



PP02/10

The Overall Functioning of the Trade Mark System in Europe

Introduction

The IP Federation represents the views of a significant number of major innovative UK companies¹ in matters concerning intellectual property policy. The member companies hold a large number of trade marks, both UK and European Union (Community). The Federation and its member companies therefore have a very considerable interest in the proper functioning, and improvement, of the Trade Mark System in Europe.

We welcome the Study currently being undertaken by the Max Planck Institute into the Overall Functioning of the Trade Mark System in Europe. Although the Federation does not appear on the list of those bodies to be consulted, we trust that our views on the issues under consideration will be fully taken into account during the study.

We have noted the Contribution by OHIM² to the Max Planck Study and, as will appear below, have considerable sympathy with many of the points made in that contribution. We also welcome many (though not all) of the detailed suggestions for simplifying and streamlining the OHIM procedures, taking account of the development of electronic methods since the adoption of the Community Trade Mark Regulation.

Governance and Financing of OHIM

Governance is of course a matter for the contracting states to determine, in accordance with the provisions of the Regulation. However, we do have concerns about conflicts of interest. The individual national representatives directly involved with governance are in large part from national trade mark offices. In some respects these consider themselves to be in competition with OHIM.

While welcoming recent fee reductions, we are legitimately concerned about fees. We accept that trade mark applicants and owners should pay fees that meet OHIM's costs whilst furthering policy objectives, such as encouraging owners to deregister marks no longer in use by imposing renewal fees. However, we do not accept that trade mark fees paid to OHIM should be some form of indirect taxation on trade mark owners, either for the benefit of the Community or of the national administrations. Fees should be set to meet costs and no more. The proportion of renewal fees that is distributed to national administrations should be no more than can be objectively justified by their contribution to and involvement with the OHIM operation.

The relative amount of the renewal fee should be reconsidered. The fee to renew a CTM should not be more than that to register a new one.

As regards the already existing very large surplus, we agree with OHIM that much of this should be returned to past applicants. The surplus is indicative of the fact that past applicants have been substantially over-charged over a period of several years. While it might seem attractive to the member states to use the surplus to finance future projects, there is no good reason why these projects, which have not so far been agreed or provided for in budgets, should be financed by past applicants.

¹ List attached

² Office for Harmonisation in the Internal Market



We are aware of some suggestions for the use of the OHIM surplus. While we accept that proposals concerned with improving the quality of OHIM processes should be of benefit to users, other suggestions may be somewhat controversial. There can be no justification in subsidising national outreach programmes in support of business innovation from OHIM fees - if national administrations consider that innovation should be supported, then the subsidies should come from their exchequers. Furthermore, there is no good reason why enforcement and access to judgements should be directly subsidised from OHIM fees - other civil litigation is not supported by such indirect subsidy from fees intended for other purposes but is paid for by a combination of court fees and exchequer payments in support of the judicial system generally.

Any use of undistributed surplus must be clearly and objectively justified as being for the benefit of users of the trade mark system in Europe.

Genuine Use

We are strongly of the view that genuine (greater than *de minimis*) use in any part of the Community must be recognised as use in the Community. This was clearly understood by member states in a footnote at the time the Regulation was first adopted. We also observe that our view has been supported by important decisions of the ECJ. In case *C301/07 Pago International v Tirolmilch*, the ECJ held that reputation need only be demonstrated in a single member state, while in *C259/02 La Mer Technology v Laboratoires Goemar* it was held that genuine use need not be quantitatively significant.

Genuine use in one member state constitutes use in the Community. This should be a core feature of the single internal market. For it to be otherwise would damage the whole concept of the single market, which should not be artificially restricted by national barriers. As compared with say the United States of America or China, where unitary marks prevail across the entire territory, the Community is not an unduly large territory.

Furthermore, the Regulation will probably be updated to take account of electronic technology. A major aspect of such technology is the ever increasing number of sales via the Internet - these sales are not limited by national boundaries. The marked goods will be available throughout the Community, even though they might all appear to be sold in a single state.

There should be no effort to "steer" businesses generally and SME applicants in particular in the direction of national marks. It is to be hoped, indeed expected, that all businesses intend to expand their activities throughout the Community. This might readily be achieved through use of the Internet. Use in the home state will be a preparation for this expansion and **must** count as Community use. The mark concerned should not be under threat of revocation, or of being legitimately used by others elsewhere in the Community, where it has been genuinely used, within 5 years, in one member state.

Integrity of registers

We agree with the OHIM remarks on the so called cluttering of registers. Thousands of marks are not renewed each year, thus clearing many older unused marks from the registers, few marks are subjected to cancellation actions for non use, suggesting that they do not pose great problems to competitors and the number of new registrations grows strongly, suggesting that businesses are still able to design new and distinctive marks.



Interoperability of national and Community systems

We approve of the cooperation activities that are currently under way, e.g., to secure a common approach to classification, to make possible a single search through the Community and national registers, and to share IT. The possibility of searching the registers in a combined way will be invaluable to potential applicants, owners and third parties.

We also agree that considerable effort should be made to harmonise national rules and practices with those of OHIM. Users should not be faced with differing, idiosyncratic, requirements depending on the member state in which they require registration. Harmonisation of goods and services is a desirable aim.

We also consider that a project to translate the terms of the Nice classification into all official Community languages would be worth pursuing.

Revision of the Regulation and Rules

We are generally in favour of updating the regulation and rules along the lines proposed by OHIM, subject to there being an opportunity to comment in detail in any revision exercise. Preliminary comments on particular proposals are contained in the annex to this paper.

New competences

We are wary of OHIM's suggestion that it should take on the registration of other forms of IP. What does it have in mind? We are opposed to the introduction of utility models or other new IP rights involving registration, but if any such rights are eventually introduced, the question of which body should be responsible would need to be considered very carefully.

Seniority claims

The possibility of claiming seniority from an earlier national mark is a very important feature of the Community Trade Mark system, since it enables the costs of handling a trade mark portfolio in Europe to be minimised. However simplifying the procedure should not lead to increased costs or problems for 3rd parties and we therefore object to the proposed reduction in the information that should be supplied about an earlier senior mark. Rather, the information should be enhanced - see our comment below on rule 8.

We consider that national offices should keep records of abandoned national marks from which seniorities have been claimed. These records would be particularly helpful when seeking to enforce the marks involved. The cost of maintaining such records should reasonably fall on the OHIM budget, since OHIM will receive the application and renewal fees of Community marks claiming seniority.

IP Federation March 2010

ANNEX

OHIM proposals concerning amendments to the Regulation and Rules

Article 4 Signs of which a CTM may consist:

We agree in general with the proposal that the mark should be capable of being accurately represented by electronic means.

Article 25 Filing:

We agree with the move to electronic filing, [but it should continue to be possible to file on paper]

Furthermore, we see no particular reason to continue to allow direct filing at national offices.

Article 27 Date:

We would accept the abolition of the one month grace period for application fee payment (no fee no file) only if arrangements for payment of fees (all fees) by credit card or similar means were introduced.

Article 30 Priority and Article 33 Exhibition priority:

We agree that there should be no examination of priority claim or Exhibition priority and thus no need for evidence unless challenged.

Article 38 Search:

We agree that the search for and communication of earlier trade marks and applications serves little purpose and should be abolished.

However, it is important in this context that search tools for combined search of as many registers as possible should become available to users of the system.

Article 39 Publication:

We agree with the removal of delays in the process. It should however be clear how and when applications will be made available for public inspection.

Article 41 Opposition:

We have reservations about shortening the time limit for opposition from 3 months to 2. It can be difficult to make the necessary evaluations and marshal resources for an opposition. If electronic communication eases the process, well and good, but the time available should remain unchanged.

Article 45 Registration:

While we agree that reference to the fee should be removed from the article, the article still has value in confirming the act of registration.

Article 60 Time limit and form of appeal:

We agree that the grounds of appeal should be filed with the appeal.

Article 62 Revision of decisions in inter partes cases

It seems to us that appeals in inter partes cases should pass directly to the Board of Appeal



Article 65 Actions before the Court of Justice

Such actions are appeals against the decision of the Office. The existing rule seems correct - the Office should defend its decision before the Court.

Article 80 Revocation of decisions

We agree that this provision should be revised to provide for revocation within six months of the procedural error coming to the attention of the Office

Article 85 Costs and Article 86 Enforcement of decisions on costs:

We consider that costs should be set at a level that will deter vexatious proceedings and be worth collecting.

Article 88 Inspection of files

We are not in favour of files concerning unpublished marks being made available.

Article 130 Competence:

This Article implies very little about the organisation of the Office but makes clear which units are authorised to make decisions. We consider that it has value and purpose.

Article 133 Administration of Trade Marks and Legal Division

We agree that the President should have authority to assign responsibilities for other decisions as appropriate.

Article 144 Fees regulations paragraph 3

We agree that fees should be set by a more independent mechanism

Article 156 Opposition (of international application designating EC)

We agree that the six month delay between publication under Article 152 and the opening of the opposition period can be abolished.

Implementing Regulation

Rule 1 Content of Application

We agree that name and e-mail address should suffice for applicant and representative and that no signature is needed.

However, we do not agree that it should only be necessary in seniority claims to identify the earlier registered mark by its number and office of registration. More information is needed - see our comments on rule 8.

Rule 2 List of goods and services

We consider that restriction of lists of goods and services to terms in approved data bases will be too harsh a restriction, since it would make it impossible to file applications in respect of new goods or services that did not exist when the data base was compiled.

However, we do agree that applicants should be encouraged to use standardised terms as far as possible, in the interest of clarity and certainty for others. There

might perhaps be a fee reduction or a guarantee of faster processing when standard terms are used.

We trust that there will be proper consultation before any restrictions in listing goods and services are imposed

Rule 3 Representation of the mark

We agree with use of an electronic file.

Rule 5 Filing of the application paragraph 2

As previously noted, we consider that filing through national offices can be abolished

Rule 6 Claiming priority

We agree that it is only necessary to identify the earlier mark by number and office of filing

Rule 8 Claiming seniority

We disagree that a seniority claim need only identify the earlier mark by number and office. We consider that this rule, and other rules relating to seniority, need to be improved as regards information given about the earlier mark on which a seniority claim is based. Full details of the earlier mark, including a full description of goods and services, should be provided and included in the OHIM data base. Otherwise, third parties will be obliged to check the data bases of the relevant national offices to retrieve this crucial information. Not all these data bases are on-line or in the OHIM languages.

We accept that there is no need to provide for late claims before registration.

Rule 9 Examination of requirements for filing date

We agree that with an electronic system, there should be no possibility of remedying filing date deficiencies, and that priority and seniority are not matters to be verified by the Office.

Rule 14a observations by 3rd parties

We agree that a new rule is needed

Rule 15 Notice of opposition

We agree that the notice should contain only the information needed by the applicant to know the potential; scope of the attack, and the attacker.

Rule 16 Information to the applicant

We agree that information should be transmitted to the applicant by the opponent, via an electronic platform provided by the Office.

Rule 17 Examination of inadmissibility

We agree that this should be limited to payment of fee and compliance with rule 15(2)

Rule 19 Substantiation of the opposition

We do not agree that no proof in respect of registrations of or applications for national marks is needed. Not all national registers are available free, on line, but

even if they were there is no justification for the applicant to have to incur costs, including translation costs, in investigating the existence of allegedly earlier rights. The notice of opposition should provide full information as regards earlier rights. Copies of registration/renewal certificates, with translation into the language of proceedings, should be supplied.

Rule 20 Examination of the opposition

We accept that it will be more economical in procedural terms to deal with the verification of claimed rights in the main proceedings.

Rule 22

We agree that applicants should be obliged to request proof of use as early as possible

Rule 24 Certificate of registration

We accept that where the certificate can be obtained from the website, there is no need for there to be an obligation to provide either certified or uncertified copies.

Rule 40 Examination of the application for revocation/declaration of invalidity

We agree that there should be a time limit within which the proprietor must request proof of use of an earlier mark.

Rule 41a Suspension of cancellation proceedings

We agree that provision should be made for suspension.

Rule 61 General provisions on notifications;

Rule 65 Notification by telecopier and other technical means

Consequential changes in rules 62- 64, 68, 79, 79a, 80, 82

We agree to the general abolition of notification by post, etc., subject to the amendments proposed for rule 65, i.e., recasting to allow the President to determine technical means, with the safeguard that non electronic means will be used in cases of difficulty.

Rule 88 Parts of the file excluded from inspection

We agree that confidential material should not form part of the file

Rule 89 Inspection of the files

We agree that on line inspection should be the rule.

Rules 108 - 111 (Concerning seniority claims)

Our comments above concerning rules 1 and 8 apply *mutatis mutandis*

Rules 112 - 116 (Concerning international registrations)

We agree that changes to reflect changes in the Madrid system and the change in Article 156 will be needed.

Fees Regulation

We note the changes proposed.

IP Federation March 2010



IP Federation members 2010

The IP Federation (formerly TMPDF), represents the views of UK industry in both IPR policy and practice matters within the EU, the UK and internationally. Its membership comprises the innovative and influential companies listed below. It is also listed on the European Commission's register of interest representatives and its Identity no. is 83549331760-12.

ARM Ltd
Babcock International Ltd
BAE Systems plc
BP p.l.c.
British Telecommunications plc
British-American Tobacco Co Ltd
BTG plc
Delphi Corp.
Dow Corning Ltd
Dyson Technology Ltd
Eli Lilly & Co Ltd
Fujitsu Services Ltd
G E Healthcare
GKN plc
GlaxoSmithKline plc
Hewlett-Packard Ltd
IBM UK Ltd
Infineum UK Ltd
Kodak Ltd
Merck Sharp & Dohme Ltd
Nokia UK Ltd
Nucletron BV
Pfizer Ltd
Philips Electronics UK Ltd
Pilkington Group Ltd
Procter & Gamble Ltd
QinetiQ Ltd
Rolls-Royce plc
Shell International Ltd
Sony UK Ltd
Syngenta Ltd
The Linde Group
UCB Pharma plc
Unilever plc
Xerox Ltd

The IP Federation is the operating name of the Trade Marks, Patents and Designs Federation

Registered Office 5th floor, 63-66 Hatton Garden, London EC1N 8LE

Email: admin@ipfederation.com | Tel: 0207 2423923 | Fax: 0207 2423924 | Web: www.ipfederation.com