



European Communities Trade Mark Association

**A POSITION PAPER ON THE FUTURE DEVELOPMENT OF IPR IN
EUROPE, MAINLY FOCUSED ON TRADE MARKS AND DESIGNS,
AND ECTA'S POSITION IN THIS RESPECT**

Introduction

The development of ECTA can be said to be in its *third* phase or *wave*. The *first wave*, when ECTA was established, was about gathering and organizing the trade mark profession and enhancing its knowledge. The *second wave* engaged the profession through ECTA to promote a European trade mark system and the third wave, the one we are experiencing right now, is a matter of ECTA understanding the existing IP structure or architecture particularly in Europe and ensuring that it works to the satisfaction of the users. This is quite a challenge taking into account, among other things, the globalization of both business and IP systems and the enlargement of EU. Earlier it was basically enough for a practitioner in the IP field to know the laws of his/her own country, the CTM system and to build a good network of colleagues to assist when needed. Today, it can be claimed, the practitioner needs also to have a thorough understanding of what is going on globally in the IP field as well as of his/her client and its strategy in order to be able to effectively assist with the IP protection.

In order to be able to achieve what has been stated above, i.e. secure a workable and *balanced IP architecture*, ECTA has to put some effort in analyzing the outside world. This is exactly what this Position Paper is striving to do. With the development of the Association as a starting point the paper focuses on the *IP field* and the relevant *IP institutions* and ends up by contemplating the status of the *IP profession*. Each section is divided into a Description followed by some quite general views on the Position to be taken by ECTA in this particular respect.

It is quite obvious that one of the very important tasks of ECTA is to provide IP practitioners with quick and accurate information on the detailed legal and regulatory developments in the field. On the other hand, as indicated above, it is believed that the best result can be achieved by understanding both the external development, the *macro perspective*, and the details, the *micro perspective*.

The work on this Position Paper has taken place as a co-operation between the Advisory and Management Committees and the Legal coordinator of ECTA. The Advisory Committee has convened four times, twice in Brussels and twice in connection with the Copenhagen Council meeting, to discuss the drafts prepared by the Legal Coordinator, who then, together with the Management, has continued the work on the Paper. My very warm thanks to all of them, and particularly to Sandrine Peters for the effort made and the time spent and to David Tatham for his assistance with checking not only the language but also the wording of the Position Paper. I hope you have enjoyed it as much as I have.

This is of course just a beginning, but I am convinced that by all of us participating in developing this Position Paper, and hopefully by doing so, also ECTA as well as the IP regulative framework, we can learn a lot, not only about IPR, but also about how rewarding it is to work together as professionals, both during meetings and between them. As one author once put it "The truth is a path not a possession".

Max Oker-Blom

President of ECTA

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1. GLOSSARY

The following abbreviations and terms are used in this document in the way specified hereinafter.

- CTM = Community Trade Mark
- DG = Directorate General
- EU = European Union
- Europe = European Union
- International = Madrid Agreement and Madrid Protocol
- IP = Intellectual Property
- IPR = trade marks, designs and related rights excluding patents
- Madrid system = Madrid Agreement and Madrid Protocol
- MEP = Member of Parliament
- Practitioners = includes agents, legal practitioners, and IP specialists both from private practice and industry
- RCD = Registered Community Design
- SME = A small or medium-sized enterprise
- TRIPS = Agreement on Trade-related Aspects of Intellectual Property Rights
- WTO = World Trade Organization

2. OBJECTIVE

The objective of this paper is to specify ECTA's position in the present IPR world in order to provide ECTA and its representatives with guidelines in its further activities, particularly when rendering various opinions.

It might also form a base for a possible reorganization of the association according to the requirements posed by developments in IPR.

In order to allow for adaptations in view of the continuous changes in the IPR field, this position paper has intentionally been made quite general.

3. ASSUMPTIONS OR THE HISTORY OF THE ASSOCIATION

To have a better understanding of the starting point of this position paper we should look at the history of the association.

ECTA is a European Association with a membership of IP practitioners both from the free profession and from industry. In this respect it is quite unique within the EU.

The association was founded in 1980. At that time there was no CTM system and it was still uncertain whether it would ever become a reality. The initial aims of the association were (1) to create an Association of IP practitioners whose main interest was focused on trade marks, whether from industry or the free profession, and (2) to be involved in the creation of a European trade mark system.

ECTA played an active role in the drafting of the CTM Regulation, but when the CTM entered into force in 1996, ECTA's role was reviewed. This was principally done at the Estoril

Council meeting in 1998 when ECTA's role was redefined so as to follow more closely the implementation of the CTM system. The Harmonization Committee was created at the time, but already two years earlier, i.e. in 1996, the OHIM Link [sub]Committee had been created to facilitate cooperation between ECTA, the Profession and OHIM.

As of today, the CTM system is fully implemented and there might be a need once more to redefine ECTA's role in the IPR field.

4. GLOBALIZATION AND THE LEGAL FRAMEWORK OF, AMONGST OTHER THINGS, TRADE MARKS AND DESIGNS

A. Description

The speed of globalization is increasing. At the same time the EU has taken a leap forward in size increasing the number of members from 15 to 25. It can thus be seen that as the internal market grows, competition among companies is increasing as well as the size of them. All this is affecting IPRs.

Given, however, that quite a number of EU enterprises are SMEs, many of them do not deploy their activities throughout the EU but in one or more countries within the EU.

Since a CTM or a RCD now provides protection in such a vast territory the question arises whether the use of these regimes are appropriate in all circumstances.

On trade marks:

When the CTM system was devised there were fears that it might not be much used if it was too difficult and too expensive to obtain a CTM registration. For this reason, the system was structured in such a way as to be very flexible and simple so far as examination and formal requirements were concerned. It was, therefore, decided that there should be no examination "ex-officio" on relative grounds, so as to have the possibility of having broad specifications of goods and services (many of which will presumably never be used) and to have the same fee for goods or services up to 3 classes, etc.

All this flexibility has led to a significant number of CTM applications and registrations, many of them identical or very close to pre-existing national or CTM registrations, covering many classes and with very broad lists of goods and services. A significant number of CTMs have, therefore, been added to a large amount of national and Madrid Agreement/Madrid Protocol registrations.

The number of trade mark registrations is further expected to increase as the link between the Madrid Protocol and the Community Trade Mark becomes increasingly more popular.

On designs:

The recent introduction of the RCD constitutes a new simple, cheap and easy mechanism to protect designs in Europe.

The RCD system permits the duplication of protection for certain types of signs which are also protected as trade marks. In fact, OHIM seems to accept registration as

Community Designs of signs traditionally considered to be trade marks, such as logos. Given that RCDs are quite inexpensive and easy to obtain (no examination nor opposition), the number of unexamined rights is growing and thus searching and scrutinizing is becoming more complicated, with a resulting increase in legal uncertainty. This uncertainty is further accentuated by the co-existence of unregistered community designs and works protected by copyright.

The aforementioned, added to the globalization tendency in the IPR field has various consequences. In addition, the multiplication of IPR protection systems makes the appropriate choice between them quite laborious.

Consequences:

1. Trade mark owners, have to choose between local, regional or multi-national protection.

For example the EU IP field provides for protection at several levels:

- Local/regional levels (Benelux and other EU countries);
 - EU level (CTM, RCD, unregistered community designs); or
 - Multi-national protection (Madrid Agreement, Madrid Protocol, Hague Agreement).
- The different local and multi-national systems seem furthermore to be in competition. Global protection is becoming easy and inexpensive and seems to be attractive to users. However, is it corresponding to the users' real needs? Do they really need such extensive protection in terms of territory and products/services coverage?
 - Whereas it may be good to make the registration of trade marks easy and accessible to applicants, the fact that there are so many registrations, without examination of earlier rights and with a large coverage, has created difficulties when screening and searching for new marks.
 - Further it appears that, the granting of registrations without the filter of examination on relative grounds, and even without opposition in the RCD system, creates some legal uncertainty as to the validity of the rights for the proprietors and for third parties.
 - The huge number of applications and the handling by some trade mark and design offices of a large number of cases can lead to the sacrifice of quality in favour of quantity.
 - Trade mark registrations confer on their owners exclusive rights to a sign. The owner is entitled to prevent all third parties from using identical or confusingly similar signs for identical or similar goods/services. The holders of earlier rights, be they local or more extensive rights, are compelled to defend their interests by exercising the right to oppose. However, are they treated according to the same conditions as applicants? Has the burden on the owner of earlier rights to exercise the right to exclude conflicting marks become too excessive?

2. Another consequence of globalization is that the IPR universe becomes smaller.
 - Take the example of trade marks. Finding potential available trade marks is becoming more difficult all the time. And, if trade mark owners register their marks in countries where they do not use them, they are unduly restricting the right of others to obtain similar marks.
 - Many trade mark registrations would therefore be vulnerable to cancellation for non-use. However, with respect to CTMs, the real geographical scope of trade mark use and the amount of such use to avoid cancellation is unclear. Also, the fact that a trade mark registration has a duration of 10 years while the use requirement applies after 5 years of registration generates artificial problems and uncertainties with registrations that are not in use and that will not be renewed at its 10th anniversary because of lack of interest of its proprietors.
3. Many EU companies are SMEs, who are basically only interested in some local protection.
4. Searching and screening costs prior to filing are very expensive. Likewise, the protection of earlier rights through watching, opposition and cancellation proceedings is, each time, becoming more expensive and complicated.
5. The field of IPR is becoming more complex, not only because there are different systems to choose from but also because there is an interaction between different kinds of protection (e.g. trade marks, designs, copyright, company names, geographical indications, international non-proprietary names, plant variety names). Further, in the last few years domain name registrations and trade mark protection have introduced an additional complexity. The nature of the work of IP practitioners is therefore changing and becoming more challenging.
6. Globalization involves harmonization and internationalization with respect to which international organizations might have their own agenda and views.
7. Trade marks (as well as patents, designs and copyrights) have always been valuable to their owners, but increasingly an actual value is being put upon them. The methods of valuing trade mark rights has been perfected in the past 10 years, and modern accounting rules ask for companies to place a value in their balance sheets for 'goodwill', which includes IPRs.

B. The ECTA position

1. *In this world of increasing globalization, ECTA as a European association should be particularly concerned about European IPR owners including those actors who do not have the necessary internal IP experts in their companies and the necessary budgets to monitor and defend their IPRs.*
2. *ECTA should not only promote the filing of applications (both trade marks and designs), but should also see to it that the protection of existing IPRs is effective.*

In this perspective it should be considered whether, just to mention some examples, granting protection to trade marks from 1 up to 3 classes for the same price, permitting protection for class headings, permitting one right in a single EU

country to knock down a CTM, giving protection for 10 years when the obligation to use applies after only 5 years, are still appropriate conditions.

A further look at and comparison with other foreign systems might be worthwhile.

- 3. When making decisions or taking positions, ECTA should always strive to maintain a balance between the rights and interests of the various parties involved, such as applicants, opponents and consumers.*

5. THE ENLARGEMENT OF THE EU AND THE LEGAL FRAMEWORK OF, AMONGST OTHER THINGS, TRADE MARKS AND DESIGNS

A. Description

As indicated above, the EU has recently grown from 15 to 25 Member States.

This has, for example, led to

- all existing registered CTMs and RCDs having automatically been extended to the 10 new Member States without formality. Further any new CTM or RCD will have a 25 instead of a 15 country coverage. This underlines the above posed crucial question: "Do trade mark owners really need a global coverage in 25 countries?".
- the addition of 10 new official languages and, for instance, to the possible total rejection of a descriptive CTM in only one (possibly small) language.

In view of this enlargement, should not the EU system be reviewed and for example provide for so called "holes in the cheese" as far as the CTM coverage is concerned? Does the possibility of conversion of CTM's into national applications and/or the Madrid System provide a sufficient alternative to this issue?

Further, as already stated, the CTM and RCD systems have been constructed in an easy and attractive way and have been a success as far as the number of filings is concerned.

Now, is it not the time to keep the systems effective and to avoid them being self-destructing and watered down?

The question also arises whether the enforcement possibilities of national rights should be developed and harmonized?

B. The ECTA position

ECTA has to monitor and propose further changes of the Regulations with a view to providing

- 1. a balance of rights between applicants and holders of earlier rights;*
- 2. the provision of an IPR system that provides effective and enforceable rights.*

6. THE INCREASING OVERLAP BETWEEN TRADE MARKS AND OTHER IPRs

A. Description

There is more and more interaction between different IPRs. Not only between trade marks and designs but also between copyrights, domain names, geographical indications, company names, international non-propriety names, plant variety names, etc.

For example:

- The word “Globalization” is also used with respect to “geographical indications” with the result that trade mark rights are ignored or pushed aside.
- Trade marks will play an important role in the sunrise period during the introduction of the .eu,
- There is an overlap between the protection accorded to CTMs and RCDs.

The question arises whether this overlapping is meaningful in all circumstances?

B. The ECTA position

ECTA should ensure that the relevant institutions act effectively and in a balanced way in the interest of applicants, opponents, competitors as well as consumers, and that the various systems are clear enough to ensure efficiency and focus not only on applications but also on the protection of existing rights.

7. THE ROLE OF THE EUROPEAN COMMISSION, THE EUROPEAN PARLIAMENT, THE COUNCIL OF MINISTERS AND OTHER RELEVANT EU INSTITUTIONS IN THE IPR-FIELD IN EUROPE

A. Description

Various EU bodies are involved in the development of the IPR field such as the EU Commission, the EU Parliament and the Council of Ministers.

1. These bodies are important in the IPR field but do not always appear to work in a transparent way.

It seems for example, that the lack of transparency of the work of the EU Commission could possibly result in the Commission being:

- influenced by executive bodies, rather than by the users,
- too Community oriented and, through its actions, unduly diminishing of national rights.

2. There is some lack of cooperation between the institutions and even inside each of these institutions.

For example, at the EU Commission, not only does the DG Internal Market deal with IP matters but also DG Trade (and to some extent DG Health, DG Competition, DG Foodstuff). A lack of cooperation between the various DGs concerning specific IP matters is also sometimes apparent.

B. The ECTA position

The enlargement of the EU was well handled by the Commission through extensive consultation with the users concerned. ECTA has to assure that other matters be dealt with similarly.

ECTA should strengthen relationships with the Commission to raise its concerns and to participate more closely in the work of the DG Internal Market on IP matters. This should be done at a much earlier stage than today, namely at the starting point of the discussions rather than at the time when a concrete proposal is submitted for review and comments.

This close relationship should not be limited to the DG dealing with IP matters but should be extended to other DGs dealing with issues that touch upon IP matters such as Regulations or Directives on wine-foodstuff-health-domain names etc. as well as to all other bodies concerned, such as the EU Parliament.

ECTA should furthermore take every opportunity to foster good relations with MEPs, to educate them on the value of trade marks and designs, and to promote these two subjects within the European Parliament

8. THE ROLE OF OHIM IN THE IPR FIELD IN EUROPE

A. Description

1. The OHIM seems to be dealing with a lot of applications for new registrations.
2. This might lead to more effort being put on new registrations than on taking into consideration existing rights.
3. There seems sometimes to be a lack of harmonization between OHIM and National Offices.
4. The existing system puts the burden on third parties in the form of oppositions or invalidations.

This appears:

- by the registration of trade marks apparently being more easily accepted than in the past,
- by seniority claims not being examined any more,
- by opposition decisions being limited, whenever possible, to only some of the earlier rights claimed and leaving open the question of similarity between the marks in those jurisdictions where the non examined earlier rights exist, thus forcing the owner of the earlier right into further expensive and time-consuming oppositions,
- by decisions not being harmonized and the role of precedents being less than what would be desired.

B. The ECTA position

ECTA should intensify its cooperation with OHIM and in its dealings emphasize the need to model internal regulations such that the users' needs are taken more into account. This means that the CTM and RCD systems should, amongst other things, strike a better balance between new registrations and existing registered rights.

9. THE ROLE OF THE NATIONAL "IPR" AUTHORITIES IN EUROPE

A. Description

Apart from the OHIM and the Commission, national offices also play an important role at the EU or international level.

Furthermore, it seems that at least some national offices are looking closely at what is done at the EU level so as to use ideas for implementation on a national level.

B. The ECTA position

1. *ECTA should build closer relationships with the national offices/authorities to make ECTA better known at the national level, and perhaps by doing so also influence the international authorities.*

In this connection effective actions should be taken to attract the national offices to participate in our meetings. This could for instance be organized under the lead of the Harmonization Committee and in collaboration with the relevant Council members, who should be the personal contacts with the relevant national authority.

It has furthermore to be taken into consideration that since each country has its own traditions the best way to approach the relevant authorities has to be investigated on a country-by-country basis. Furthermore, it should be considered whether the ECTA Flashes could be sent to these national authorities.

Since national offices will not always receive the support of their governments to come to our meetings, ECTA should invite at least those where the conference is to be held.

ECTA should consider translating some of its papers into the relevant national languages.

2. *ECTA opinions and position papers should not only be sent to the OHIM, the Commission or other relevant international bodies, but also to the national offices or authorities for information purposes.*

10. THE ROLE OF WIPO IN THE IPR FIELD IN EUROPE

A. Description

WIPO establishes international standards for intellectual property laws and practice including trade marks and designs which affect the EU IPR field. It further facilitates the resolution of intellectual property disputes.

Mention can, for example, be made of:

- the work of the Standing Advisory Committee on Trade Marks
- the current revision of the Trade Mark Law Treaty (TLT),
- the Hague Agreement on designs,
- the Madrid Protocol and the recent link to the CTM system, and
- the project of WIPO to revise the Safeguard Clause of the Madrid system.

B. The ECTA position

At this level it seems that it is mainly the large organizations and institutions that have the most influence wherefore ECTA should be more involved.

ECTA should thus develop its relationship with WIPO and follow more closely the work of WIPO in so far as it bears upon the EU IPR field.

11. THE ROLE OF WTO IN THE IPR FIELD IN EUROPE

A. Description

The WTO is a global international organization dealing with the rules of trade between nations. At this level, agreements are negotiated and signed by the bulk of the world's trading nations which may also affect the EU IPR field.

Mention can, for example, be made of the TRIPs Agreement dealing among other things with trade marks, geographical indications, industrial designs and of the existence of a Dispute settlement body.

B. The ECTA position

ECTA should follow closely the work of WTO in so far as it bears upon the EU IPR field. ECTA should further start building a working relationship with WTO officials.

12. THE ROLES OF ECTA AND OTHER NGO's

A. Description

ECTA is only one of a number of existing organizations representing companies and practitioners in the IP world. But it is unique in being able to represent the views of European practitioners in both industry and the free profession.

ECTA has over the years had regular and fruitful meetings with APRAM, GRUR, ITMA, BMM and other organizations. ECTA, however also maintains a good working relationship with other NGOs.

The NGOs with the most relevance to ECTA's sphere of activities seem to be MARQUES and INTA.

If MARQUES is basically an EU organization INTA with its preponderance of US members, often gives the impression that it is influenced by US interests. However, INTA does have some influence in the EU IP world because many EU practitioners are also members of INTA.

B. ECTA position

- *ECTA needs to strengthen its position in the IP field.*

ECTA has to develop a good relationship with national associations and national organizations by, for example, distributing its position papers to them.

- *ECTA should look for some further cooperation with other NGOs such as AIM, AIPPI, BEDA, CEFIC, CNIPA, EFPIA, AURATEX, FEMPI, FICPI, ICC, ICOGRADA, ICSID, INTA, LES, MARQUES, PTMG, UNICE, UNION, etc. and develop further the concept of Joint Meetings.*

13. THE DEVELOPMENT OF THE PROFESSION IN EUROPE

A. Description

The ways in which practitioners can help companies are changing. They are becoming more global advisors on IP matters. (cf. point 3 above). Their role is no longer limited to the registration and administration of trade marks, but includes also strategy advice concerning the various systems as well as legal advice, such as arbitration, adjudication and enforcement.

B. The ECTA position

ECTA has to actively participate in the enhancement of the knowledge of IP everywhere in the EU by promoting training, education as well as standards to be applied by professional representatives (or practitioners) and in-house IP specialists. This can be provided by, for example, organizing symposiums and being more in contact with universities and academics.

ECTA should support IP practitioners as providers of high level advisory and consultancy services.

ECTA should also try to encourage more membership from in-house trade mark advisers.

ECTA should work towards a high standard of professional qualification regarding trade mark law and practice throughout the EU.

14. THE DEVELOPMENT OF EDUCATION WITHIN THE FIELD OF IPR

A. Description

For many years important efforts have been made to provide education on IPR. For instance at the University level, by institutions such as CBIPI in Strasbourg, Queen Mary College in London, and IP Master degree studies in Alicante and in Brussels.

Education is also being promoted, very often in the format of seminars. Members of ECTA have often been invited to participate in such efforts.

There are also international organizations dealing with the study of IPR, such as the well known Max Planck Institute in Germany and the Intellectual Property Institute in the UK.

A new initiative has been taken by the European Patent Office in creating a so-called European Patent Academy. However, whilst it was originally deemed that this should cover the whole spectrum of Intellectual Property, it has now been restricted to matters relating to patents, including, amongst other things, the promotion and support of preparation for the candidates for the European qualifying examination, promotion and support of further vocational training for such persons, increasing the awareness of patents at every level and the support of innovation in Europe.

The Academy will start in the near future and will then study, if and under what conditions it can, with the help of official partners like OHIM and Associations like ours, also include the same coverage as the above, but dedicated to trade marks, designs and maybe other matters in the IP field.

B. The ECTA position

ECTA should work closely together with the European Patent Academy and assist the Academy in its work on educational matters.

ECTA should further try to become an important institution regarding IP specialization. In this connection, ECTA

- *has to promote attendance at ECTA Conferences as rewarding of Training Credits,*
- *should organize more events (seminars, roundtables, conferences) at a national level, and*
- *provide speakers to conferences organized by other institutions (Universities, professional associations and national offices).*