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INTA Emerging Issues Committee

Relative Examination Subcommittee

Report and Recommendations

Relative Examination Systems vs. Absolute Examination Systems: Whether INTA should endorse one system or the other

October 2005

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Executive Summary

The Relative Examination Subcommittee has gathered answers and experiences from Trademark Offices, trademark owners and attorneys in more than 18 countries in order to consider whether INTA should endorse the absolute examination system or the relative examination system. Relative Examination is the examination system examining for both relative and absolute grounds for refusals, while absolute examination is the examination system examining only for absolute grounds. The questions we asked them to answer are found in our letter/questionnaire in Appendix B. Appendix D summarizes the data collected by jurisdiction. In assessing the information received, we have come to the conclusion that we cannot recommend that INTA should endorse one system and not the other.

Both systems have been shown to have many advantages and disadvantages. Appendix A lists the assumptions on pros and cons of each system that the subcommittee had at the start of the project, which were taken from previous INTA committee work. Appendix C summarizes the pros and cons found in the responses to our questionnaire.

While we do not consider it practical to recommend one system over the other, we believe that there would be a number of ways to harmonize both systems to make registration, assessment of confusion and infringement and cancellation of unused marks more consistent across both systems. These possible recommendations are however not the subject of this report.

Acknowledgments

I would like to give sincere thanks to all the national offices, agents and holders that have taken time and effort to give us information about their experiences with the two systems. The following countries participated in our survey: Argentina, Australia, Benelux, Brazil, Chile, Denmark, France, Germany, Hong Kong, Ireland, Japan, New Zealand, OHIM (EU), Spain, Sweden, Taiwan, Thailand and United Kingdom.

I also would like to give my warmest thanks to my subcommittee members and colleagues; without their enthusiasm and hard work this report would not have been possible.

Thanks are also extended to John Crittenden, Barbara Sullivan and Bruce McPherson for their valuable contribution and feedback.

Debbie Roenning, Chair

1. Introductory Remarks

1.1 The Task

1.1.1 The Relative Examination Subcommittee (“Subcommittee”), under the auspices of the Emerging Issues Committee, has been asked to study the relative and absolute examination systems for examining trademark applications, with a view toward determining whether one system or the other is preferable, and whether INTA should endorse one system over the other.

1.2 The Subcommittee’s Experiences

1.2.1 Some of the Subcommittee members behind this report come from countries that have adopted the absolute examination system. Other Subcommittee members have, during their course of work, gained experience with the relative examination system. A limited number of Subcommittee members have experience with both systems.

1.2.2 Before engaging in the two-year process to study the issues involved, we found that each of us had strong preferences for one of the two types of examination systems. A summary of the Subcommittee’s assumptions as to the advantages and disadvantages of relative examination systems at the start of this project as taken from previous INTA committee work are attached as Appendix A. Now, as the report is completed, and we can look back at the process, we all can acknowledge that we had clear misunderstandings of the other’s system. Having conducted studies into the merits of each system, we have acquired a better understanding of the two systems, and we have come to acknowledge that there are strengths and weaknesses inherent in each system and that none of these tip the balance enough to justify a conclusion that either system is superior to the other.

1.2.3 The Subcommittee members behind this report have reached consensus that the Subcommittee should not endorse any one system over the other at the present time, as each system has its own advantages and disadvantages.

2. Relative vs. Absolute Examination

2.1 Background

2.1.1 This Subcommittee's topic of inquiry - an analysis of the advantages and disadvantages of relative and absolute examination systems - also is a topic very much discussed and debated in many countries.

2.1.2 The subject of relative examination or absolute examination is one of the most obvious areas of disharmony among national and regional trademark laws. Even within interconnected economic regions such as the European Community ("EU"), member states approach this issue differently. Several EU countries have changed their examination systems in recent years from a relative to an absolute basis, and others are contemplating such a change.

2.1.3 The work of this Subcommittee is to some degree built upon the work of the former Relative Examination Task Force of the current Issues and Policy Committee, Emerging Issues Subcommittee. That task force had studied the advantages and disadvantages of having national trademark offices examine for conflicts with other marks on the trademark register or leaving such conflicts to be resolved by the trademark owners themselves in opposition and cancellation proceedings.

2.1.4 Relative examination involves comparing newly-filed applications against earlier-filed marks and applications and refusing to register those newly-filed marks that would give rise to a risk of likelihood of confusion with an existing trademark. Many countries that adhere to a relative examination system also examine applications for absolute grounds of refusal, such as statutory prohibitions against the registration of marks consisting of a country's flag, coat of arms or Olympic symbols. Absolute examination does not address the likelihood of confusion between marks, leaving the trademark owners themselves to object to the registration of a confusingly similar trademark. Many trademark offices around the world, such as those in the United States ("US"), Japan, the United Kingdom ("UK") and Canada, include relative examination in their examination processes. Others, such as those of the EU (OHIM), Germany, and France, traditionally have not. In recent years, Spain and Denmark have eliminated relative examination, and the United Kingdom and Sweden are considering doing so.

2.2 The Survey

2.2.1 In order to complete our study and reach our goal, the Subcommittee prepared a list of questions it wanted answered. The Questionnaire sent to various countries requesting information is attached in Appendix B. These questions were sent to national offices, trademark attorneys and trademark owners in more than 18 countries. We selected countries and owners that had experiences with one or both of the examination systems. The countries that participated in the survey are listed in Section 1, "Introductory Remarks." A summary of the respondents' assessments of the pros and cons of relative and absolute examination systems is attached in Appendix C. A summary of all the data collected, by jurisdiction, is set out in Appendix D.

3. Costs of Oppositions/Cancellations and at the Examination Level

3.1 Our Questionnaire also obtained feedback with respect to opposition costs from seven absolute systems (Benelux, OHIM, Denmark, France, Germany, Spain and Sweden) and from nine relative systems (Argentina, Australia, Brazil, Chile, Ireland, New Zealand, UK and Taiwan). A summary of this feedback is attached in Appendix F.

3.2 In general, the costs of oppositions, in either the absolute or relative examination systems, are similar. In some respects, the opposition procedure in absolute system countries is more streamlined, and the costs associated therewith are more predictable.

3.3 In some jurisdictions, operating under either the relative or absolute examination system, costs can be awarded against the losing party (OHIM and Benelux in the absolute system group and Ireland, the UK, Australia and New Zealand in the relative system group). However, with the possible exception of Benelux, in none of these situations was the awarding of costs to the winning party considered to be a deterrent in reducing frivolous or marginal oppositions, since the costs awarded are usually a small fraction of the actual costs of the proceeding.

3.4 One exception to the general rule that awarding costs to the winner does not appear to reduce frivolous oppositions may be Benelux, which awards higher costs to the successful party in an apparent deliberate move to deter frivolous oppositions. As opposition proceedings are a recent development in Benelux and as such proceedings are limited to select classes of goods/services, Benelux's experience to date has been limited.

3.5 Overall, the respondents from jurisdictions that adhere to the absolute examination system are of the view that the total costs of obtaining registrations are lower in their system than in a relative system, due to lower examination costs. We also found no compelling evidence to indicate that more oppositions are lodged in an absolute system than in a relative system. One common concern expressed by many who practice or own marks in a relative examination system is that a switch to an absolute examination system would result in a dramatic increase in opposition and cancellation proceedings. At least one country that has switched recently from a relative examination system to an absolute examination system, however, has not seen a dramatic increase in opposition or cancellation proceedings. When Denmark switched from a relative examination system to an absolute examination system in 1999, it was assumed that the rate of oppositions would increase to 30%-50% of all registrations. In reality, the rate of oppositions in Denmark in 1997 was 2-4% (before the adoption of the absolute system) and only 10% in 2004 (after the adoption). Similarly, the rate of oppositions at OHIM, which from inception in 1996 adopted an absolute examination system, have averaged less than 20% through 2003 and approximately 80% of those cases were settled, with 70% being settled during the cooling off period alone. It remains to be seen, however, whether a similar outcome, *i.e.*, a relatively low, stable rate of oppositions, would result from a switch to an absolute examination system from a relative examination jurisdiction that is more prone to litigation, such as the US.

4. Conclusion

4.1 Endorsing One System or the Other

4.1.1 When assessing the responses to our survey, we have found that there are different practices within the field of presumptions, classification, consent agreements, how costs in oppositions/cancellations are measured and what kind of cancellations proceedings they allow or provide for. These differences not only occur between the two examination systems, but also among countries belonging to the same examination system.

After evaluating all the responses we have had to our survey, we find that we at the present time cannot recommend that INTA endorse one system or the other. As already stated, we find that each system has its own relative advantages and disadvantages.

Having come to this conclusion, we also believe that there are ways to reach very useful harmonization within and across these two systems such as the primary factors to consider in assessing confusion, and simple procedures to facilitate the cancellation of unused marks and this should be the subject of a supplemental report.

APPENDIX A

The Subcommittee's Assumptions As To The Advantages And Disadvantages Of Relative Examination Systems At The Start Of The Project

Advantages of Relative Examination

- ✍ **Preventing Registration of Confusingly Similar Marks.** Relative examination ensures that trademarks will not be registered if the same or deceptively similar trademarks have been applied-for or registered in respect of the same or similar goods or services. Exceptions may be made in the cases of marks whose applicants are able to show that they have had prior use, honest concurrent use or have by other circumstances earned the right to co-exist on the Register.
- ✍ **Protection of Trademark Owners' Rights and the Public Interest.** By raising likelihood of confusion during examination as a ground for refusal, the rights of trademark owners with registrations or pending applications are protected from identical rights being unfairly obtained by subsequent applicants, and the rights of the public not to be deceived and confused by the use of trademarks also are protected.
- ✍ **Reliable Register.** Relative examination makes for a clean register upon which others may rely as a basis for making decisions as to registrability, enforceability, and/or possible infringement issues. As a result, trademark searches are simpler, more reliable, and less costly, and trademark rights are better defined and more stable.
- ✍ **Review by Experienced Examiners.** Relative examination ensures that Office examiners, who generally have specialized knowledge and experience in trademark law, first address the issue of likelihood of confusion. In the absence of relative examination, courts may resolve trademark conflicts, and the lack of expertise of many judges in the field of trademark law might result in inconsistent results, especially in jurisdictions that do not have a system of judicial precedent. (While appointing judges with the necessary expertise and adopting a system of specialized intellectual property courts may ameliorate this problem, each of these alternatives could require significant expenditures of public funds.)
- ✍ **Reduced Number of Oppositions.** Applications in a relative examination system come to the publication stage already having been reviewed for likelihood of confusion. By eliminating conflicting marks in the examination process, relative examination may reduce both the number and cost of oppositions.
- ✍ **Public Interest.** The presence of trademark office review prior to the publication stage ensures that the public interest against consumer confusion is taken into account. Without relative examination or other trademark office scrutiny, parties in a dispute may negotiate a resolution that serves only their interests, but not the interests of consumers. For example, parties may agree to permit their two conflicting marks to be registered, leading to a likelihood of confusion among consumers.
- ✍ **Legal Presumptions of Registration.** When a trademark registration is the result of relative examination, the registration can provide legal presumptions as to the registrant's ownership of the trademark and right to use it. Such legal presumptions are not possible in a system that does not use relative examination, because the registering authority cannot certify that there are no others with superior registration rights.

Disadvantages of Relative Examination

- ✍ **Increased Examination Time.** Relative examination requires searching and subjective analysis, resulting in increased examination time and in a constant backlog of unexamined applications. Because applicants are allowed many months (depending on the rules of the particular trademark office) to respond to the first office action or examiner's report before the application will lapse, rights in trademarks can take a long time to be settled, thereby reducing the reliability of the register as a tool for making decisions as to registrability, enforceability, and/or possible infringement issues.
- ✍ **Unused Marks May Bar Registration.** The presence of an arguably conflicting trademark on the register may bar registration of a later trademark even if the earlier registered trademark is no longer being used. In order to overcome the bar, the applicant must petition to cancel the earlier registration or try to locate the owner and negotiate the registration's assignment or withdrawal. This process imposes an unfair burden on the applicant, and it may favor large companies over individual trademark owners and small companies with limited resources. Moreover, the cost and difficulty of canceling the registration and/or negotiating with the registered owner may cause the applicant to abandon the application and simply use the trademark without registration. In such circumstances, the register will not reflect actual use of the trademark in the marketplace.
- ✍ **Need for Examiners; Inconsistency in Examination.** Relative examination requires a significant force of experienced examiners to examine the flow of trademark applications. Having a large number of examiners with varied levels of experience presents issues in maintaining consistency of examination. Lack of consistency can result in a reduction in quality of the examination process. As a result, the rights of existing trademark owners, other traders, and the public may be inadvertently compromised.
- ✍ **Different Results in Different Countries.** Similarly, it is not unusual for trademark examiners in different jurisdictions following relative examination to come to different conclusions as to whether a trademark is likely to be confused with another. This problem, which leads to inconsistent results internationally and frustrates a trademark owner's ability to use a trademark worldwide, can be avoided by eliminating relative examination.
- ✍ **Marketplace Realities Ignored.** Trademark examiners' decisions on relative grounds are based only on information in trademark filings and not on real-world, marketplace considerations. As such, an applicant's trademark may be refused even though the owner of the cited trademark sees no conflict, which may result in complicated and artificial "work-arounds" such as the "assign back" procedure frequently followed in Japan.
- ✍ **Inability to Benefit from Speed of Madrid Protocol Process.** For countries that are party to the Madrid Protocol, International Registrations under the Protocol come to the trademark office with all formalities finalized. In the absence of relative examination, these registrations could be advertised for opposition purposes with no further processing work required.
- ✍ **Delay Affects Later Applications.** The opposition process is lengthy, especially where extensions of time are readily obtained to bring the opposition itself or to submit evidence. During this time in a relative examination system, the disputed application remains a barrier to applications for later-filed similar marks. Even if the disputed application ultimately is denied registration, until it is refused, its presence on the register may bar later-filed applications, prompting additional office actions, unnecessary work for trademark examiners, and further cost and delay to the later applicants.

APPENDIX B

Letter Requesting Information

I am a member of The International Trademark Association (INTA) and currently serve as a member of the Relative Examination Subcommittee, a subcommittee of the Emerging Issues Committee.

In case you are not familiar with INTA, we are a 126-year-old, worldwide membership organization representing over 4,500 corporations, law firms, and professional associations in 180 countries. INTA's membership, which crosses all industry lines and includes both manufacturers and retailers, is united in its goals of supporting the essential role trademarks play in promoting effective commerce, protecting the interests of consumers, and encouraging free and fair competition.

The Relative Examination Subcommittee is studying the advantages and disadvantages of relative examination vs. examination solely on absolute grounds, where examination for conflicts are left to be raised and resolved in opposition and cancellation proceedings. The completion of our study will be a report to INTA's Board, which will contain recommendations addressed to examination systems or examination principles that INTA should advocate. If we find that we cannot recommend one of the systems alone, our recommendations could address key principles of examination where we believe harmonization can be pursued further on an international level.

For our study we have made up a list of questions which we hope you will have the opportunity to answer. If you do not have the time yourself, perhaps you can pass this request to someone else in your office.

A previous INTA committee gathered much information on the systems (relative vs. absolute) used in many jurisdictions, and on the attributes, and general strengths and weaknesses, of these systems. In the continuing study of this issue, our Subcommittee would like to gather information on the experience of trademark offices and practitioners, in both systems, and particularly in those jurisdictions that have changed to, or have experience operating under, an absolute examination system. We wish to gather information about how the systems have affected the owners of registrations and the practitioners assisting the owners in attaining and protecting rights.

We hope that you can help us by answering the following questions:

1. Which system (relative examination or examination based solely on absolute grounds) are you most familiar with?
2. What do you see are the primary advantages and disadvantages (pros and cons) of the systems?
3. In the system you are familiar with:
 - (i) Please comment on the existence and effect of presumptions of validity that attach to registrations in oppositions or cancellations?

- (ii) What is the level of satisfaction of counsel/trademark owners with the grounds of opposition or cancellation?
 - (iii) What is the rate of oppositions or cancellations – the number of registrations issued, the number or % that are opposed or subject to cancellation actions based on prior rights, and statistical results of the oppositions or cancellations based on relative rights (that is how many succeeded/failed and how many were settled before decision)?
 - (iv) Are costs awarded against losing parties in opposition? What level of costs are typical? Are these costs felt to reduce frivolous oppositions?
 - (v) What is the attitude of the opposition boards or courts towards *prima facie* validity when an attack is based on prior rights?
 - (vi) What are the normal costs of oppositions/costs of cancellation actions?
4. In addition, for those who have had experience with absolute ground systems:
- (i) Can you identify any changes in the nature of work experienced by local counsel in systems based on absolute examination?
 - (ii) Is there any evidence of an increase or decrease of consumer confusion as a result of more instances of the granting and use of registrations for marks that are confusing with prior marks?
 - (iii) How do the costs to the trademark owner compare to a relative ground examination systems
 - (i) for registration?
 - (ii) for monitoring and opposing conflicting marks approved in an absolute ground system?

We understand this is a big mouthful, but for our report to be useful, we feel strongly that we need some sense of what the experience has been in both these systems. We also recognize that you may not have experience to share on all these points, and welcome your comments on any points on which you can comment. In addition, if you can direct us to any additional source for “experience” information of this type, it would be much appreciated.

Kind regards

APPENDIX C

Respondents' Assessments as to the Pros/Cons of Relative and Absolute Examination Systems

Relative Examination Systems

Advantages

1. Trademark owners can rely on the Office to defend their trademarks against confusingly similar marks, preventing the registration of confusingly similar marks and reducing the need for watching services.
2. Trademark owners have a greater feeling of security in, and more confidence in the strength of, the rights conferred by the registration.
3. Trademark owners can reduce their budgets for enforcement by relying on the Office to defend their trademarks against confusingly similar marks, which may benefit individuals and small business owners in particular.
4. Consumer interests may be protected when confusingly similar trademarks are denied registration.
5. Relying on Office examination can serve as a mechanism for reducing friction between new and existing businesses where the Office acts as the enforcer.
6. Ability to rely on the stability of the trademark register in selecting new marks.
7. More focused recitations of goods/services based on applicant's actual use.
8. The Office serves to balance private and public interests.
9. Potential for fewer opposition/cancellation proceedings.
10. Applicants can avoid undertaking expensive and time-consuming preliminary searches.

Disadvantages:

1. The examination process can slow the registration process.
2. There is a potential for abuse of discretion and inconsistent rulings in determining whether a trademark is confusingly similar to another already on record, particularly where the Office does not look to market realities, which may support co-existence due to different target markets or channels of trade.
3. There is a potential for increased prosecution costs where an applicant must try to overcome an initial rejection based on likelihood of confusion.
4. Registration may be difficult or impossible where the Office accepts applications with class headings as the scope of the recitation of goods/services.
5. Registration may be difficult to impossible where an Office refuses to accept a co-existence or consent agreement between an applicant and a registrant who mutually agree that there is no confusion between their respective marks.
6. Applicants may need to enter into convoluted assignments and grant-back procedures in jurisdictions where co-existence or consent agreements are not accepted.
7. Requires examiners to have uniformly high skill sets in order to avoid inconsistent rulings and errors in judgment.
8. May result in higher administrative costs to the Office, due to the need for a large workforce of highly skilled examiners, which costs may be passed on to applicants in the form of higher filing/prosecution fees.
9. May result in inequitable treatment in some jurisdictions, e.g., the UK, where an application in the UK may be refused on relative grounds on the basis of a Community Trade Mark ("CTM") registration, which was never itself examined on relative grounds.
10. More difficult to obtain a registration due to increasing number of marks on record.

11. Applicants without legal representation may be unaware that, after examination, opposition to registration remains a real, if slight, risk and they may assume that a favourable decision in the examination process will result in a favourable outcome in an opposition.

Absolute Examination Systems

Advantages:

1. The registration process is faster.
2. Perception that registrations are weaker and more vulnerable to attack.
3. Encourages opposition/cancellation proceedings only in those cases where there is a real potential for confusion between marks.
4. Can reduce overall administration costs at the Office, due to a lesser need for a large workforce of highly-skilled examiners, and such savings can be passed on to applications in the form of lowered application/prosecution fees.
5. Prevents the Office from making subjective decisions.
6. Allows trademark owners to decide whether an application adversely affects their rights.
7. Objections may be easier to circumvent/overcome than objections based on citation of prior marks.
8. Harmonization of practice within the EU.
9. Some jurisdictions provide factual reports (without examination as to relative grounds) to trademark owners of applications that may be considered confusingly similar.
10. Avoids citation of dormant marks, *i.e.*, marks that are registered but no longer in use.

Disadvantages:

1. The Office does not monitor or enforce private trademark rights.
2. Trademark owners are placed at a disadvantage *vis-à-vis* new applicants, as trademark owners must be more vigilant in protecting their rights.
3. Potential for increase in number of opposition/cancellation proceedings.
4. There is a potential for increased costs due to need for watching services, opposition/cancellation proceedings, etc.
5. Examiners can lose their expertise with respect to relative grounds for refusal, which may adversely affect opposition/cancellation proceedings where such skills sets are required.
6. There is potential for a “polluted” register and legal uncertainty where confusingly similar marks are allowed to register.
7. No consumer protection or protection of public interests, with increased risk of likelihood of confusion among consumers.
8. Potential for large companies to abuse opposition/cancellation proceedings as against individuals or small business owners.

APPENDIX D

Summary of Data Collected by Jurisdiction

Country	Relative Examination	Presumptions of validity	Classification	Costs	
				Opposition	Revocation / Cancellation
Argentina	Yes	Registration gives presumption of ownership and exclusive right to use.	Class heading accepted – interpreted to include all the goods/services in the specific class. (?)	Official fees – US\$17. Legal fees – US\$250-350. Losing party pays costs, expenses, and attorney’s fees.	Must be brought before civil courts. Costs vary.
Australia	Yes	The presumption of validity during does not exist with respect to opposition proceedings under the Trade Marks Act 1995. Only when a ground of opposition exists does the burden shift to the applicant.	Narrow identification of goods or services required.*	Legal fees – between US \$5,000 – 15,000, inclusive of filing fees. Costs awarded against losing party, but generally limited to often a fraction of actual costs.	N/A
Benelux	No	Courts are not bound by the fact that a trademark is registered they make their own determinations as to the validity of a trademark.	Class heading accepted*	Official fees – EUR1,000 – fixed fee for up to three classes. Each additional class costs EUR 100. Legal fees – legal representation is not mandatory. Costs awarded against losing party, unless the opposition is only partially successful	N/A
Brazil	Yes	No presumptions of validity attach to registrations in opposition or cancellation proceedings; however, if a registration is granted by the Office, it is considered valid until an authority makes a determination to the contrary, even if the trademark is not in use or is subject to forfeiture. All administrative authorities (including officials at the Office) are permitted by law to review their own decisions, which means that almost all decisions taken by the Office may be reviewed ex officio or through the request of a third party.	Class heading accepted*	Official fees – US\$71. Legal fees – N/A. No costs awarded against losing party.	Official fees- US\$ 147 Legal fees – N/A.

Country	Relative Examination	Presumptions of validity	Classification	Costs	
				Opposition	Revocation / Cancellation
Chile	Yes	Chilean law does not refer to any specific presumption of validity. General law principles may be applied in this regard.	Class heading accepted for goods; narrow identification of services required*	Official fees – US\$600 Legal fees – N/A. No costs awarded against losing party.	Official fees – US\$ 400. Legal fees – N/A.
Denmark	No	N/A	Class heading accepted – interpreted to convey a general indication, but not automatically covering all the goods or services in the class.	N/A	N/A
European Community	No	Registrations are deemed valid until declared invalid or revoked in parallel proceedings. Scope of registration may be reduced if the inherent distinctiveness of the trademark is low (i.e., the trademark is nearly descriptive). Burden of proof lies with petitioner for opposition/cancellation in OHIM proceedings.	Class heading accepted – interpreted to include all the goods/services in the specific class.	Official fees EUR 350 Legal fees – paid by the losing party to a maximum EUR 250. Costs awarded against losing party, except where opposition is concluded during cooling-off period. There is a cap on these costs of EUR 250.	Official fees – EUR 700. Legal fees – paid by the losing party up to a maximum of EUR 400.
France	No	Registration is presumed valid until cancelled by a court. Validity of opposing trademark may not be questioned during an opposition proceeding. If an applicant wishes to challenge the registration of the prior registered trademark, applicant must pursue a nullity proceeding in court, which results in the suspension of the opposition proceedings until the court case has been resolved.	Narrow identification of goods or services required*	Official fees – EUR 304. Legal fees – representation is not mandatory. No costs awarded against losing party.	N/A
Germany	No	Registration is accepted as fact, not as “presumption.”	Identification of goods or services required, although it may be broad (“all goods” not accepted)*	Official fees – EUR 120. Legal fees – depend on time necessary for preparing and filing the request. No costs awarded against losing party.	Official fees EUR 300. Legal fees – depend on time necessary for preparing and filing the necessary request.
Hong Kong	Yes	No information available.	Narrow identification of goods or services required*	N/A	N/A

Country	Relative Examination	Presumptions of validity	Classification	Costs	
				Opposition	Revocation / Cancellation
Ireland	Yes	Registration constitutes <i>prima facie</i> evidence of validity unless challenged. If the validity of the registration is challenged, the burden is on the owner to prove its validity.	Narrow identification of goods or services required*	Official fees – EUR 60. Legal fees – typically do not exceed EUR 1,000. Costs may be awarded against losing party.	N/A
Japan	Yes	Once a trademark right has been granted, it is considered valid and enforceable until cancelled. If a third party initiates an Opposition or Invalidation Trial) against a trademark registration, it is still presumed that the trademark is still valid. In the case, however, that the Office issues a Decision to cancel (or invalidate) the subject trademark, the trademark owner could be liable for compensation to the third party, retroactively, from the application date. Similarly, a trademark is valid until its expiry date, provided that a third party does not successfully cancel the registration by a Cancellation Action.	Class sub-headings accepted*	N/A	N/A
New Zealand	Yes	Registration constitutes <i>prima facie</i> evidence of validity in cancellation proceeding with burden on petitioner to prove otherwise. Burden is on applicant in opposition proceeding to show that it is entitled to registration.	Narrow identification of goods or services required; use of “all goods” accepted in some classes, such as 25)*	Official fee/legal fee- NZ\$ 3,000 (often less). Costs awarded to losing party.	N/A
Spain	No	No information available	Class heading accepted – interpreted to include all the goods/services in the specific class.	N/A	N/A
Sweden	Yes – Switch to absolute examination to take place in 2006	Variable over the years depending on current practice, but generally strong.	Class heading accepted – interpreted to convey a general indication, but not automatically covering all the goods or services in the class.	Official fees – none Legal fees – Only legal fees are payable. No costs awarded against losing party.	N/A
Taiwan	Yes	Registration remains in full effect until the registration is cancelled due to opposition or cancellation proceeding.	N/A	Official fees – US\$ 120 per class Legal fees – US\$ 900 – 1,900. No costs awarded against losing party.	Official fees – US \$210 Legal fees – US\$ 900 – 1,900

Country	Relative Examination	Presumptions of validity	Classification	Costs	
				Opposition	Revocation / Cancellation
Thailand	Yes	Registration constitutes <i>prima facie</i> evidence of validity, which could be perceived by opponents as a rather high burden to overcome in opposition and cancellation proceedings.	Narrow identification of goods or services required*	<p>Official fees – US\$ 25-26.</p> <p>Legal fees – around US\$ 600-800 for one trademark.</p> <p>Should matter proceed to litigation, costs typically US\$ 3,000-10,000.</p> <p>No costs awarded against losing party.</p>	N/A
United Kingdom	Yes	Registration constitutes <i>prima facie</i> evidence of validity of the original registration and of any subsequent assignment or other transmission of it.	Class heading accepted – interpreted to convey a general indication, but not automatically covering all the goods or services in the class.	<p>Official fees - £200.</p> <p>Legal fees – Depends on level of negotiation and time required to prepare evidence. Do not usually exceed £1,000.</p>	<p>Official fees - £200 (revocation); £300 (invalidation)</p> <p>Legal fees - £800-1,200. Depends on level of negotiation and time required to prepare evidence. Do not usually exceed £1,000.</p>
United States	Yes	Registration constitutes <i>prima facie</i> evidence of the validity, distinctiveness, and registrability of the registered trademark; the registrant's ownership of the trademark; and the registrant's exclusive right to use the registered trademark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate. In addition, upon the issuance of the certificate, the registrant obtains the benefit of constructive use of the trademark, thus conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration, subject to certain exceptions.	Narrow identification of goods or services required.	<p>Official fees – US\$300 per class.</p> <p>Legal fees – N/A.</p>	<p>Official fees – US\$300 per class.</p> <p>Legal fees – N/A.</p>

APPENDIX E

Opposition Costs

Country	Opposition: costs awarded against losing party?	Costs of opposition	Costs of revocation	Costs reduce frivolous oppositions?	How does cost of absolute system compare to relative system from point of view of trademark owners?
ABSOLUTE SYSTEM					
Sweden	No	<u>Official fees</u> – none <u>Legal fees</u> – Only legal fees are payable.	No response provided.	No. Frivolous oppositions are uncommon, but this is not thought to be linked to the costs involved.	<u>Absolute system</u> – Lower registration costs. Money can be spent on more thorough searches.
Denmark	No response provided	No response provided	No response provided	No response provided	No response provided
France	No	<u>Official fees</u> – EUR 304. <u>Legal fees</u> – representation is not mandatory.	No response provided	No response provided	<u>Absolute system</u> – lower registration costs. <u>Relative system</u> – trademark searches are less costly. Also, number and cost of oppositions are reduced.
OHIM	Yes, except where opposition is concluded during cooling-off period. There is a cap on these costs of EUR 250.	<u>Official fees</u> EUR 350 <u>Legal fees</u> – paid by the losing party to a maximum EUR 250.	<u>Official fees</u> – EUR 700 <u>Legal fees</u> – are paid by the losing party to a maximum EUR 400	No. Liability for costs does not deter frivolous oppositions. No means for awarding punitive costs for frivolous oppositions.	No response provided
Germany	Typically, each party bears its own costs. In certain cases costs will be borne by the losing party, e.g. if the opposition is malicious.	<u>Official fees</u> – EUR 120. <u>Legal fees</u> – depend on time necessary for preparing and filing the request.	<u>Official fees</u> EUR 300. <u>Legal fees</u> – depend on time necessary for preparing and filing the necessary request.	No. Frivolous oppositions are relatively rare. As opposition costs are relatively low, they do not deter frivolous oppositions.	<u>Absolute system</u> – Opposition searches carried out by German PTO at no extra cost to applicant. Costs of application are lower under absolute system as there is no need to respond to office actions.
Spain	No response provided	No response provided	No response provided	No response provided	No response provided

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Benelux	Yes, unless the opposition is only partially successful.	<p><u>Official fees</u> – EUR1,000 – fixed fee for up to three classes. Each additional class costs EUR 100.</p> <p>These fees are high compared to OHIM (EUR 350). However the idea is for the opposition division to be self-supporting. Cooling off period can be extended for one year without any additional fees. An additional EUR 100 must then be paid for each additional two-month extension. If the opposition is terminated without intervention from the office, part of the opposition costs is refunded. If the procedure is finalized within the cooling off period, 60% of the opposition fees are refunded. If finalized after the cooling off period, 40% of fees are refunded.</p> <p><u>Legal fees</u> – legal representation is not mandatory.</p>	No response provided	Yes. High cost of oppositions is intended to be a barrier against frivolous oppositions.	No response provided
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RELATIVE SYSTEM

Argentina	No. Oppositions are resolved by the parties rather than at an administrative level. However, where the courts resolve an opposition, the losing party has to pay the other's legal fees, costs and expenses.	<p><u>Official fees</u> – US\$17</p> <p><u>Legal fees</u> – US\$250-350.</p>	Must be brought before the courts. Costs vary depending on the circumstances of the case.	Yes. Costs involved in a court action are significant and consequently, frivolous oppositions are generally withdrawn before the matter reaches the courts.	<u>Relative System</u> – existence of office actions increases time and cost of application procedure.
Brazil	No	<p><u>Official fees</u> – US\$71.</p> <p><u>Legal fees</u> – no information</p>	<p><u>Official fees</u>- US\$ 147</p> <p><u>Legal fees</u> – no information</p>	No response provided	No response provided
Chile	No	<p><u>Official fees</u> – US\$600</p> <p><u>Legal fees</u> – no information.</p>	<u>Official fees</u> – US\$ 400	No response provided	<p><u>Absolute System</u> – costs are greater as owners must have their marks watched and be ready to oppose conflicting applications.</p> <p><u>Relative System</u> – this may be balanced to some extent by the fact that, under the relative system, applicants must deal with objections of trademark authorities.</p>

Ireland	Yes – Costs may be awarded against the losing party, but this does not happen in every case.	<u>Official fees</u> – EUR 60. <u>Legal fees</u> – typically do not exceed EUR 1,000. However, contested oppositions can lead to costs of EUR 1,000-5,000 depending on complexity. More usually EUR 500-600.	No response provided	No. Costs are not designed to reduce frivolous oppositions.	<u>Absolute System</u> – considerable expense opposing similar third party marks. Also, the expense of conducting preliminary searches at time of filing application.
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United Kingdom	<p>Costs are awarded on the basis of a sliding scale. Therefore not accurate reflection of actual costs incurred by winning party, as costs must not exceed maximums on scale.</p> <p>Scale of costs:</p> <ol style="list-style-type: none"> 1) Application or notice of opposition £300 plus statutory and accompanying statement fee (if any); 2) considering statement of case- £200; <p>OR</p> <ol style="list-style-type: none"> 1) Considering application or notice of opposition and accompanying statement - £200; 2) Considering statement of case- £300; 3) Preparing and filing evidence- up to £1,500; 4) Considering evidence half of item 3; 5) Preparing for and attending hearing- up to £1,500; 6) If one side appears in person, or if other side calls witnesses, travel and general expenses will be allowed, but not normally more than £250 per person per day, and not more than £750 per side per day. 	<p><u>Official fees</u> - £200.</p> <p><u>Legal fees</u> – Dependant on level of negotiation and time required to prepare evidence. Do not usually exceed £1,000.</p>	<p><u>Official fees</u> - £200 (revocation); £300 (invalidation)</p> <p><u>Legal fees</u> - £800-1,200. Dependant on level of negotiation and time required to prepare evidence. Do not usually exceed £1,000.</p>	<p>No.</p> <p>Costs unlikely to be prohibitive. The scale is intended to provide the winning party with a contribution towards their costs. This is in line with UK policy that no one should be deterred from seeking or defending his or her intellectual property rights.</p>	<p><u>Relative System</u> – reduces need to file oppositions (thereby reducing associated costs) (although already have to do so to prevent registration of confusingly similar Community trade mark).</p> <p><u>Absolute System</u> – increased costs of opposition strategy and need for watching service. Also, a pre-filing search is necessary to avoid risk of filing “blind”.</p>
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Thailand	No.	<p><u>Official fees:</u> to oppose one trademark is US\$ 25-26.</p> <p><u>Legal fees:</u> around US\$ 600-800 for one trademark.</p> <p>Should matter proceed to litigation, costs typically US\$ 3,000-10,000.</p>	No response provided.	No – Costs to oppose and cancel trademark applications will not reduce frivolous actions, as such costs are relatively low.	<p><u>Absolute system</u> – Costs burden on trademark owner to police marks.</p> <p><u>Relative system</u> – However, cost burden of obtaining trademark under relative system is higher.</p>
Australia	Yes. Costs awarded against losing party, but limited. Costs awarded are often a fraction of actual costs. Typical award unlikely to exceed AU\$ 3,000 including all expenses of a final opposition hearing.	<p>Costs include official filing fee, costs for preparation of evidence (and/or receipt and consideration of evidence from other party), costs in preparing for hearing, for travel and for attending hearing.</p> <p>Typically, costs range from US \$5,000 – 15,000</p>	Costs include official filing fee, costs for preparation of evidence (and/or receipt and consideration of evidence from other party), costs in preparing for hearing, for travel and for attending hearing.	No. Costs unlikely to prevent frivolous oppositions, as even winner will not be awarded full costs.	<p><u>Relative system</u> – Provides measure of certainty for applicant prior to being exposed to potential oppositions.</p> <p>Also, examination is a faster process than opposition, so relative examination tends to provide a quicker outcome. However, disadvantages are that applicants without legal representation are often either unaware that, after examination, opposition remains a risk, or assume that a favorable decision in examination means a favorable outcome in opposition.</p>
New Zealand	Yes	<u>Official fee/legal fee-</u> NZ\$ 3,000 (often less)	No response provided	No. Frivolous oppositions usually withdraw before hearing. Level of costs is not disincentive.	<u>Absolute System</u> – increased cost of watching marks.
Hong Kong	No response provided	No response provided	No response provided	No response provided	<u>Relative System</u> – reduces instances of opposition, revocation, declaration of invalidity proceedings.
Taiwan	No	<p><u>Official fees</u> – US\$ 120 per class</p> <p><u>Legal fees</u> – US\$ 900–1,900.</p>	<p><u>Official fees</u> – US \$210</p> <p><u>Legal fees</u> – US\$ 900 – 1,900</p>	No response provided	<u>Absolute System</u> – cost of protecting prior rights is higher