TRADE MARK STUDY: ONCE IN A GENERATION

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John Alty, UK IPO

These things always seem to happen together. The same day that the Court of Justice of the EU published its opinion on a single European patent court, one of the most eagerly awaited decisions in years, the European Commission also published its Trade Mark Study. This, in the words of John Alty, head of the UK's IPO, was "a once-in-a-generation opportunity for us to change how the trade mark system works". He told the audience at ITMA's Spring Meeting that everyone involved in trade marks should take the time to digest and consider the study's implications.

They're certainly taking their time. Most individuals and industry groups were reluctant to react to the study, put together by the Max Planck Institute, preferring to point to official responses expected in April or even May. That is perhaps understandable given the study's breadth, rigour and 290 pages. But some initial reactions to the hot topics are shown opposite.

In the meantime, it is clear that the study makes important suggestions in some areas, including that applicants should no longer receive three classes for the price of one, with new filings or renewals, and that genuine use should not be established on the basis of national boundaries. The study also proposes making several provisions of the Trade Mark Directive mandatory for all member states.

Fee structure

On OHIM's fee structure, the study concludes that fees should be payable for each class to avoid overcrowding the Community trade mark register: "A separate application and renewal class fee should be payable for each class beyond the first (and not the third as is currently the situation), not for purposes of adjusting any imbalances in the fee structure, but rather for purposes of reducing unwarranted claims for goods or services not really required by the proprietor of the mark."

Regarding adjusting the fees generally, the study agrees in principle that 50% of fee income should be distributed to the member states. It also argues that the idea of balancing the budget should not be taken literally, with fee income allowed to be higher than expenses at OHIM plus a reasonable reserve.

Genuine use

On the topic of genuine use, the study reached no conclusion – understandable given the Onel case that is pending before the Court of Justice. But it did have some advice for the judges:

"The Study strongly supports an interpretation of the "genuine use" requirement for Community trade marks which disregards political frontiers. The requirements for 'genuine use' referred to in Article 15 CTMR must be assessed on a case-by-case basis taking into account the criteria developed by the ECJ. The extent of use, including the territorial extent, is one of the criteria that are relevant in determining the genuineness.

Therefore, there is no reason or room for requiring that a Community trade mark in order to be maintained or enforced necessarily has to be used in more than one Member State."

It also made clear that any previous conclusions based on territory were incorrect: "To the extent that the Joint Statement is taken to mean that any use sufficient to maintain a national mark in a Member State of the European Union automatically is taken to be 'genuine' also for a Community trade mark it would have been misinterpreted at the time it was adopted, and it would continue to be inaccurate."

The study did not propose any changes to the wording of the Community Trade Mark Regulation, but entrusted its interpretation of it to the Court.

Harmonisation

The study lists 10 optional provisions in the Trade Mark Directive that should become mandatory, including the absolute ground for refusal based on bad faith, relative refusal based on conflict with a reputation mark and extended protection for trade marks with a reputation.

On the topic of marks with a reputation generally, the study concluded that reputation and well-known status should come into line, saying: "A mark fulfilling the criteria for extended protection based on reputation should at the same time also be considered as well-known in the meaning of Article 6bis Paris Convention. Such marks should therefore attract protection against likelihood of confusion as well as against unfair use of, and detriment inflicted on, their reputation or distinctive character, irrespective of whether they are registered or not in the territory where protection is sought."

Interestingly, on the topic of Customs seizures the study recognised that the term 'infringing goods' is pending before the Court of Justice in the Nokia case, but still made a statement: "Regardless of the outcome of that judgment, the Study proposes to clarify that use in the relevant territories (those of Member States as well as that of the Community) includes use anywhere in the territory of the Member State or the European Union, thus including use in custom-free zones."

REACTION: COEXISTENCE

One controversial point in the study was the coexistence of marks across the EU, presumably intended to help with the problem of the broad coverage of the Community trade mark against what can be pretty narrow use.

The study proposes: “The registration and use of subsequent national trade marks in a Member State remote from the part of the Community where a conflicting earlier CTM, which has been registered for a period of at least 15 years, was used should be allowed provided that the later mark was applied for in good faith.”

However, it would mean a national applicant would have to build up local use of a brand sufficient to make its registration, all the while facing the risk that before those 15 years are up the CTM owner would spread its market to that jurisdiction.

“I can see what they’re trying to do, but it’s a very woolly proposal,” said Dawn Franklin, chair of European brand association AIM. “It is open to abuse and is unlikely to lead to any beneficial effects, either for the CTM owner or the national applicant.”

Franklin pointed out that several safeguards have been introduced from previous drafts, including that if the national applicant is using an identical mark for identical goods, or is in a neighbouring country, then it can be assumed the application is in bad faith.

Tove Graulund at MARQUES agreed: “The suggestion on 15 years is rather concerning.” Christina Sleszynska, Europe representative at INTA, commented: “That proposal was slightly surprising. It opens a lot of questions though, so we’ll wait to see until there are some more details.”

REACTION: THREE FOR ONE FEES

Industry associations disagreed on the study’s suggestion that trade mark applications should be for one class, rather than three-for-the-price-of-one, as it is now.

MARQUES welcomed the removal of the three-for-one system of classes, while several others rejected it. “Some products, like keyrings, can fall into two classes quite easily – 6 and 18 for the metal and leather elements, in that case – where other products may be sold in the millions but only fall into one class,” said AIM’s Dawn Franklin.

Any reduction in the number of classes should also lead to a reduction in fees, as it meant getting less for the money, she argued. Anything else is “just a tax on business”.

Franklin also points out: “The study says that it is removing the three-for-one system based on the idea that the register is becoming cluttered, but also admits this point is not proven.” In the view of Tove Graulund of MARQUES, the register is bigger but that is hardly surprising: “It’s an inevitable result of the success of the CTM system, with marks coming together from all over Europe,” she said.

INTA, meanwhile, hung back from making any statement on the issue because of the level of disagreement among its members.

Other associations commented that it was their job to make sure companies realised the benefits of filing as few marks as possible.

INTA did say, however, that it was disappointed to see that renewal fees would not be lowered. Most other associations were happy with the level of fees – as long as new ones were not charged, for suggested searching services, for example.

REACTION: MONEY TO NATIONAL OFFICES

As expected, the study’s recommendation that 50% of OHIM’s renewal fees should be redistributed to member states was met with shrugs of resignation. “We’ve all come to terms with the fact that OHIM revenue is going to be sent back to the national offices,” said the spokesman for one industry association. “We don’t like it but we’ve learnt to accept it.”

There was concern in industry, however, that there were not sufficient checks on how this money would be used – particularly given that the study said 15 of the national offices are not financially independent. “There need to be controls administered by the Administrative Board, with clear and measurable performance indicators. Most importantly, if those indicators show a project didn’t work, offices shouldn’t be able to spend the money the same way again,” commented AIM’s Dawn Franklin.

The biggest concern is that any funds returned to the offices might simply replace money that would have been spent on trade marks anyway. One way to prevent this would be to require offices to produce records from previous years. So if an office received e4 million every year from its national budget, and that dropped to e3 million in the year it received e1 million from OHIM, the replacement would be obvious.

Christina Sleszynska, Europe representative for INTA, agreed: “We have always stressed that there have to be specific mechanisms in place to trace how the funds are used. We would reiterate that all funds must be used exclusively for activities related to trade marks.”

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