of stakeholder views on the direction of the EU Observatory on Infringements to Intellectual Property Rights (hereafter "the Observatory") and this opportunity to offer our views at this stage of its development.

With the adoption of Regulation (EU) No. 386/2012, OHIM was given the new responsibility of managing the Observatory, which not only expanded OHIM's traditional role in processing and granting Community Trade Marks (CTMs) and designs (RCDs), but also envisaged close collaboration with public and private sector stakeholders. The Regulation explicitly provides that the new responsibilities will not extend to participation in individual operations or investigations carried out by national authorities. To this end, OHIM stated that the Observatory is "expected to ensure, among other things, the collection, analysis and dissemination of relevant, objective and reliable data regarding the value of IP rights and the infringements of those rights." INTA maintains its view, which was articulated during consideration of the Regulation, that in order to fulfill its present role of managing the registration of CTMs and RCDs, it is essential for OHIM to continue to be a quality-focused, productive, agile, and cost-effective organization. OHIM's management of the EU Observatory should not hamper its core mission nor generate greater administrative and financial burdens. It is within this framework that INTA is pleased to participate in this consultation.

The consultation asks stakeholders to prioritize specific areas that capture the essence of the Regulation (EU) No. 386/2012. Our comments follow the order of the consultation and within each area for discussion we attempt to indicate the key priorities that should be addressed. We also attempt to answer the more general questions put forth in the consultation but we see this dialogue continuing as the activities of the Observatory evolve.

A. Priorities of the Observatory

1. Support policymaking by providing research-based knowledge

This area is a critical component to the Observatory's work. Policy development could be assisted by thorough research into the issue at hand, particularly with regards to trademarks and their impact in the EU economy¹. This should be the top priority and within this task, the Observatory should concentrate on counterfeiting.

In the European Union, one of the main problems in the fight against counterfeiting is the lack of fully harmonized legislation in the enforcement area. The application of the law by the judges and courts within individual Member States is likewise not uniform. It would be helpful to chart not only the legislation of each of the EU countries, but also how that legislation is implemented and applied by the courts through a collection of the relevant judgments and interviews with the sectors in question, i.e., senior judges and lawyers. In that respect, there is a need to clarify the position of the former legal expert sub-group of the Observatory. It also would be helpful to know if the legal expert sub-group will continue and who will manage it.

Policy development also would be assisted by the Observatory's research, which would allow more rapid and targeted responses to emerging issues and problems, improve the assessment of the impact of new policies (or the absence of them) and provide greater information to all stakeholders and consumers. The Observatory should use state-of-the-art technologies to perform its research, particularly the Internet, and to allow both Member State administrations and EU institutions to access the Observatory's research in order to better understand the needs of the public and enterprises. Research also would be facilitated by consulting stakeholders' through online questionnaires, thus making it easier both for respondents to participate and for policymakers to analyze the results.

Finally, a major objective should be to aid cooperation among public administrations in EU Member States dealing with counterfeiting through the design and implementing integrated information technology systems and databases. For example, the President of the Boards of Appeal of OHIM recently confirmed that an initial enforcement database enabling rights holders and enforcement authorities to exchange information would be established. Although the Observatory should support the cooperation and assimilation of intelligence management and other databases, it should not be responsible for their complete integration and management.

2. Supporting enforcement bodies by providing intelligence and knowledge, as well as tools and techniques

This is an important area for further development by the Observatory. However, the Observatory should maintain its focus on coordinating the compilation and dissemination of tools and best practices and not become involved in enforcement cases.

INTA is very encouraged by OHIM's experience in the enforcement area, which was developed through its training seminars and activities. We also applaud OHIM's plans to develop further projects, such as an information system on registered trademarks and

¹ The United States conducted a study that was released in March 2012 entitled: Intellectual Property and the U.S. Economy: Industries in Focus. See link: http://www.uspto.gov/news/publications/IP_Report_March_2012.pdf

designs. To this end, identifying and sharing best techniques and know-how of the national authorities throughout the EU could improve the practices of local enforcement authorities. The priority would be to identify new initiatives and best practices to train authorities in detecting IP infringements (i.e., how Customs can better identify counterfeit goods) in order to create effective educational programs.

Another priority should be educating the judiciary and other officials such as prosecutors involved in enforcement cases. INTA members have found that there is a lack of knowledge of IP laws on the part of courts and other authorities throughout the EU. As IP enforcement is quite technical and subject to change, it is essential that the training of judges and other relevant authorities is ongoing, and that the ultimate aim would be to develop specialists in IP enforcement.

3. Raising awareness of all relevant actors

Another important priority of the Observatory should be taking a leadership role in raising the awareness of government officials and the public about the value of intellectual property and about the devastating harm caused by counterfeits. A major obstacle in the fight against counterfeiting is the lack of social awareness not only about such harms, but also the importance of intellectual property to the EU economy. Awareness campaigns must be developed that will reach children and young adults, general consumers, and the media. Such campaigns should take place at the EU level and at national and local levels where culturally specific factors are taken into consideration.

The Observatory should create a working group on the design and coordination of public awareness campaigns, which would include lawyers, communication specialists and educators. Although there are and have been many well-intentioned awareness campaigns undertaken within the EU, they could benefit from better direction and coordinated messaging to the target public to improve results. The Observatory could address this need.

Awareness campaigns also should include campaigns through social media and on the Internet in general. The Observatory could develop a list of messages on these different delivery mechanisms to reach the most varied audience. However, the Observatory should focus on assisting in the coordination of these campaigns, leaving the actual implementation to national and local governments.

4. Supporting businesses and right holders to improve their strategies with knowledge and tools

The Observatory can play a role in educating companies on how to better protect their intellectual property, particularly trademarks. Currently, there are many companies that do not have a specialized team to deal with their intellectual property and only have a basic knowledge of how to protect their IP. The Observatory can seek to offer, for example, support with knowledge of tools and techniques for how rights holders can notify enforcement authorities of their IPRs. Ultimately, the Observatory could become a central resource for education on IP enforcement for rights holders with IP protection experiences of all levels.

B. Additional Questions

Question 1: What are the major issues/challenges that IP will face over the coming years on a global level and in particular for your sector? And how do you think they should be addressed?

Exponential Growth of Counterfeits

Counterfeiting continues to be a rapidly expanding problem that has become even more critical with the growth of counterfeit sales on the Internet. Several factors continue to exacerbate the problem including:

- lack of public awareness;
- lack of deterrence due to insufficient penalties either through civil or criminal actions;
- growth of ecommerce, which has boosted legitimate businesses, but has also provided fertile ground for counterfeiters to profit from unsuspecting consumers;
- refusal of authorities from different countries to work together;
- deficiencies in enforcement of IP rights by officials in several Member States; and
- lack of coordination between enforcement authorities and varied application of EU laws.

In order to combat counterfeiting, we believe the following is needed:

- increased public awareness of the issue;
- stronger and more harmonized criminal and civil laws and implementation of those laws;
- better coordination between enforcement authorities and the transfer of cases between enforcement bodies;
- better tools and resources to deal with small consignments or parcel deliveries; and
- increased enforcement or information on how to address counterfeiting on the Internet.

Counterfeiting on the Internet

There are many issues of infringement that may or may not fall within the scope of the Observatory. One area of particular concern, as noted above, is online counterfeiting. The availability and sale of counterfeits on the Internet has risen to alarming degrees over the last few years. One report shows that rogue sites selling counterfeit luxury goods are visited nearly 36 million times a year². The ability for counterfeiters to maintain anonymity, fool unsuspecting consumers and dodge enforcement officials has made selling counterfeits on the Internet a highly profitable business model.

Counterfeits online also brings enforcement issues, such as secondary liability, that remain largely unresolved today. A number of cases in Europe have dealt with the liability of on-line selling platforms and Internet service providers but the legal landscape remains uncertain both for rights holders and those providing services over the Internet. Counterfeiters take advantage of the inability of various legitimate stakeholders in the realm of IP enforcement to agree on the best solutions to address the problem and to coordinate efforts.

² MarkMonitor, Traffic Report: Online Piracy and Counterfeiting, January 2011

Other Challenges to IP Enforcement

- The “politicization” of IP is eroding the ‘legitimacy’ of IP and is diminishing the public’s support for protecting IP in face of other major social issues. This seriously affects policy and enforcement efforts.
- Diversity in national laws and enforcement regimes is another issue which leads to high costs for administrative processes. Simplifying and harmonizing administrative processes would not only lower costs to the rights holder, but would facilitate the protection and defense of trademarks so that businesses may count on the necessary legal certainty before making needed investments in their current markets and expanding to other countries.
- The speed with which judicial and administrative decisions are made is also a challenge. There is a need to shorten the current time frames for the delivery of judgments or decisions, which, in some countries, may take up to several years with devastating effects on brand development and IP enforcement.

Question 2: What should the Observatory’s main goals be and what objectives need to be set in order to achieve them?

The main goal of the Observatory should be the gathering of information to support stakeholders, enforcement bodies, and policy makers to succeed in reaching better and more coordinated practices and tools in the fight against counterfeiters.

Furthermore, the Observatory should:

- provide knowledge and tools for improving European IP enforcement with an emphasis on anticounterfeiting, addressing primarily public bodies and, or in a second step, private entities;
- be a platform to raise awareness on the importance of IP; to change perceptions about the social acceptability of IP infringements; to inform the public of the negative effects of counterfeiting for the economy and for the public; to encourage collaboration between the consumers, IP owners, public administration and enforcement bodies; and to provide information and recommendations;
- establish and maintain relations and cooperation with non-EU trademark organizations with regard to anticounterfeiting and other related issues; and
- consider developing a widely accepted basis for measuring the amount of counterfeit and pirated goods available in the EU and assessing the impact on economy and consumers.

Question 3: Do you have any other comments or questions for OHIM?

- OHIM/the Observatory must bear in mind the risk of duplication of effort with other organizations in carrying out its activities (i.e. law enforcement authority training programs run by the World Customs Organization, Interpol, third countries such as U.S., Japan, and the work done by national anticounterfeiting organisations, national consumer protection bodies, etc).

- Given the urgency of addressing the expanding list of IP infringement issues, OHIM and the Observatory will need to remain focused on their core responsibilities and priorities.

We hope our above comments are helpful in the development of the general direction of the Observatory's initial activities. If you have any questions, please do not hesitate to contact Candice Li at cli@inta.org Christina Sleszynska at csleszynska@inta.org. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Alan C. Drewsen". The signature is written in a cursive style with a large initial 'A' and 'D'.

Alan C. Drewsen
Executive Director