



European Communities Trade Mark Association

**ECTA Round Table in Riga
9 July 2010**

**The Community Trade Mark and National Trade Marks: are they in Harmony?
The Baltic countries' point of view**

Reported by Ruta Olmane, ECTA Council Member and Secretary of the ECTA Professional Affairs Committee and Alina Bogdanovica, Patent Attorney Assistant, Agency TRIA ROBIT, LV

The next in ECTA's series of Round Tables took place in Riga, Latvia on 9 July 2010. It gave a better understanding of the CTM system, the impact of OHIM's activities on national systems as well as allowing participants to learn from the experience of local practitioners.

This time the Round Table was jointly organised by ECTA, the OHIM, Estonian, Lithuanian and Latvian Trade Mark and Patent offices. Ruta Olmane, Latvian Trade Mark Attorney at Agency TRIA ROBIT, ECTA Council Member and Secretary of the ECTA Professional Affairs Committee, was the local organiser.

Introductory speeches were made by Domenico De Simone, ECTA First Vice President, Peter Lawrence, OHIM Vice President and Martins Lazdovskis, State Secretary of the Ministry of Justice.

Under Ruta Olmane's chairmanship, the first session considered the impact of the CTM on the Estonian, Latvian and Lithuanian Trade Mark Office's activities and the daily work of the practitioners and what they expected from the current study of the European trade mark systems conducted by the Max Planck Institute (MPI).

Raul Kartus, Advisor of the Legal Department of the Estonian Patent Office, explained that a dramatic decrease in EE national registrations can be observed after the introduction of the CTM system. Joining the EU has increased the amount of work at the Estonian Patent office enormously due to the huge amount of CTM applications. Since the Estonian Patent Office examines national applications on both absolute and relative grounds, each application must now be searched against the Estonian and the much larger CTM registers.

Arūnas Želvys, Head of Law and International Affairs Division of the Lithuanian Patent Office, divided his presentation into two parts. The first part was devoted to the impact of the CTM on the Lithuanian national system. He stressed that almost half of the oppositions were based on CTM, CTM system was not very well known to Lithuanian general public. He also explained that after the introduction of the CTM system the number of searches had decreased enormously (by almost 90% during one year).

The second part of his presentation was devoted to the expectations from the Study. He stressed that both the CTM and national systems should be in balance. Arūnas Želvys expressed a wish that the National Offices should receive 50% of CTM renewal fees which could be used for CTM needs. The criteria of genuine use should also be rethought and re-examined. The Lithuanian office has therefore no strict view on the matter and is open to discussions thereon.

Dace Liberte, Head of the Trade Mark and Industrial Design Department of the Latvian Patent Office spoke about the impact of the CTM on the work of Latvian Patent office's activities. She explained that there were three possible ways of obtaining trade mark registration – national, international and CTM. It was explained that CTM was not as popular as RCD due to its costs and long procedure of registration. Latvian applicants prefer the international system of trade mark registration because it offers much larger territories in comparison to CTM. Dace Liberte also explained that Latvian Patent office did not have opinion regarding the territorial scope of genuine use. It was explained that the task of the Latvian Patent office was to serve small and medium sized businesses (SME), who only wished to trade within their particular territory. This is important to the Latvian Patent office because 80% of all the national applications filed in 2009 belong to domestic applicants.

Almar Sehver, Estonian Trade Mark Attorney AAA Legal Services, made a presentation focusing on the CTMs and Estonian national trade marks. He stressed the fact that national systems were not efficient, but the CTM was efficient. However, he pointed out that the CTM did not reach anything extraordinary but just switched the burden. The applicant has to watch his/her trade mark, oppose later trade mark, but SMEs cannot afford it. His presentation contained tables; the first one showed the present tendency – the decrease of total filings – but the second one stressed that the amount of the Estonian applicants was increasing. Almar Sehver stressed the need for more developed e-tools, like e-filing, which had already been introduced by OHIM. He suggested that OHIM could share its knowledge about the implementation of such tools with National Offices. This presentation contained useful examples from practice, for example one trade mark is registered in Latvia and Lithuanian, but refused in Estonia. Almar Sehver's conclusion is that local businesses use and maintain national marks, cross-board businesses use and maintain CTMs.

Peter Lawrence, OHIM Vice President, commented on and discussed Almar Sehver's presentation and discussed the advantages and disadvantages of the examination on relative grounds. He also discussed the issue of fee and finance and explained that the CTM was a fee-funded financial operation, but there was already a proposal to offer 50% of renewal fees to the National Offices, which was still being discussed.

He touched upon the question of the genuine use. There are cases where the use of the CTM only in one country is not sufficient. Countries such as Benelux and Hungary have already expressed their restrictive attitude towards this matter. However, Peter Lawrence said that the main thing was the amount of use and not the number of countries where the particular trade mark was used.

The OHIM Vice President also expressed his negative attitude towards critiques of the CTM system, for example, there are too many non-used trade marks. He asked for evidence of these trade marks. In general, he is against unjustified critique.

His presentation contained 2 tables. The first table showed that there were many cases when applicants did not apply for all three classes and he showed also the other extreme, when applicants applied for 3 or 4 classes.

The second table showed that opposition rate in Class 9 was very low in comparison to the high number of the CTM but the opposition rate in Class 13 was very high in comparison to very low number of the CTM.

Kaspars Pubulis, was replaced by Kritine Ostrovska, representative of Grindeks, A/S. She explained the strategy of Grindeks towards the trade mark and design registration and their way of dealing with the issues of trade mark registration. She criticized Estonian and Lithuanian patent offices for the slow communication and praised OHIM for the quick and correct documentation. She emphasized the need for e-tools for WIPO and National Offices. At the end she doubted if a 3-level trade mark registration system was needed.

The second part of the Round Table was devoted to the following questions – *are the CTM and the Estonian, Latvian and Lithuanian systems harmonized from a Procedural and Substantive legal points of view? Are the differences justified? What should be further harmonized?* The second part was chaired by Jevgenijs Fortuna, Latvian Patent Attorney, Foral Patent Law office and ECTA Member.

Vincent O'Reilly, Director of Department for IP Policy, OHIM, stressed that the Directive allowed differences on substance, but it said nothing about procedure. He stated that harmonisation was not uniform because due to national traditions and preferences harmonisation was impossible to achieve. OHIM is responsible for revocation and invalidity actions, but, in Baltic States, the courts are responsible for these actions. Finally, he stated that trade mark law at national level had to fit within national legal system.

Arūnas Želvys commented that both systems, the CTM and Lithuanian national systems were similar though not fully harmonised. The main differences are in the different types of opposition procedures – in Lithuania it is post-grant, but in CTM system – pre-grant. He spoke also about the recent changes that had taken place in the Lithuanian law – the main is now a written procedure and no longer an oral one as before and a cooling-off period was introduced. Arūnas Želvys ended by stressing that they were open to further harmonization proposals and, first of all, in respect of technical and IT aspects.

Dace Liberte spoke about the fee payment system in Latvia and explained that in Latvia an applicant had to pay an additional fee for every additional class except the first one. In the earlier 90s, there was a very small fee for additional classes and therefore many applicants filed trade marks at that time for all 42 classes. The class heading matter is also a problem which was discussed during the Round Table and Dace Liberte said that the Latvian Patent Office's practice was that only goods specially mentioned within the specification, or encompassed within a more general term, were protected. She also explained that the Latvian Patent office examined on absolute grounds and not relative grounds. She pointed out that Latvia had a post registration opposition procedure and they were not planning to change it because only 3% (in 2009) of registered (published) trade marks were opposed.

Raul Kartus devoted the next part of his presentation to the Council conclusions of 25 May 2010 on the future revision of the Trade Mark system in the European Union. He explained that there were ongoing projects connected with the possibility of on-line searching of trade marks and validation of proposed translations for English goods and services. He also spoke about the main difficulties, which included classification problems and cluttering of Registers.



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Kristina Vilkienė, Lithuanian Lawyer from METIDA Law firm stressed the necessity to harmonize grounds for refusal and grounds for examination. She also discussed differences from the procedural points of view and offered possible proposals for harmonization - development of common guidelines for registration, class heading, structure of the fees for the classes applied, validity of the non used trade marks, the difference between the trade marks with reputation and well-known trade marks.

Agris Bitans, Latvian Attorney at Law, Eversheds Bitans Law Office chaired the debates, which took place after the presentations. Villu Pavelts started the debates by his comments on the presentations and some questions. He was wondering which interest ECTA was representing – OHIM's or the applicant's? He also stressed that, for the applicant, speed and certainty of the acquired trade mark were the most important factors, but they were not joinable and difficult to achieve. Villu Pavelts does not think the CTM is cheap in case of oppositions, etc. He also referred to the classification problems and shared a personal experience when an examiner at the Irish Patent office asked to prove the use of the trade mark for all the goods indicated in the list of goods though the trade mark was registered under the heading of a class.

Vincent O'Reilly responded and commented and added that bad faith was not a reason for the opposition. He also explained that for OHIM lack of the intent to use the trade mark did not mean it was bad faith.

Agris Bitans asked some general questions concerning the CTM – which system is better – OHIM or national ones, what are pluses and minuses of the CTM.

Jevgenijs Fortuna asked how the Latvian Patent Office treated opposition cases. Indeed, the Office considers class headings as covering the goods/services specifically mentioned while the OHIM treat class heading as the whole class. Dace Liberte, supported by Vincent O'Reilly, said that this difference in practice had not given rise to any practical problems.

Agris Bitans asked if the CTM system meant the end or death of national systems and Vincent O'Reilly said that it definitely did not. National systems will exist forever. Jevgenijs Fortuna added that, for those companies that operated in the Baltic states, the CTM was a great advantage. He also discussed the question of genuine use and Peter Lawrence informed him further on this issue.

Ruta Olmane closed the Round Table and thanked ECTA for the organization of this event and all the speakers for their contribution, as well as all the attendees for their active participation.

12 July 2010