



An ambitious GOAL

Tove Graulund look at the review of the European Union Trademark Systems from the point of view of user organizations and national offices.

On March 27, 2013, the European Commission formally adopted its proposals to revise the CTM Regulation and the TM Directive. The Commission's proposals are now to be reviewed by both the European Parliament (766 elected politicians) and the European Council (28 member states), which have the power to accept or amend the proposals.

The Legal Committee of the European Parliament has set itself an ambitious goal, namely to adopt the new legislation before the next Parliamentary elections in May 2014. This may seem a long way off from now, but as mentioned the proposals will also need reviewed and accepted by the Council. It is likely that the Working Group of the Council will have several items that need to be changed before it will be happy with the proposals.

The background

In order to understand how the situation is likely to develop it is important to keep the background in mind. First of all, the success of the Community Trademark (CTM) is in a sense a problem both for the national system and the national offices, particularly in view of OHIM's ability over the years to deliver an efficient product to the extent that it has proved impossible to make the expenses match the income, resulting in the accumulation of quite a large surplus. These days, an absurd problem to have, but still there it is.

Résumé

Tove Graulund

Tove is a Council Member of MARQUES and was Chairman of the association from 2001 to 2006. She is honorary member of MARQUES and is presently Chair of the MARQUES Study Task Force.

Tove received MIP's Outstanding Achievement Award in 2006 and is regularly quoted in the IP press on developing issues.

Previously Tove was head of Corporate IP at Arla Foods, Director Trademarks at Zacco and is now the owner of Graulund IP Services.

The company offers consulting services in the areas of IP management and IP strategy to businesses, and in alliance with Robin Rolfe Resources the company provides strategic and business development consultancy services to IP firms and law firms.

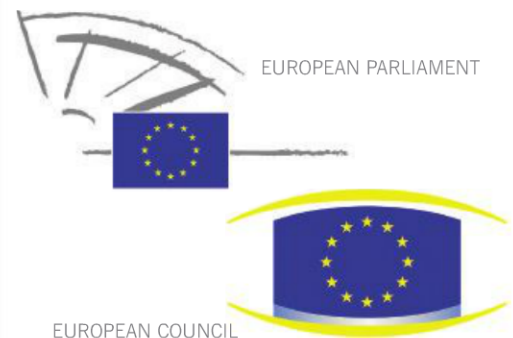
Furthermore, Tove acts as External Consultant to WIPO for the Madrid System.



The first initiative to deal with the surplus was to reduce the CTM fees in 2005. This first reduction was only possible after several years of discussion with the national governments, who would typically be represented by their national offices. After the launch of the CTM in 1996 the filings dropped significantly in many offices and it is understandable that some offices were, and are, concerned about being able to deliver a high quality service to national filers with the loss of work and staff. At the same time it is also understandable that the users were and are not interested in paying CTM fees that do not correspond to the financial requirements for a well-run OHIM.

In spite of the 2005 reduction the surplus at OHIM continued to grow, and the push for change continued, leading to the so-called Compromise Solution in 2008 (http://oami.europa.eu/ows/rw/resource/documents/OHIM/institutional/ABBC/summary_joint-meeting-18-09-2008_en.pdf). The Solution was made at a joint meeting of the Administrative Board and the Budget Committee of OHIM. It was made up of several items:

- 1) A second fee reduction;
- 2) Regular biannual review of the level of fees by the Commission;
- 3) Distribution of 50% renewal fees to the national offices;
- 4) Establishment of a €190 million reserve fund for OHIM;
- 5) Establishment of the Cooperation Fund of €50 million; and
- 6) The decision that the Commission should conduct a study of how to use "the remaining surplus in the interest of the users".



As a consequence the CTM fees were reduced in May 2009, the reserve fund was set aside in the budget, and the Cooperation Fund was started.

It seems likely that the Commission will not complete the biannual review again until after the new legislation has been adopted. This makes sense in view of the different points of view among the Member States on the level of fees.

At a meeting in May 2010 the Council came to a conclusion (http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/intm/114637.pdf) which unfortunately only referred to three out of the six points from the Compromise Solution. There was a special call to the Commission to create a legal basis for the distribution of the 50% renewal fees. These conclusions were quite controversial, and user organizations objected to the conclusions being made at that stage, as it was considered bad timing vis-à-vis the study that the Commission had initiated in July 2011. It should be remembered that the users were broadly against the concept of distribution of the 50% renewal fees, whereas the national offices most likely saw this as a step similar to the already established distribution of the 50% renewal fees from the European Patent Office.

The proposals

The proposals that we are now looking at are thus the result of point 6 in the Compromise Solution and at the same time are meant to examine the possibilities for creating a legal basis for point 5 – the 50% renewal fees. In a sense the proposals are meant to deal with issues that have been the cause of heated debates since the beginning of millennium.

The proposals obviously deal with a number of other important aspects, and not just the surplus, but it understanding the background highlights the obstacles that need to be overcome in order for the proposals to be turned into legislation. I am personally not too optimistic about the speed of the process, but remain confident that we will get there in the end. There is much good to be said about the proposals, and it would be a shame if it takes too long to implement them.



So what are we looking at? There are many changes – some big, some smaller – some already existing in some countries, some not. This article will not go into all elements, but let me list some of the more important ones:

- CTM fees are to become due immediately on filing, not a month later, to prevent the filing of “test applications”.
- The search of OHIM and the current optional search of some national registries are to be abolished.
- The requirement for “graphic representability” of a mark is to be abolished, allowing for the registration of sound and smell marks. “Colours as such” and “sounds” are to be specifically included in the definition of trademark.
- The Philips/Nokia decision on suspensive customs procedures (goods-in-transit) is to be over-ruled by legislation. Rights owners are to be entitled to prevent counterfeit goods from entering or leaving the EU, regardless of whether the goods are released for free circulation.
- Amendments are made to incorporate the IP TRANSLATOR decision on specifications of goods and services, and to provide four months for owners of CTMs which predate the decision to amend their specification.
- OHIM, as well as the national offices, is to be required to examine on absolute grounds taking into account translation or transcription of the mark applied for into each official EU language.
- Filing fees will only include one class and additional class fees will be introduced both at OHIM as well as at national level. At the national level the following changes are proposed:
- Relative grounds examination is to be abolished in the 12 member states which maintain it.
- Administrative opposition and cancellation procedures before the national office (rather than having to go to court) are to be introduced in all offices.
- The ability for an applicant of national trademarks to request proof of use of any prior trademark relied on, where it has been registered in excess of five years.

Furthermore, the delay of International Registration designating the EU is to be reduced from six months to one month.

Other proposals worth mentioning are:

- OHIM is to be renamed to European Union Trade Marks and Designs Agency.
- The Community Trademark is to be changed to the European Trademark.
- The title of the President of OHIM is to be changed to the Executive Director of the Agency.
- Cooperation to promote convergence of practices and tools are to be made compulsory.
- These convergence programs are to be funded by OHIM of a sum of up to 10% of its annual income.
- The filing and renewal fees are to be reduced and to include only one class (three classes remains at the present level).
- The Commission is to review the level of fees if a significant surplus becomes recurrent.
- If the review does not prevent the further accumulation of a significant surplus, the accumulated surplus shall be transferred to the budget of the European Union.

As mentioned above the process of taking the proposals forward to adoption may prove a challenge. There are diverging opinions on many of the proposals.

Opinion on the proposals

User organizations generally seem to be in favor of the establishment of administrative opposition and cancellation procedures. Most users

are in favor of the new rules for goods-in-transit as it is written in the proposals.

Users are also supportive of increased harmonization in the form of convergence programs like the projects of the Cooperation Fund and support the funding as proposed. Some offices may not be in favor of making participation compulsory, as they may not always have the necessary resources available. Furthermore, some of the national offices are disappointed not to find the distribution of renewal fees anywhere in the proposals.

Users generally also support the new fee structure, but most call for a reduction of the renewal fees. It is very likely that some national offices will object to what they see as another reduction of CTM fees.

The majority of user organizations support the abolishment of ex-officio relative grounds examination and see it as a further step towards harmonization. Some of the national offices are expected not to accept the abolishment that they see as a reduction of the value of trademark registrations.

Users agree with the new provisions to implement the IP TRANSLATOR decision, but there is no agreement on whether there should be a period for correcting the list of goods and services as outlined in the proposals – some are against, some are in favor, some suggest that the period for corrections should be longer.

Users are also not in favor of placing the so-called linguistic burden on national offices, which would mean that they would need to take into account all languages in the absolute grounds examination. It would appear that there is agreement with national offices on this.

Another point where there seems to be full agreement between the users and the national offices is the question of the transfer of the surplus to the budget of the European Union. Everyone seems to be against this point.

One of the very sticky points in the proposals could prove to be the so-called delegation of powers. Significant provision is made for delegation of powers to the Commission, rather than having to enact further changes to the Implementing Regulation. It would make future amendments more simple, but few aspects of practice or procedure are left untouched by the delegation provisions. The national offices do not seem to be in favour of this and may feel that it gives too much power to the Commission and leaves the Member States out of the picture. Not all user organisations have wanted to express an opinion on this point so far, but it may prove to hold up the process for some time.

The ambitious timing for adopting the legislation set up by the European Parliament before May 2014 may thus prove to be a real challenge.

From a practical standpoint, this means that all parties must remain highly engaged in monitoring developments in the review process and in advocating their views. The Parliament Committee has been very active in reaching out to the user organizations, whereas the Council Working Group seems to remain more silent in its deliberations so far. But no doubt there will be lots of work to come under tight deadlines.

For background information and to keep up to date on future developments, there is a number of websites to choose from:

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

<http://www.aim.be/news/archives/category/positions>

<http://www.marques.org/EuropeanCommissionStudy/default.asp>

<http://www.inta.org/Advocacy/Pages/EuropeanUnionTrademarkSystem.aspx>

<http://www.ecta.org/position-papers-293/2013/>

<http://www.grur.org/en/news.html>



EUROPEAN CORPORATE COUNSEL & IP LAW

SUMMIT

17 – 19 November 2013, Grande Real Villa Itália Hotel & Spa, Cascais, Lisbon, Portugal

DISTINGUISHED SPEAKERS INCLUDE

Mark Lágler, GC, Supply Chain & Global Services, **Unilever**

Jean Luc Chalhoub, GC, New Business & Strategic Partnerships, **Orange**

Vincent Pickering, CLO & Secretary, **WABCO**

Stéphane Legros, GC Business, EMEA, **Technicolor**

Marc von Samson, GC International, **Groupon**

Solomon Osagie, CLO, **TSYS International**

**“A very worthwhile event,
covering a broad range
of legal topics and
offering excellent
networking opportunities**

Chief Counsel, BT Operate

CONTACT US FOR MORE INFORMATION ABOUT SPONSORSHIP OPPORTUNITIES

If you are interested in attending, sponsoring or speaking at this event please call 312-540-3000 ext. 6683 or email l.zevitz@marcusevansch.com - Ref Code: ECC822

marcusevans