

ECTA *flash*

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OHIM LINK REPORT NO. 28

The twelfth ECTA OHIM Link Subcommittee was recently held with the Office in Alicante.

At this meeting several matters were raised and discussed, and some valuable information was gained which will be highly beneficial to both sides.

We enclose herewith the respective report and remain at your entire disposal for any further clarification.

This report is also available on the ECTA website at www.ecta.org

João Pereira da Cruz
Chairman of the OHIM Link Subcommittee

ECTA OHIM LINK REPORT

MEETING IN ALICANTE – May 19, 2003

The ECTA OHIM Link Sub-Committee Meeting met with officials of the OHIM in Alicante on Monday May 19, 2003. Participating in the Meeting were –

For the Office

Wubbo de Boer	President
Alexander von Mühlendahl	Vice President
Alberto Casado Cerviño	Vice President
Bruno Machado	President of the Boards of Appeal
João Miranda de Sousa	Director of the General Affairs and External Relations Department
Sophia Bonne	Administrator, General Affairs and External Relations Department
Vincent O'Reilly	Director of the Administration of Trade Marks and Designs Department
Fernando Martinez	Deputy Director of the Administration of Trade Marks and Designs Department
Hans Jakobsen	Director of the Trade Marks Department
Panayotis Geroulakos	Deputy Director of the Trade Marks Department
Paul Maier	Director of the Designs Department
Cécile Barrio	Designs Department
Oreste Montalto	Director of the Industrial Property Litigation Unit
Bente Waldstrøm	Administrator, Quality Management Department

For ECTA

João Pereira da Cruz (Portugal)	Chairman of the OHIM Link Sub-Committee
Kaj Henriksen (Denmark)	President of ECTA
David Tatham (United Kingdom)	Secretary of the OHIM Link Sub-Committee
Dietrich Ohlgart (Germany)	Chairman of the Law Committee
Fabio Angelini (Italy)	
Luis-Alfonso Duràn (Spain)	
Wim Goosen (Netherlands)	
Clarke Graham (United Kingdom)	
Helmut Pastor (Germany)	
Sandrine Peters (Belgium)	

General Issues

The President opened the meeting with a general report, of which the following were the highlights:

- ◆ The most important issues facing the Office at the present time were: The Community Design, Enlargement, Changes to the CTM Regulation, and Access by the EC to the Madrid Protocol.
- ◆ There was no sign of any substantial increase in the number of trade mark filings, although the number of applications and oppositions filed was likely to be a slight increase on last year. Currently about 12-13% of all applications were being filed

electronically, and the Office was hoping to increase this percentage substantially by the end of this year.

- ◆ The reorganisation of the structure of the Office was now complete.
- ◆ The Trade Marks Department had set itself some challenging targets, and there had been some substantial improvements in the speed of decision-issuing by the Boards of Appeal. The Office had stopped recruitment (apart from the need to appoint a number of persons with knowledge of the languages of the accession candidate countries) but it was doing some re-training following the re-organisation of the Trade Marks Department. It continued with its desire to be as transparent as possible and it welcomed input from the users in order to achieve this goal.

The Office and its Administration

Following on from the discussion at the last Link Subcommittee meeting in October 2002, ECTA tabled a paper (prepared by Mr. Durán) which demonstrated that whether one was dealing with Oppositions, Appeals, or Invalidity Proceedings there was no pattern for the time one had to wait for a response.

In opposition proceedings the examination of admissibility requirements was taking between 2 and 3 months and this seemed to be too much. It should be done within a month at the latest.

The Office was also taking between 2 weeks to several months simply to transmit to the other party a copy of a letter filed by the other party and this should be done much faster.

Once the opposition proceedings are ready for a decision, it takes between 12 to 17 months to have the decision sent to the parties and this also seems unacceptably long. It should not take more than two months.

Backlogs are also very noticeable at the Boards of Appeals, where there are cases that have been ready for a decision for over 2 years. The delays are particularly long when there is a change of Rapporteur.

The backlogs at the Cancellation Division continue to be very important. It takes several months, from 4 to 10 in some cases, for the Cancellation Division just to notify to the trade mark owner that an invalidity request has been filed. There are cases that have been pending for more than 3 years. This is causing great prejudice to the parties.

In response, Mr. Jakobsen outlined the changes that had occurred within the Trade Marks Department since he had arrived some 5 months previously. The amalgamation of the two Divisions dealing with absolute and relative grounds had involved a considerable upheaval and had led to all staff having to be re-trained in their new duties. On the whole, a file would now be dealt with from start to finish by a single Examiner, who had a wide range of responsibilities and skills and who generally worked on his or her own. He was convinced that these changes would lead to improvements, but perhaps not in the short term. They would also enable the Office to have a better view of the overall situation of pending cases than heretofore.

Quality levels were being established and would be published so that the users could see what was expected and draw attention to any failure, e.g. to meet published time limits.

He admitted that there were still delays and backlogs in the system, but because of the improvements in procedures and the creation of a Task Force he promised that these would be eliminated by the end of the year.

He was less definite in talking of Oppositions but nevertheless he was optimistic that all the current backlogs in issuing Decisions could be reduced.

As for Cancellations, which are still being handled separately, on present trends the Office was expecting about 250 requests this year. There were 353 pending files of which 129 were deemed to be inadmissible all of which would have been dealt with by the middle of the year. He was not expecting the current backlog to increase.

Boards of Appeal

Mr. Machado, the Chairman of the Boards of Appeal, reported that substantial progress had been made in reducing the backlog in the issuing of decisions by the Boards. In 2002 15% more appeals had been closed than appeals filed. There were now only 78 appeals undecided out of those filed prior to 2001. He was anticipating further improvements in 2003.

As the result of the retirement of its Chairman, the current Third Board of Appeal would shortly cease to exist but the number of Board members would remain 14, distributed among three Boards (1, 2 and 4). A newly constituted Third Board would hear all appeals on Designs. Its Chairperson would be the Chairperson of the First Board, and its other members would be members of the First, Second and Fourth Boards.

Community Designs

In connection with designs, Mr Maier reported that applications were being filed at a slightly slower rate than expected, but that far more multiple applications were being filed than originally anticipated (e.g. one claiming 315 designs, another claiming 296). Almost half of all applications claimed multiple designs, whereas only 20% had been expected. It was still early days and although there had been some mistakes (e.g. in issuing receipts) and a few bottlenecks had been disclosed, the Office was working hard on removing these.

Three Bulletins had now been published, but there were some problems over searching these, as there were over filing applications electronically.

In most cases, Examiners were contacting applicants or their representatives by telephone, rather than by letter, in order to expedite the handling of files. It was also considered allowing or encouraging communication via e-mail in future.

The Office was happy with the professionalism of most applications, but it intended shortly to produce a list of "frequent mistakes". For example, if applicants did not use terms from the EuroLocarno List, this held up the processing of an application because of the need to provide translations of non-standard terms. However he accepted that representatives were sometimes acting on specific instructions from their clients.

ECTA pointed out that there are delays in sending out letters of acknowledgement of the receipt of applications indicating the number of the application, as well as the letters announcing the publication of the design in the Bulletin and that this should be corrected immediately.

It was also pointed out that the EuroLocarno List should be applied with flexibility because it is necessary to select a title or description that fits better with the design to be protected and this is not always possible using the current EUROLocarno List.

The Office was still waiting for comments from all the NGOs on its draft Guidelines.

Enlargement

ECTA pointed out that one of the effects of enlargement was that there was a transitional period between November 1, 2003 and May 1, 2004 during which trade mark owners from the new Member States could file an opposition to a CTM application filed between those dates. However representatives from the new EU Members were only entitled to act as from May 1, 2004, so who could represent such an owner in an opposition?

The Office confirmed that until May 1st, 2004 only professional representatives of current Member states are entitled to act, but said that because the publication of CTMs requires formal and substantive examination as well as searching and translations to be completed, which in the best of circumstances currently takes at least six to seven months, which would make it highly unlikely that there would be applications filed between November 1st, 2003 and May 1st, 2004 that would be published before May 1st, 2004 so it would not be a problem in practice.

The Office said that its plans for coping with enlargement were proceeding satisfactorily. It had identified about 20 individuals in the new Member States as possible recruits to the Office and they would be interviewed shortly.

As a result of the political situation in Cyprus, Turkish would not now become an official language so there would be only 20 to deal with but even so the addition of another 9 languages to the existing 11 could give rise to problems and delays. Adding these languages and the searching expenses would increase the cost of handling a single CTM application by about €630,--, which might of course change if indeed Article 39 was abolished.

The Madrid Protocol

The proposals recently published by the EU Commission for the EC to ratify the Madrid Protocol had been discussed at a meeting of the Member States. It would appear that most Member States were in favour of ratification in principle, but some concerns had been expressed regarding the language proposals and against Opting-Back. At a meeting in September of the Madrid Union, it was probable that a proposal would be tabled to add Spanish as an official language with regard to international applications and registrations subject to the Madrid Protocol.

The Office had already begun to study how its IT could be adapted for this new circumstance.

It was said that it would be totally unrealistic for anyone to think that the CTM system could isolate itself from this important international tool for trademark owners.

The Role of the Office

ECTA expressed its concerns at the role which the Office appeared to be adopting. ECTA's view was that the main role of the Office should be to ensure that the Regulations on the Community Trade Mark and on the Community Design were correctly applied, for the benefit of the owners of trademarks and designs. These Regulations had been established by the legislative bodies of the EU only after long debate and compromise.

The Office is a public entity, set up to serve the needs of the users of the system. Whilst it is true that under Article 119.2(b) CTMR the President may submit proposals to amend the law,

the Office should not pre-empt possible future amendments. It is right and proper that the staff at the Office should take steps to streamline the management of the Office in its proper role as an executive body, but always taking into account that its responsibility is to apply the law as it is, not as the Office thinks it should be or in a way that might be more convenient for the Office.

ECTA believed that too often decisions were seen to have been taken because of reasons of convenience for the Office (i.e. 'doing this takes too much time', or 'we do not have personnel' etc.) and these are not acceptable reasons. The Office should take steps to apply the existing law, independently of whether it is hard or complicated. Decisions should apply the current law and should not be taken for convenience of the Office but of the users.

ECTA noted with satisfaction the emphasis which the Office had placed during recent years on improving its management skills, on investigating work process flows, on the introduction of new systems, and on the use of tools such as were being commonly used in business and industry. So long as these improvements expedite and facilitate the handling of applications, oppositions and appeals, they will be met with great sympathy by the users.

In response, the President agreed with ECTA's summary of its role, but did not believe that it was doing anything wrong. As the specialist in the field, it was essential that the Office should be involved in any discussions about improvements to the system and it would be doing a disservice to the users if it were not so.

Mr. von Muhlendahl expressed his surprise and disappointment at ECTA's remarks which he did not fully understand. The Office was not in business for its own benefit. Some of its initiatives were for the viability of the system as well as for its advancement. Prior to any major change, there was always a wide consultation within the OAMI Users' Group and what might eventually be introduced was according to the views expressed, and it was not always in accordance with the original proposal.

Discussion of the CTM Survey 2002 carried out by Yellow Window Management Consultants

On behalf of the Office it was explained that this Survey had been a piece of market research to discover how widely the Office was known, who were its target audience for future services, what on-line services would be welcome, and to define a strategy for future electronic business. The participants had been chosen at random and did not necessarily come from every EU Member State. Their actual identity was known to the survey firm, but not to the staff in the Office.

The responses had been useful and (in some cases) colourful. Fewer agents had replied than had been hoped for, but one clear conclusion had been that some owners had insufficient knowledge of the system.

Who is responsible for a particular case?

ECTA asked if it was possible to disclose the person(s) within the Office responsible for a particular case. Too often one would telephone a name or a number given on a letter only to find that the file had been transferred or that the name given was that of an assistant, not the 'real' Examiner. Perhaps the name(s) could be published on-line, or a direct telephone number be given, as this would undoubtedly speed matters up.

Mr. Jakobsen observed that, as he had said, the aim was to have a single person responsible for every file but this goal had not yet been reached. It should certainly be

possible to improve on the present situation. The idea of publishing the name(s) on the CTM ONLINE would be investigated.

Authorisations

ECTA reiterated its concerns, already expressed in a letter to the President, about the recently published change in practice regarding Authorisations, in that they will no longer be asked for or examined. ECTA's view was that this change was not in accordance with Articles 88/89 CTMR and Rule 76 IR.

On behalf of the Office, Mr. O'Reilly said that in his opinion the President's Communication on the subject had been more by way of explaining how the Office would handle authorisations in future, not an embargo on their future filing. However he asked ECTA Members to contact him if problems had arisen or should arise in future in connection with the new practice.

ECTA indicated that one of the problems of the new practice is the discontinuation from the Office of giving numbers to the general authorisations. While the Community Trade Mark Regulation does not change, professional representatives are obliged to continue filing authorisations. If a general authorisation is filed and a number is not given, professional representatives need to file copies of the general authorisation and of the letter filing it instead of simply indicating the number. ECTA requested the Office to revise its policy and to re-establish the former practice of giving number to the general authorisations filed so far and those that would be filed in the future. Mr. O'Reilly promised to think about it and to give a reply to ECTA soon.

The Role of a European Trademark Attorney

ECTA once again expressed its concerns that some documents were still being signed in the name of firms rather than by a European Trade Mark Attorney in his/her own name. An Attorney is a qualified person, recognised as such on the Register. It only undermines the philosophy of the system if someone else should act as if he/she was similarly qualified.

The Office said it was not aware that its practice of accepting documents however signed had ever caused any problems, and saw no reason to introduce new procedures to query whether a particular document had been signed by a duly qualified representative as opposed to an employee.

ECTA insisted that independently of the potential problems that could arrive, it is a question of principle and that if the Regulation considered that it was important to have qualified professional representatives to represent applicants before the Office, most of them having to demonstrate their capacity by passing difficult examinations, the practice of the Office should be consistent with this.

The capacity to represent is given to physical persons not to firms. A collective of persons can act before the Office as an association of representatives but only the professional representatives whose names are on the list can act on behalf of associations. Accepting papers filed by non professional representatives on behalf of the association is not according to the Regulation and should not be tolerated by the Office.

ECTA indicated that its Professional Affairs Committee was going to prepare a paper to be sent to the Office and the President agreed to consider it.

Difficulties in enforcing the decisions on costs in Oppositions and Appeals

ECTA, whilst accepting that this was not really an Office problem, outlined some of the difficulties experienced by representatives in seeking to enforce the decisions on costs in Oppositions and Appeals. Some clients simply refused to pay and it cost far more than the amount awarded to bring proceedings for their recovery. One solution might be the elimination altogether of any awards on costs.

The Office acknowledged that there was a problem, but said this was common when small debts need to be enforced, and in any event the Office was not in a position to be of assistance in these matters.

The Davidoff Case

In response to a question from ECTA, the Office confirmed that it would be applying the principles in the Decision by the ECJ in the Davidoff case (C-292/00) that protection of marks with a reputation was equally applicable when the goods were identical or similar.

Word Marks

ECTA pointed out that the Office was generous in accepting trade marks that were partly descriptive, but asked what was the practice where a mark or part of it was descriptive in only 1 language? Should there be more use of disclaimers?

The Office responded that it did not think a disclaimer was the answer. It had been sparing with its demands for or the acceptance of disclaimers, and it did not intend to change its practice. There was no easy solution to this problem and in *inter partes* cases, the only test was the presence of likelihood of confusion.

Seniority

ECTA raised two points under the heading of seniority:

- (i) Was there a list of the 'unofficial' databases the extracts from which were acceptable to the Office? Answer: There is no list but one will be prepared and the users informed.
- (ii) Many trade mark owners were abandoning their national marks for which seniority had been claimed and the national offices were doing nothing to retain the details of these abandoned marks on their records. However if it became the norm for the Office to insist on having certified copies of marks for which seniority had been claimed, then all doubts about what had or had not been claimed by way of seniority could be avoided in the future. One possible solution could be:
 - a) To re-establish the obligation to file certified copies of national trade marks for new cases as foreseen under Rule 8.1
 - b) For cases already filed, the Office should agree with National Offices on a compromise of not destroying any files for cases of seniority claimed.

The Office agreed to consider this point.

Oral Hearings

ECTA said it recognised that the Office did not encourage oral hearings, but in its view these could be useful in appropriate circumstances e.g. when there was additional or very bulky evidence or exhibits. It hoped that requests for an oral hearing were not turned down just because they were expensive to arrange.

The Office replied that its experience of the one oral hearing held so far had been that it had involved quite a lot of extra work and expense, but the requests for an oral hearing were not rejected solely on logistical grounds. Although such hearings were frequently requested, in

every case so far it had been found that there was sufficient information on the file for a decision to be taken. There was of course a difference between an oral hearing in *inter partes* cases and an informal discussion with an Examiner in the case of a refusal on absolute grounds.

ECTA insisted that the Office should reconsider this practice in the future and the Office agreed to study it.

Office Guidelines

ECTA enquired when the already promised Guidelines on Opposition and Classification would be sent to the NGOs for comment.

The Office responded that the Opposition Guidelines (currently some 380 pages long) were close to completion and it was hoped to circulate them by the end of June or July 2003. It would be a 'living' document that would need to be continually being up-dated and ideas were currently being canvassed as to how this could best be done. The Office will welcome any comment; however, it was envisaged to apply the Guidelines without waiting for all the comments to arrive, and would have to be seen to which extent such comments would lead to changes in the draft.

There was less good news regarding the Classification Guidelines which, it was hoped, would embrace all 'frequently used terms' and its circulation could not be expected before the end of 2003.

Procedure

It was suggested by ECTA that much time could be saved and doubts resolved if the Office could introduce a procedure whereby one party in an *inter partes* dispute could be informed when the other party filed no response by a due deadline.

Standardisation of Office Responses

At the last meeting of the Subcommittee ECTA had pointed out that the Office's procedures for submitting replies, documents, evidence etc. varied as between the Examination, Opposition and Cancellation Divisions, and that some standardisation would be helpful. ECTA had promised some examples, but had found that a full set of examples was too difficult to collate, and now suggested that if the Office itself had all its standard letters in one place perhaps it could provide ECTA with a set and ECTA would make its comments thereon.

The Libertel Case

In its Decision in the Libertel case (C-104/01) the ECJ had held that in a colour trademark the actual colour could be identified by the use of "an internationally recognised identification code".

This was a very recent Decision and the Office had not had the time to assimilate it totally although it would almost certainly be applying the principle to all newly filed applications. The Decision had not dealt with, for example, colour combinations, nor was there any agreement on which "internationally recognised" colour codes should be used. There would, for example, be some colours that did not fit into any such Code, and should the Office accept in their place a description supplied by an applicant? In theory there should be no problem

about introducing a colour code description for currently pending or registered CTMs, but it might prove technically difficult.

Three-Dimensional Marks

In most circumstances a 3-D mark – after an initial refusal – can be accepted on producing evidence of acquired distinctiveness. However in some cases this evidence is rejected because it shows the shape as being used in conjunction with a word mark. If this was always to be the case, then it could be very difficult to register 3-D shapes as it was often impossible to provide any proof of acquired distinctiveness for the shape *per se*.

On behalf of the Office it was said that the test was whether the public recognised the shape as a trade mark. The best evidence came from independent witnesses, such as competitors or trade associations. There was some guidance on this subject to be found in the CHIEMSEE Decision. As regards instructions to Examiners, reference was made to Communication No 2/98 of 8 April 1998 concerning the examination of three-dimensional marks, and to Examination Division's Practice Note on Evidence of Use (available *inter alia* on the Office's website), which dealt specifically with claims of acquired distinctiveness pursuant to Article 7 (3) CTMR. Beyond that, no general instructions on this point had ever been issued to Examiners and in many cases it was a matter of how the evidence was presented on behalf of an applicant. Similar conditions also applied in the case of other non-traditional marks, such as colour or smell. Most of such marks were inherently non-distinctive in any case.

CTM ONLINE

ECTA enquired if more information about CTMs could be made available on CTM ONLINE, such as whether an opposition had been settled, whether the Cooling-Off period had been extended etc.

Mr. O'Reilly responded that ideally the Office would like to make the entire file available on-line and a number of ideas were being actively investigated as part of the Office's e-business initiatives. It would not be easy to do this nor could it be made available in the short term. One problem relates to any Confidential Information provided by an applicant that might not always be indicated as such.