



European Communities Trade Mark Association

**MAX PLANCK INSTITUTE'S HEARING OF 5 NGOs
MUNICH 9 JUNE 2010
9am – 4pm, MPI premises**

MINUTES

Reported by Anne-Laure Covin ECTA Legal Co-ordinator

MPI participants:

Prof. Annette Kur
Dr. Alexander von Mühlendahl
Philip Venhor

Other participants:

AIM (Dawn Franklin, Marie Patullo)
BUSINESSEUROPE (Gerhard Bauer)
ECTA (F. Peter Müller, Anne-Laure Covin)
INTA (Carla Schwartz, Kerstin Gruendig-Schnelle)
MARQUES (Tove Graulund, Diana Versteeg)
European Commission (Tomas Eichenberg)
OHIM (Andrea di Carlo and Etienne Sanz de Acedo)

Between 9am and 4pm, the 5 NGOs Observers before the OHIM Administrative Board and Budget Committee met the representatives of MPI to discuss further in details the evaluating questions of the tender of the Study. OHIM and DG Internal Market were present as observers.

ECTA: Asked when the summary of the Allensbach survey will be published on MPI's website.

MPI: Informed that they should get the final findings from Allensbach at the end of June so the results should be published during July. Allensbach does not publish any data before the final report is finished. However, the Allensbach survey would not reveal any surprising results, there is a general positive attitude to the system (OHIM, national, IR) and even a reluctance to changes can be taken from the survey. The survey would show that users ask for more service from OHIM.

MARQUES: Requested to discuss during the meeting the question of the surplus.

MPI: Agreed with MARQUES's suggestion.

MPI went through some questions raised in the tender:

- ***To what extent has the Trade Mark Directive (TMD) achieved the objective of creating a single market by removing barriers to free movement and competition?***

MPI: Does not see a real need to discuss this topic as answers to this question will emerge from the answers to the other questions.

- ***To what extent is there a need for further legislative approximation of Members States' national trade mark systems within the current scope of the TMD?***

MPI: Some (formerly optional) articles should be mandatory such as the protection of trade marks with reputation. Full harmonization, as proposed by ECTA, is not realistic at this stage. Need to harmonize the effects of assignments of trade marks, assignments of TMs (without the business) should be possible throughout EU.

AIM: Where is the difference between legislative and procedural changes? Changes needed are more at the NPTOs' level rather than at the OHIM one (e.g. opposition based on several rights should be possible throughout the EU).

MPI: Hot topic. How far can harmonization go in procedural aspects? MPI is cautious and considers that every country must propose administrative proceedings which are cost efficient and fast enough to enable attacking a trade mark. The purpose of the Study is not to enter into detailed procedural matters at the NPTOs' level. MPI did not receive many proposals to improve procedural matters at NPTOs' level.

AIM: NGOs did not reply in this regard as it was not specifically asked.

MARQUES: Supports the approach of AIM.

MPI: Aware of the dissatisfaction of NGOs on how procedures are handled by NPTOs but this problem could be solved at a sub-legal level by providing guidelines, recommendations. Changing the procedural rules of the different member states is very complicated. **MPI would be interested in receiving explicit comments from NGOs on proposed changes in the procedural aspects at the NPTOs' level. MPI does recommend focussing on points that really need to be modified and harmonized. Deadline to receive NGOs' comments should be end of June 2010.**

AIM: User experience at OHIM and NPTOs should be similar, however there are big disparities. NGOs should agree on a list of procedural issues common to NPTOs which need to be reviewed.

MPI: These topics should be covered within the implementing regulation. NPTOs are open to cooperation but not to dictatorship. There should not be any benchmarking among NPOs. Alexander von Mühlendahl however encouraged NGOs to ask for more harmonization in the TMD, also for procedural rules. Further, the study will certainly look for "best practises" in the member states and recommend these.



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INTA: Two topics are important: (1) possibility to raise non use during the proceedings and (2) limit ex officio examination to absolute grounds. Only a few NPTOs publish their examination or opposition guidelines, this should be published in every member state.

ECTA: Sustains INTA`s position and adds a third “hot topic”, namely (3) more possibilities to attack trade marks at the administrative level (opposition, cancellation ...).

BUSINESSEUROPE: Supports ECTA.

AIM: Would agree if there is an option for point (3), courts or administrative procedure.

MPI: Possibility to file cancellation, opposition based on different or any rights should also be looked upon.

EU Commission: Need to check the competence of the Commission to enter in detail into these procedural issues. Input from NGOs expected.

AIM: Inconsistencies on look-alikes. They should be included in the list.

BUSINESSEUROPE: Area to explore would be to extend the definition of a sign.

MPI: Problem is to define if it is a TM law issue or an unfair competition matter.

AIM: This topic has never been dealt because everyone considers that it is not in his field (vicious circle).

MPI: Trade names should also be considered. One solution could be to harmonize Article 5 par 5 TMD. **Additionally, the topic of transit goods should be looked at.**

EU Commission: Is well aware of this. D3 (Enforcement Unit) is working on that, “look-alikes” are on the Agenda.

AIM: In favour of adding the transit topic in the Directive.

MPI: Difficulty of cases where goods are not infringing in country of origin and destination but only in the EU as country of transit.

- **What should be the role and mission of national offices in the future? Financing mechanisms?**

AIM: Feeling that NPTOs are willing to take care of counterfeiting activities but they forget their main role: register trade marks and designs.

MPI: NPTOs said that people would like to talk to their national TM office in their own language.

ECTA: Both systems CTM and National systems are necessary and needed. Whether a national system is run by another NPTO (like in the Benelux, or a pan-Scandinavian NPTO) does not present a problem for users if it works efficiently with low fees and quick.



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INTA: Agrees as long as users can address the NPTOs in their mother tongue language.

MPI: Need to think about non frequent users of NPTOs.

AIM: Role of users is neither to support nor to harm NPTOs. They should survive on the basis of their own merits.

MARQUES: Against diversion of the 50% renewal fees. NPTOS will not have a reason to improve their services if they get a surplus in any case from OHIM.

MPI: Very much aware of the problem.

BUSINESSEUROPE: OHIM is struggling on how to spend the 50 million and now 50% of renewal fees will be diverted to NPTOs, on what?

INTA: Will the Study look at the mechanisms of control regarding the performance and budget of the NPTOs? The use of the 50% renewal fees come from EU budget via OHIM fees.

MPI: This issue is out of the scope of the Study since it is a political issue. So no clear answer on how the control will take place. Might get external advice on this issue.

AIM: Would it be possible that MPI indicates that there are no additional services to be provided by NPTOs, so indeed no need to distribute the money and then no legal basis?.

ECTA: Disagrees with AIM's request as there are projects to be developed.

OHIM: NPTOs do already receive fees, but on an individual basis, e.g. for services or data supplied.

EU Commission (and Alexander Mühendahl): The diversion of 50% is a political issue. It is recommended to better focus efforts on how the money can be allocated effectively, how it can be controlled (proper use) and whether punitive elements can be created in the case of non-compliance.

AIM: Does not want anti-counterfeiting activities in the hands of NPTOs as a ground for the 50% renewal fees. Currently, OHIM and NPTOs are struggling to find projects justifying the diversion of the Cooperation Fund money. Strongly against 50% renewal fees to NPTOs, the Cooperation Fund or the OHIM surplus should be used.

The 5 NGOs agree that the approach would be to renew the Cooperation Fund if there are needs for this, instead of having the 50% renewal fee distributed to NPTOs.

MPI: Possible proposals of areas for improvement: e tools, portal for all NPTOs websites, translation of decisions from NPTOs and lists of goods and services, sharing information with customs authorities.

AIM: Need of a clear and unequivocal statement on the need for control mechanisms on how the money is spent on the different projects and activities that will be performed by NPTOs and financed by OHIM. NPTOs are self financed instead and money should not be diverted to the State budget of the different member states.



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- **Renewal fees and cluttering of register**

AIM: In favour of reduction of renewal fees to avoid diversion to NPTOs BUT these ones will never agree on this.

ECTA: Agrees with proposal provided that the number of non-used trade marks in the register are lowered and that only used CTMs are renewed.

INTA: Pro reduction of renewal fees.

BUSINESSEUROPE: Pro reduction of renewal fees.

MARQUES: The fees are not too high but there is no need for the surplus to continue growing. The renewal fee should also not be higher than the application fee.

AIM: There are not a lot of marks not used which are renewed. Why would a company register and renew for goods they are not interested in? One solution could be to enable (e.g. 5 or 10 years from the registration) owners to withdraw their non-used marks against a fee reimbursement. If they withdraw only certain classes covered by the CTM, OHIM reimburses some fees. There could also be sub-classes inside classes.

ECTA: Is promoting reduction of renewal fee but the non-use of registered trade marks should be tackled. Measures should be taken to incentive the trade mark owners to withdraw voluntarily the marks not used or insert procedures such as in Germany, where a third party can request the office to ask TM owners if they are really using their trade marks. If no response, the registrations are cancelled. There is a cluttering problem. When clearing a sign, there are similar or identical trade marks but one never knows if they are really in use. Sometimes, they are only used for one class but not for the other classes. Also, class headings should be precised, right now several classes are too broad.

MARQUES: Do not think that obstacles for new applications should be created. Things should not be more difficult. The increasing number of applications is a fact of life.

AIM: Supports ECTA. There are marks that are not used but methods to take them out of the register should be found without putting extra obstacle for applicants. One possibility could be to give incentives for non renewal: if you do not renew, you will receive a certain amount of money or if you do not renew one class you will receive back some amount of money. Before proposing changes, necessary to consider the administrative consequences for both offices and companies as there should not be an additional burden on the owners' shoulders. AIM not in favour of declaration of use when the mark is renewed.

INTA: Much better to go for an easy cancellation procedure available in all offices.

MPI: General view following the Allensbach survey is that we should maintain the 5 year grace period. No declaration of use should be filed but there should be incentives for people to be reimbursed if they surrender. Introduction of administrative cancellation procedure in all NPTOs is welcome.



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ECTA is open to a comprehensive study to determine if a grace period of 3 years is meeting the needs of TM owners and interested third parties. The other NGOs confirm that they are in favour of maintaining the 5 year grace period for the use and of not having a declaration of use.

- **Class Headings**

AIM / MARQUES: As far as the approach is harmonised and all NPTOs have the same practice, it does not really matter.

AIM: A balance should be found. Some class headings are too broad.

MPI: **Would like that NGOs come with ideas of where exactly, in which classes, the class headings are too broad and generic so all TM offices would not accept the headings unless there are more (clearer) specifications.** Class heading could be a part of the cluttering but it is not the majority of the opinions.

MARQUES: Users follow the definitions of the Nice Classification so it should be acceptable. If they want to avoid problems they can specify further, but we cannot force them..

MPI: Hypothesis of situation where after 10 years, a CTM owner has been using his CTM only in Spain and Portugal and a company is willing to apply for a Finnish application. Should we give the possibility to the owner of CTM to stop that registration? Or should the Finnish application be allowed to be registered?

AIM: In favour for the possibility to stop the registration. Territory of the Community is one single market and it cannot be said that Finland is not part of the territory. Why do you want the administration to rule something that is working in the market through also possible coexistence agreements?

MARQUES: Agrees with AIM.

ECTA: The market (and courts) should be left to find the best solution in these cases.

INTA: There should be no limit to expand in other countries once you have a CTM.

- **Conversion**

MPI: Why so few conversions?

AIM: Conversion is vital.

MPI: Different rules in member states. It should be mentioned that converted trade marks should respect certain basis.



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- **Optional national searches**

AIM – MARQUES: Drop them.

- **Priority and seniority examinations**

ECTA: The seniority system is good now as it is without substantive examination (only formal examination) but national offices must keep the records of the national registrations. Priority should be checked at least as far as the goods and the services and trade marks are concerned.

BUSINESSEUROPE: Problem of priorities partially or totally accepted.

MPI: What would the benefit be to put burden on OHIM's back?

OHIM: The tendency in other offices is to deal with priority as a simple claim with no examination such as USA and Mexico.

MARQUES: What is the added value in examination?

ECTA: Could agree that OHIM does not carry out examination but only as far as the documents are in the OHIM file with a link to national databases. These claims must be open to a later check in case these claims become important.

- **Accelerated registration procedure**

Most NGOs are not very much in favour of this. The system should be fast for all applications not only for some based on extra fee.

ECTA: Accelerated procedure would have to be granted under the condition that the OHIM is capable and willing to make sure that the examination of the regular applications is not slowed down, that the fee for the accelerated examination is reasonable, and that one does not need to show particular requirements; a simple request and payment of the fee would be sufficient.

- **Territorial and Acquired distinctiveness**

MPI: Regarding acquired distinctiveness, practice at OHIM varies if it is a word mark or not. For word mark, language is a criteria (languages of the EU). Reputation must be shown in the territory where the problem exists. More difficult for non-verbal marks. It seems that the General Court goes in the direction of asking for evidence in the entire community. Should we consider this as justified? Difficult topic.



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AIM: One should consider the Community as a single market and not look at member states. See if there is a genuine use to suggest that some distinctiveness has been acquired and finally give possibility to third parties to file observations.

At the end of the meeting, Annette Kur reminds that any paper (if possible not longer than 2 pages) with proposals that NGOs consider very important (especially the list of procedural changes to be harmonized), should be sent by the end of June 2010.