



European Union - National offices hit out at plans to abandon relative grounds examination

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Over the past few weeks, *World Trademark Review* has been examining some of the remaining areas of contention surrounding the proposed European legislative trademark package. Previous posts looked at **user representation and use of the OHIM surplus**, and the proposal that **trademark offices offer an administrative cancellation/revocation procedure**. To round out our mini-series, the notion of abolishing relative grounds examinations is worth scrutiny as a number of national offices remain fiercely resistant to the notion.

The proposals state: “The *ex officio* examination of relative grounds creates several unnecessary barriers to the registration of trademarks. Companies are obliged to undergo superfluous expenses and delays and they often fall victim to extortion. The earlier right on which the objection is based may not be used by its owner, which means that the offices concerned raise an objection on the basis of a right that could not have been validly relied on by its proprietor to prevent the registration or use of a later mark. Hence, the *ex officio* system leads to artificial disputes, and distorts competition by erecting unjustified barriers to market entry.”

At present, nine of the 28 member states retain *ex officio* relative grounds examination and there is strong resistance to this aspect of the proposal from a number of offices. Susanne Ås Sivborg, director general and president of the **Swedish Patent and Registration Office**, offered her personal view (noting that this may not be fully in line with the official Swedish standpoint), telling *World Trademark Review*: “It is no secret that support from the member states for a compulsory abolition of *ex officio* examination of relative grounds has been so weak that the Lithuanian Presidency, in its compromise proposal, concluded that *ex officio* examination of relative grounds should still remain optional for member states.”

There are number of reasons for this resistance. A statement supplied by **Ireland’s Patent and Trademark Office**, considering public consultation results, states: “Irish stakeholders were of the opinion that *ex officio* relative grounds examination may be beneficial in maintaining the integrity of the register and consequently would provide a greater degree of certainty to the proprietors of registered marks as it was believed that, if such relative grounds examination was not undertaken, there may be a likelihood that multiple similar or indeed identical marks for equally similar or identical goods and services would exist side by side on the register.”

The office adds that the removal of relative grounds examinations would shift the enforcement burden solely onto mark owners, which “would negatively and unduly impact upon medium and smaller-sized enterprises and individuals whose capacity to effectively monitor and protect their existing rights may be rather limited”.

The Portuguese IP office, **INPI**, told us that it “strongly supports the maintenance of the *ex officio* examination on relative grounds for refusal”, and similarly points to the system’s usefulness in countries mostly composed of SMEs: “It is worth stressing that, in Portugal, more than 70% of applications are filed by companies which are not represented by any IP representative and who trust the office to guarantee that all trademarks that might harm their earlier rights will not be registered. This full examination also has a beneficial anti-cluttering effect for the overall functioning of the trademark system. The suppression of the *ex officio* examination of relative grounds will only favour large companies able to finance daily monitoring activities, will promote infringement and will have a very negative impact in the European economy, overburdening SMEs and undermining their efforts in innovation and creativity. ”

Paulo Monteverde, partner at BMA, agrees with this stance, noting: “If a registration has been through an official examination on relative grounds then there is clearly less likelihood of the registration’s validity later being challenged by a third party owning an IP right. Generally speaking, this system is perceived as more stable. Most Portuguese applicants are definitely not prepared to be burdened with repeated oppositions to defend their trademark rights, possibly against large corporations, if no actual infringement occurs.”

However, user association MARQUES is supportive of the Commission's proposal, with Tove Graulund, principal of **Graulund IP Services** and chair of the **MARQUES EU Trademark Reform Task Force**, explaining: “We are quite happy with the amendment from the Parliament to let it be up to each office if they want to conduct a relative grounds search and share the result with the applicant as long as it is purely for informational purposes. Everything has an upside and a downside. Having your application examined for relative grounds gives a feeling of more certainty and you end up believing that your national office will keep your registration safe by refusing later applications. However, in view of the fact that CTMs are registered every day with no relative grounds examination, it means that businesses that are not experts on how the trademark systems work will have no notion of the importance of watching CTM publications and filing oppositions. So in the end, keeping relative grounds refusals on a national level leads to misunderstandings and businesses are misled as to who takes care of what. We need harmonisation to increase clarity, and we would be doing the SMEs a disservice by pretending that they are safe.”

Whichever course of action is taken, a challenge for offices will be managing costs. Sivborg explains: “Currently, approximately 25% of the examination costs before the Swedish office pertain

to citation of CTM registrations and the proportion of registered CTMs versus national marks in force in Sweden is shifting by the day. Thus, applicants before the office will gradually have to pay a higher fee in order for us to be able to maintain *ex officio* examinations. But even if Sweden abolishes relative grounds examinations, costs would still have to be borne for opposition cases, since the office does not expect to be able to attain full cost coverage through the introduction of opposition fees. The thought behind the compromise proposal from 2010 to distribute 50% of OHIM's renewal fees among the national offices was to compensate offices for the increased economic burden caused by the growing number of CTM registrations. In my view, the current proposal does not meet that end.”

Last week's European Parliament vote represented a significant step forward for the proposals. While the debate will continue to rage, it is in Brussels' corridors of power that the decision will ultimately be taken.

Channels

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