Survey on the CTM Cooling-off

The survey was sent by e-mail to 1263 members on October 31, 2006.

88 responses were received by January 8, 2007 as follows:

	At least once a week	Once a month	Rarely/sometimes	never
Favour new system	5	25	13	1
Favour old system	4	16	9	
Other system	3	2	4	
				1

Comments in favour of the new system

- Preferable as it minimises the work and expense involved in repeatedly obtaining extensions of the cooling off period whilst negotiations are ongoing. The only downside is the length of time may lead some parties to consider the matter to be non-urgent and so be slow to reply. However, this can be addressed by a threat to terminate the cooling-off period, which usually prompts action.
- Further extension (via suspension) is sometimes necessary to finalise negotiations and needs to be granted if requested jointly.
- The opting-out possibility makes it practical and valuable
- The system is better
- It is more important to keep an eye on the development of the negotiations. Otherwise, the 22 months will easily run away without anything happening.
- The new system saves time and money to us representatives and obviously clients.
- We very much welcome the new system which prevents unnecessary work and costs for constant extension requests.
- I have only used the new cooling-off period once or twice but have found it to be more valuable than the previous system. Not having to remember to get jointly signed requests to OHIM before the expiry of the deadline every two months in the midst of negotiations is certainly one administrative advantage.

In terms of improvement, I found the system to work well and OHIM's response in confirming that the request had been granted along with details of the new deadline have been fairly prompt. My thoughts are however whether it would simply be easier to have proceedings where cooling-off automatically starts for the whole 24 month period once the opposition has been notified to the Applicant, with either party having the option to "opt out" either immediately or at any time after commencement. This would obviously cut down on the administrative side of things with only one letter needing to be sent by the party concerned to OHIM should they want to end cooling-off. I guess the disadvantage of this could be however that Opponent's may try to take advantage of the system to simply use it as a longer period in which to gather its supporting arguments and evidence, thereby prolonging the proceedings unnecessarily and without having any real intention of reaching an agreement with the Applicant. This would be to the detriment of the Applicant who would not be afforded the same length of time to prepare its observations in reply.

Alternatively, perhaps the present system could be kept but the initial period of two months could be extended to 6 months for example, with the option to extend it for a further 18 months (up to the total of 24 months) if negotiations are still ongoing. It would seem fair to expect that after a period of 6 months, parties generally know whether or not an agreement is likely to be reached, and in the case of it not being possible to settle the matter, the proceedings could continue fairly expeditiously without there having been too much of a delay.

- I used the provision 'sometimes' and consider it a distinct improvement on the former two-month period which was constantly upon me and involved getting consent from the other party or getting them to fax consent to OHIM with copy to me etc. That process was time-consuming and unproductive except in a formal sense. The new 22-month provision gives time to contact more remote parties and assemble detailed data or discuss contentious issues. The disadvantage is inertia ie the other party not responding promptly because there appears to be plenty of time.

Comments in favour of old system

- The problem I have encountered is that once the 22 months extension had been granted, the parties stopped their negotiations. Threatening to opt-out has not really proven to be an efficient “incentive” for restarting negotiations. Consequently, the applications remain pending for 22 months with no movement at all.
- 22 months extension is way too long and does not entice the parties to find a settlement quickly.
- The previous system was more beneficial than the new system since there was no one side opting-out of the cooling-off period.
- Now it seems there is less urgency in following up the case. Previously there was an official deadline to comply with, reminding parties to settle. But I can live with the new system as well.

- More beneficial because it required parties to address negotiations regularly. The new system has been instigated for OHIM's benefit and merely allows negotiations to drift or become inactive.
- Due to the "opting-out" proceeding that regrettably does not have a legal basis, (so from industry) can live with the new system, but all in all in our opinion the previous system was more flexible.
- The previous system forced the parties to negotiate more effectively than the new one. Maybe the extension should be applied very 3 or 4 months instead of 2.
- More beneficial because the automatic 22-month extension has the effect that the negotiations between the opponent and the applicant are protracted endlessly and nothing really happens until the 22-month period is almost over.
- The new system is doubtful as both parties might further "extend" the cooling-off by jointly staying the proceedings in order to continue settlement negotiations.
- The new system allows too long delays since the parties are under no time pressure.
- The previous system was more beneficial than the new system. I see no benefit for the opposes to have this automatic extension, it's only of benefit for the Office and for some law firms which like to extend the negotiation times. (From industry)
- As expected, the new system has reduced communications between the two sides such cases are likely to take a lot longer to settle since there is simply no pressure on either side to reach an agreement or to proceed to the adversial stage.

  The main disadvantage of the previous system was the administrative hassle of contacting the other side and arranging to forward the Request to Extend and then wait for it to come back; before forwarding it to OHIM. We note that it is now possible for Requests to Extend to be emailed from one party to another and then on to OHIM (only available to MYPAGE subscribers). If the old system could be coupled with this new facility, then that would be a good solution. (Industry)
- the previous system was more beneficial than the new system (allowed to have pressure ways between the two parties to reach a quick settlement).
- The new system simply allows matters to drift. We set up a rolling diary entry to try and prevent this but sometimes there is very little impetus from the other party to settle matters. We threaten to cancel the cooling-of period and this sometimes prompts action but it is not always in our client's best interests to force matters into the adversarial stages if there is a chance for there to be a settlement.
- In my view, the new system unbalances the interests of the parties, because it is more favourable to the applicants, but more detrimental to the opponents (who formerly could negotiate whether or not to agree to further extensions, whereas now they only have a single opting out-option).
- Based on our experience, the longer the period of the extension, the more likely it is that the parties delay settlement and waste time. For example, when we continually request shorter thirty or sixty-day extensions, the other side (or our client) promptly makes decisions and gets back to us and settlement discussions make significant progress. In contrast, when we opt to suspend the proceeding for 22 months, before the expiration of the deadline since they have no pressure to do so and negotiations drag on for years. This situation of delay is further exacerbated when the parties are both foreign subjects. In short, having shorter deadlines – and not 22 months – forces

parties to continually engage in and move along settlement negotiations. Moreover, since the parties are obliged to obtain each other's consent for further extensions, the parties are more likely to negotiate reasonably and in good faith.
The lengthy 22 month period will result in little progress being made in the negotiations and lead to inefficiency in the handling of the oppositions by OHIM. Furthermore, not only will the OHIM oppositions be delayed but also other ancillary national oppositions. For instance, if a UK national oppositions based on a CTM application/registration under attack, then the UK opposition will be suspended pending the outcome of the CTM proceedings are settled or resolved as soon as possible.
Although negotiations may continue after the adversarial phase has begun, opposition fees cannot be recovered. Therefore, the old system would allow parties to have as much time as needed (possibly more than 22 months) in order to find a settlement, with the possibility for the opponent to recover the opposition fee and preventing the opposed applicant to have to pay the opposition fee in case of settlement.

Comments in favour of a third system

- It is better to have a possibility to prolong the cooling-off term with 6 months and after that with one or two shorter periods.
- We are finding that the system is overall ok, and it certainly cuts down on repeated requests (to which OHIM took ages to respond). The problem is that the very long extensions has a tendency to remove any urgency from settlement correspondence. A threat of cancelling the cooling-off period might have some effect in that regard, but that remains to be seen.
- The new system is probably better overall as it involves less work and presents fewer risks of missing dates. Not wholly satisfactory substantially though as it encourages delay. 10 months initially and 12 months subsequently seems worth consideration to help avoid the worst correspondence delays.
- We (speak on behalf of whole law firm colleagues) would prefer a third system whereby a first automatic extension would be granted for 10 months and a second automatic extension would be granted for 12 months.
- To shorten the automatic extension period to 12 months.
- Automatic 22 months is handy but at the same time not handy: it saves costs for client as there is no need to work on the file every month; on the other hand there is no pressure to work on the matter and I have already experienced that there is no need on the side of the opponent to deal with the request for an amicable settlement quickly – in other words, it delays the whole matter but is of importance that the matter is settled as soon as possible.
- Choose for a preference of previous system but note that an alternative system could be to have extension of time of at least 6 months.
- Six month intervals would probably be better than an automatic 22 months (but if one has to choose between old and new – then new although this can drag the negotiations on unnecessarily.

- My experience is that none of the systems are satisfactory and I would prefer a third system such as a first cooling-off term of 12 months which can be extended further by 6 months leaving the possibility for each party of opting-out of the cooling-off at any time without the agreement of the other party.
- If it is not a system with automatic 22 month extension but the extension period is for example 10 months and then if it is necessary, the next extension term is 12 months, it would be more beneficial.
- Would prefer for instance 4X6 months. The current system causes a delay in dealing with matters. Of course you might expect more diligence from trade mark professionals but experience learns that if there is no deadline coming up soon nobody seems to be really active.
- Until recently, the cooling-off period system was organized in such a way so that in those cases where the parties did not have enough time to reach an agreement within the established term of two months they could apply for an extension of said term for as much time as they would decide.

  Said system had as a practical consequence the requests for extension of the cooling off for periods from two to three months, which were never enough to reach an agreement and that usually leaded to subsequent requests for extension. This obviously caused the parties to incur in more expenses and increased the OHIM's workload regarding the amendment of the established terms.

  The above leaded to a change in the system by which, in the event that the parties required an extension of term before the end of the cooling-off period, said term was extended automatically up to twenty-two months with the possibility to apply for the re-opening of the opposition proceedings at any time upon request of one of the parties. This last system, according to the already accumulated experience, is showing the great problem that the negotiation process is prolonged too much, since there is no close deadline to reach an agreement.

  Solution proposal: Our proposal would be that the OHIM accepted requests of extension of less than twenty-two months in those cases where the parties agree to do so, as well as that said period could be extended up to the maximum term of twenty-two months upon both parties consent.

Comments – without specific replies to questions 1-2

- The new system helps us to concentrate on substantive issues, rather than administrative ones
- Less Attorney's fees involved for requesting extensions of term are good for the applicant; however, it is now more important for the applicant to keep track of the negotiations, since he will not receive any reminders from the Office regarding the end of the cooling-off period.
- The new practice of the "COP" is correct as it gives time enough to negotiate a possible agreement we never found out in the time limit granted within the former practice. In any case the parties still have the right to revoke the COP.

- In virtually all my opposition cases, both under the old and new practice, an extension of the 2-months cooling-off period becomes necessary. Under the old practice, also in virtually all opposition cases, an extension of two months turned out to be insufficient and at least one further request for extension on behalf of both parties had to be filed. There often occurred problems especially with the failure of the other side to cooperate in filing the repeated request. I therefore welcome the new practice of granting an extension of 22 months (up to the max period of 24 months as allowed by the law) requiring only one request of both parties.
  The new system in my opinion is more beneficial than the previous system and I do not see any need for a third system, especially considering the existing possibility for either party to opt out of the cooling-off phase at any time.

- The new cooling-off system was described in Alicante newsletter 03/2006 under the title "*Cooling-off at OHIM – a change of practice*".

  There it is said that "*The parties will be informed by letter when the cooling-off period is due to end in 14 days time, and they will be informed that the adversarial proceedings will start the day after the end of the cooling-off period. As of this date, two months are given to the opponent in which to substantiate the opposition, after which two months are given to the applicant in which to reply.*"

  Our experience has shown that

  - the Office indeed gives 14 days from the date of sending their notice to the two parties.
  - the Office takes a long time to send such letters (sometimes up to two months).

  This delay is not acceptable because the reason for which the system was changed, was to alleviate the Office from the every two months work to renew the cooling-off period.

  It might have been interesting in your questionnaire to ask the members what the average time is between the sending of a letter to advise that one party wants the cooling-off to be stopped and the date upon which the Office advises the parties thereof.
  In one instance, we sent such a letter on 3 May and the Office sent a notice to the parties on 29 August, after having sent a reminder. That is more than three months.

  Our experience has shown the following:

  - It is evident that as much for the parties, and even more specifically for the Office, the new system is much more simple and it leads to much less administrative work.

- On the other hand, as the parties have a long time to negotiate, there is a tendency to shove the matter aside and not to take time to try and solve the problem. The previous system of the renewal every two months forced the parties to try to reach an agreement quickly.
- Another consequence is that there is, according to us, also a greater request for suspension.

Before answering the questionnaire, I would like to make some comments.

1. The questionnaire is sent to members of our Association. Now, in my office, is by far the leading office as to the number of CTMs and oppositions filed, quite a few of these oppositions are made by persons who are not members of our Association. Consequently, the questionnaire should be responded either by the individual members or by an individual member in the name of the entire office or those who did not answer. This is what I will be doing.

2. The questionnaire starts by "*I take benefit from the automatic cooling-off period extension*". My reaction was to say "*at least once a day*", because my client benefits from this period of extension. In fact, I suppose what was really meant, was "*how often do I request the automatic cooling-off period extension?*"

3. Another problem is the response to the second question, where the words "*more beneficial*" is indicated. As underlined above, all depends on the point of view: is it on the administrative point of view or on a substantial point of view. As indicated above, administratively the new system is better than the old, but on the speed to resolve the matter, it is obviously that the old system was better.
   What is more important: administration or speed and substance?

Before giving my suggestion for ameliorating the system, I would like to give an example.

The two parties of an opposition agree to extend to 22 months cooling-off (in total 24 months). A certain time after receipt of the letter from one party in view of stopping the cooling-off, the Office writes to the two parties, indicating that the cooling-off period stops 14 days after the sending of the letter by the Office. As indicated above, the Office may take many weeks, and even months before sending such letter. Then, two months thereafter, the opposing party must send all its arguments.

Opting out may result from a decision of the opposing party or from a decision of the opposed party.

If the decision comes from the opposing party, then that means that the opposing party is ready to send his arguments and has additionally, at the very least, two and a half months to prepare his arguments and even more because it can send this notice after having prepared its arguments.

The situation is different if the opting out results from a decision of the opposed party. In that circumstance, it may well be that the opposing party will be taken by surprise and will only have two months and a half to file his arguments. This can be very short. It is not possible to extend the cooling-off. The only possibility will be to suspend the decision if the Office accepts it.

Bearing this in mind, my suggestion is that in fact, the opting-out of the cooling-off would result in there being a deadline of two months that is given. In other words, when the Office receives the notification of opting-out, instead of giving two weeks, it gives two months, which is the normal duration of the cooling-off. This will be more fair in the circumstance where it is the opposed party who asks to opt out. It is probably also a better compromise between the old system and the new system.

Another suggestion would be that the party who requests the opting-out of the 22 months cooling-off should send a copy of its letter to the Office to the other party. In fact, we have seen that in quite a few circumstances, this occurs, but it is a voluntarily act. It should be compulsory.

Other comments

- OHIM should sent out a list with WIPO/INTA accredited mediators who can assist parties to find a resolution to their dispute.
- We would very much appreciate OHIM systematically confirming the acceptance or rejection of the extension of the cooling-off period, in good time before the end of the deadline. It indeed sometimes occurs that OHIM communicates anomalies in the requests for extension (such as for example the lack of countersignature) after the expiry of the cooling-off period, making it impossible for the involved parties to remedy this situation.