



European Communities Trade Mark Association

Please reply to :

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For the attention of:

Prof. Reto M. Hilty, Dr. Roland Knaak &
Prof. Annette Kur

Brussels, 14 January 2010

Dear Madam, Dear Sirs,

ECTA's comments in connection with your letter of 17 November 2009 – Study on the functioning of the European Trade Mark System

We refer to your letter dated 17 November 2009 in connection with the Study on the functioning of the European Trade Mark systems.

We are glad that the contract for carrying out the Study was awarded to Max Planck Institute for Intellectual Property, Competition and Tax Law due to your excellent and recognized expertise in the IP field.

ECTA, which stands for European Communities Trade Mark Association, was formed in 1980 and currently numbers approximately 1.500 members, basically coming from the Member States of the European Union with associate members from all over the world. Our Association brings together all those persons practicing professionally in the Member States of the European Community in the field of trade marks, designs and related IP matters.

These professionals are lawyers, trade mark advisors, trade mark attorneys, in-house counsel and others who can be considered specialist practitioners in these areas. With this membership, ECTA takes care of the needs of large, medium and small sized companies. For more information, please consult our website at www.ecta.eu.

Further to our request to receive our views on the overall “theme” of the Study, as well as on the individual points raised in the tender and our forthcoming related activities, we are pleased to provide you with the following input.



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I. ECTA's view on the overall theme of the Study and in particular on the current and future functioning of the trade mark systems in Europe

ECTA's position is widely and publicly known. ECTA believes in the need to strike a fair and equitable balance between CTMs and national trade marks. Indeed, it is of fundamental importance to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those operating in a national market. ECTA's vision is therefore that CTM and national systems should be mutually competitive and cooperative.

With this view, the following objectives should be taken into account: uniformity, updating and user-friendliness.

A. Uniformity

What SMEs and multinationals have in common is the need to have at their disposal instruments which are customizable, reliable and most of all predictable in terms of outcome, costs and expectations. The model in which ECTA continues to believe as the most effective and suitable to the EU environment in the short and medium term is the present system based on double choice:

- (i) CTM registrations on the one side for those companies which, in light of their dimensions and/or business plans want to benefit from the advantages of the common internal market; and
- (ii) National registrations for either products/services which companies want to localize or for companies of smaller dimensions whose commercial horizons are limited within the boundaries of one country or even a region only. This "national path" includes the option of international registrations (via WIPO), where applicants can protect their rights individually – depending on their business interests and/or existing older rights in certain countries or other reasons such as language or cultural issues – in certain countries effectively and very cost-efficiently.

However, in the same way train-tracks must all have the same width regardless of the country of origin of the train and regardless if the tracks are used by high speed trains, commuter trains and even freight trains because they all share the same tracks and it would not make sense to have tracks of different widths. ECTA believes we cannot have separate tracks for CTMs and national rights. It is ECTA's vision that in order to achieve a greater efficiency in the system, it would be desirable to begin to work aiming at reaching in the near future (5 to 10 years) a uniform legislation in trade mark (and design) laws, not only as it comes to material law but also as it comes to procedural law and penalties.

This uniform legislation should, however, be thought and formulated taking into consideration the differences which exist among the EU countries and therefore would have to address in particular two issues.



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The first is to modify the existing legislation so that, in the end of the process in all EU countries, there will be a uniform trade mark law whose text varies only to accommodate those issues which are dependent upon particular national matters, but is identical as far as substantial issues are concerned.

The second is to facilitate the adoption and implementation of the same procedural rules in the Offices' practices. There are still too many differences in the procedural rules and this creates an obstacle to companies which may find it too expensive to protect their rights in certain EU Countries. At least as far as examination of absolute grounds, opposition procedures and/or invalidation actions, an effort should be made to give uniform rules, as to avoid, for instance, that in one country one may file an opposition on the basis of a trade mark which has not been put to genuine use and cannot be challenged other than by filing a much more expensive Court action, or that in one country one cannot file an opposition on the basis of dilution and in a second country one can file an opposition based on absolute grounds and in a third country again one can only file invalidation actions by means of Court actions.

However, since each country has its needs, capabilities and legal procedural rules in administrative law, it will nonetheless be necessary to emphasize updating and training activities of Trade Mark Office's officials and further strengthening the exchange of information between TM Offices and between EU courts so as to ensure an ever increasing level of consistency and predictability of results. The uniform legislation should also only be adopted at the end of a process which makes sure that a substantial level of harmonization already exists.

The above proposal would create a system where the double choice (which is so unique and fundamentally necessary in view of the differences existing in the EU) would be preserved and in the meantime would also improve the efficiency and the cost-effectiveness of companies' choices which would neither be driven by the desire to exploit the weaknesses of the system, nor induced into choosing a system rather than the other for reasons of the inefficiencies that today still affect the EU trade mark (and design) scenario.

B. Updating

When the First TM Directive (TMD) was adopted, back in 1989, the EU consisted of 12 members, the Berlin wall was still a bleeding wound in the heart of Europe and the Euro was still as real as the red notes in the Monopoly board game.

When the CTM Regulation (CTMR) was adopted, back in 1994, the EU was still made up by 12 countries, there had not been any real case law by the ECJ and concepts like globalization or Internet were not familiar to anyone.

It seems almost self evident that being on the verge of the second decade of the second millennium, both the TMD and the CTMR are in need to be re-assessed and re-evaluated in light of the current economic, social, industrial, political and legal EU environment.



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However, also due to the complexity of the EU legislative process, any revision should not simply update what needs to be updated or fix what is in need of being fixed but also be capable to provide principles flexible and far-reaching enough to withstand the course of the next 5 to 10 years and of the changes which, although not easily foreseeable, will surely take place.

Furthermore, and as an additional element in support of the uniform approach described above, it does not make sense and seems objectively redundant to carry out two separate analyses and updates, one for the CTMR and one for the TMD.

ECTA proposes that the Study only focuses on the CTMR and on those aspects which need to be updated – possibly by benchmarking existing CTM Rules against national procedures and selecting the best. Once the Study is completed and if this Study reveals (as ECTA believes) that a number of provisions ought to be revised and the Commission determines that new CTMR provisions must be drafted, only at that point in time it would be appropriate and necessary to compare these new provisions with the existing TMD provisions, and only at this time the TMD ought to be modified (wherever, of course, it is proper to do so and the discipline is applicable to national registrations) in a Regulation which creates a mirror image at national level, of the CTMR provisions.

Finally, ECTA notes that too little attention is being paid on the jurisdictional side of the EU TM system, while instead the Study should also analyze the interaction between OHIM and the Court of Justice on the one side, and between national courts and the Court of Justice on the other side. Currently, there is a dichotomy in the EU trade mark system as a whole: matters arising out of CTMs go through the CFI and then (eventually) to the ECJ; matters arising out of referrals from national courts for interpretation of harmonization-based national laws are only reviewed by the ECJ. This creates a problem, because – constitutionally speaking - the CFI is not bound to follow what the ECJ says in harmonization related matters, when it decides CTM issues (since the CTM is an independent and autonomous system) and thus while ECJ's decisions on referrals bind all EU national Courts, they do not bind the CFI and vice versa (i.e. national courts in adjudicating cases arising out of national trade marks are not bound to follow what the CFI says in deciding CTM matters).

Furthermore, the CFI is lately becoming very vocal about its increased workload, but it is ECTA's opinion that any change in the jurisdictional allocation of cases cannot be taken in the vacuum but only having regard to the impact and the consequences on the overall EU TM system. ECTA believes that, regardless of the solutions which may be suggested to improve the dichotomy, the uniform approach described above, would be an extremely effective and efficient method to eliminate discrepancies, inconsistencies and inefficiencies.

C. User-friendliness

The interaction between Public Administration (PA) and citizens (users) is one that, in the EU Members states, is surely the most affected by decades if not centuries of national practices and habits deeply engrained in national cultures. Each PA has its own way of dealing with its citizens and as long as the common market had not opened up the borders to commerce and enterprises from all the EU, the question of the value for services provided by the PA (as well as the possibility of benchmarking among level of services provided by PAs) seemed only an



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internal matter with no effect on other countries, also because TM Offices are public bodies and must make accessible to users the protection of rights or the opposition/invalidation of rights of others according to the principle of neutrality and efficiency.

ECTA recognizes the tension between the need for providing value for services and the need to carry out public duties. However the trade mark system in the EU is burdened by and gravely affected ever increasing differences in the level of services the national TM Offices provide to users. User-friendliness does not simply mean a pleasant attitude in dealing with users, but embodies the constant effort to meet and possibly anticipate users' needs and expectations.

ECTA believes that a greater effort should be aimed to study what these differences are, and how to reduce them in order to make sure that all national TM Offices are equally user-friendly and thus offer to their users the same (best) level of services, the same expectations of quality and performance driven results that ultimately translate in benefits for all subjects. ECTA therefore welcomes the Commission's efforts to financially help national TM Offices to improve their services through the allocations of funds.

However, in the absence of a comparable and universally accepted litmus test, benchmarking among national TM Offices, which should be a priority to make an initial evaluation of what the situation is and to make sure that improvements have really taken place, hardly seems capable to provide insightful results.

It is ECTA's view that OHIM is an office which in light of the experience and the results achieved in the past 15 years might serve as an initial model against which benchmarking national offices. However, the benchmarking should not stop at the OHIM's model, but should take into consideration also the solutions and the innovations which national offices have already implemented. The final goal is to ensure that all national offices achieve a comfortable conformity of their own practices so as to make it simpler and easier to compare and evaluate the performances in providing a real and efficient user-friendliness level of services to users.

II. ECTA's contribution regarding the Evaluation Questions raised in the Study

ECTA Harmonisation Committee, chaired by Monika Wenz and ECTA Anti-Counterfeiting Committee, chaired by Marius Schneider have produced a number of comparative surveys on various trade mark issues amongst the EU Member States, which should be relevant for the Study.

You will find enclosed a compilation of the surveys of these Committees (Annex A), mentioning the pertaining legal provisions as well as the reference to the "Evaluation Questions" under section five of the Tender for the Study (pages 20 – 28), to which they could be linked. Please also find attached the mentioned finalized surveys (Annexes B, C, D, E, F, G, H, I, J, K and L).

For the surveys in progress, ECTA shall not fail to provide Max Planck Institute with a summary of the results once completed, hopefully within the six coming months.



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In addition, ECTA has organised, in collaboration with OHIM and EU National Offices, a number of Round Tables on the question whether the CTM and the National Trade Marks are in harmony. The question has been already been examined from the Benelux and German points of view and ECTA is currently in the process of organizing several other similar Round Tables in the coming months. The next Round Tables already scheduled will take place in London on 26 February 2010 and in Budapest in April 2010. We will not fail to send you the final programme and dates and you are of course most welcome to attend these Round Tables. In Annex M, you will find attached the contributions produced in connection with the Round Table held in The Hague, which we believe to be valuable in the context of the Study.

Furthermore, ECTA Law Committee, chaired by Fabio Angelini is working on the drafting on a reply/comments to the Evaluation Questions raised in the Tender for the Study. As soon as this contribution is finalised (most probably in the coming weeks), we shall not fail to send it to you.

III. ECTA Benchmarking Round Table in collaboration with the EU Commission, Brussels, 23 March 2010

In the context of the Study, it would also be extremely interesting to benchmark the European trade mark system, principally the CTM system, with other jurisdictions in order to gather further insights, which can then be used to further improve and develop the existing European solutions as well as those which would be revealed by the Study.

We have understood that the MPI will institute discussions/hearings with the users of the European Trade Mark system as soon as the preliminary results of the Trade Mark Study are available. ECTA is of the opinion that a useful and constructive way of participating in these discussions could notably consist in comparing the CTM with other systems outside Europe. In order to cater for this, ECTA has agreed with the EU Commission to arrange a Benchmarking Round Table in Brussels to be held on 23 March 2010. The Round Table is being organised by the ECTA Office and a small working group under the chairmanship of Max Oker-Blom, Past President of ECTA. Lecturers both from the United States and the European Union will be invited. We are currently working on the preliminary programme. As previously indicated, representatives of MPI are most welcome to participate in the Round Table.

We will provide you with the preliminary programme as soon as it is available, but ask you kindly already reserve the date in your calendar.

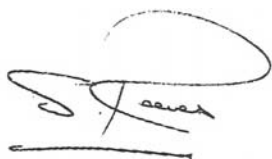
In your letter of 17 November 2009, you also mentioned that you will carry out a hearing with the interested organizations. May we ask you to inform us of the date and venue for this hearing as soon as they have been settled?

ECTA

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We hope that our comments and data will provide you with valuable input. We remain at your disposal for any questions and look forward to receiving information in connection with the coming hearing.

Sincerely Yours,



Simon Reeves
President



Fabio Angelini
Chairman of the Law Committee

Enclosures: Annexes A, B, D, E, F, G, H, I, J, K, L and M