European Communities Trade Mark Association

***ECTA's additional comments further to the Questionnaire of the Permanent Delegation of the Council of the Bars and Law Societies of the EU to the EU Court of Justice and the EU General Court regarding the judicial architecture of the EU Courts for trade mark cases***

ECTA would like to make the following recommendations as to how the judicial architecture of the EU courts for trade mark cases should look like in the future.

The following aspects have been taken into consideration:

- The general principles and merits of the European Union and its Member States;
- The interests of all users of the CTM system;
- The fact that the judicial architecture of the EU courts should take into account the concerns and needs raised by other users of the EU courts, especially the EU General Court which slowed down a bit in the past due to the then increasing number of trade mark cases from the OHIM;
- The proposal of the Council of the Bars and Law Societies of the EU (CCBE) with regard to the creation of a specialised trade mark tribunal with the possibility of appeal to the General Court and the possibility of review to the Court of Justice or, alternatively, a specialised chamber, with the General Court, that would deal with trade marks and a possibility of appeal on points of law only with the Court of Justice and the necessity of consistency in EU jurisprudence.

## A. Present Situation

The General Court is a branch of the Court of Justice of the European Union. From its inception on 1 January 1989 to 30 November 2009, it was known as the Court of First Instance. The General Court hears appeals against decisions of the Boards of Appeal of OHIM. The Court of Justice has jurisdiction to annul or to alter the contested decision. Appeals are sent to the European Court of Justice (now just: Court of Justice). The General Court is an independent Court attached to the European Court of Justice.

The creation of the General Court instituted a judicial system based on two levels of jurisdiction: all cases heard at first instance by the General Court may be subject to a right of appeal to the Court of Justice on points of law only.

In view of the increasing number of cases brought before the General Court in the last five years, in order to relieve it of some of the caseload, the Treaty of Nice, which entered into force on 1 February 2003, provides for the creation of 'judicial panels' in certain specific areas.

On 2 November 2004 the Council adopted a decision establishing the European Union Civil Service Tribunal. The European Union Civil Service Tribunal was duly constituted into law on 2 December 2005. This new specialised tribunal, composed of seven judges, hears and determines at first instance disputes involving the European civil service. Its decisions are subject to a right of appeal before the General Court on points of law only. Decisions given by the General Court in this area may exceptionally be subject to review by the Court of Justice.

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## B. Problem

The General Court is now getting a lot of trade mark cases from parties appealing decisions of OHIM, which has resulted in an increasing workload.

## C. Proposed Solutions

There are two proposals currently discussed:

The first (**Option 1**) is to create a separate and specialized Court which only adjudicates appeals coming from OHIM. Specific details of such court are not available yet but it could be similar to the European Union Civil Service Tribunal.

The second (**Option 2**) is to install new judges at the General Court, create a special trade mark Chamber (TC) within the General Court with specialized (and non-specialized) judges on a rotation basis.

## D. ECTA's comments

1. EU trade mark system

Currently, there is a dichotomy in the EU trade mark system as a whole. The Council Regulation No 207/2009 of 26 February 2009 (formerly 40/94 of 20 December 1993) on the Community trade mark (hereinafter the Regulation) stands side by side with the Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 (formerly First Directive 89/104/EEC of the Council, of 21 December 1988) (hereinafter the Directive) to approximate the laws of the Member States relating to trade marks.

In fact, all matters arising out of trade marks which were filed with OHIM in accordance with the Regulation go through the General Court and then (eventually) to the Court of Justice. However, matters arising out of referrals from national courts for interpretation of national laws which were harmonized in accordance with the Directive are (only) viewed by the Court of Justice.

This may create a problem, because the General Court is not bound to follow the Court of Justice's decisions on referrals on national trade mark issues when deciding CTM issues ("the Community trade mark regime is an autonomous system with its own set of objectives and rules peculiar to it and applies independently of any national system", Case T-32/00 Messe München v OHIM, para 47). Thus, while the Court of Justice's decisions on referrals bind all EU national Courts, they do not bind the General Court.

Additionally, there is presently a certain lack of consistency within judgements of the General Court. The examples given in ECTA's paper in February 2009 ("*Reply to the Questionnaire of the Permanent Delegation of the Council of the Bars and Law Societies of the EU to the EU Court of Justice and the EU Court of First Instance regarding the judicial architecture of the EU courts for trade mark cases*") are remarkable but (unfortunately) not uncommon.

To improve the consistency in decisions of the different General Court chambers, a specialized chamber should be preferred.

The present system, however, does provide for the Court of Justice to be able to ensure a consistency in these two TM systems and thus the Court of Justice should ensure (for the cases getting to its attention) a uniformity in the application of the law. However, not all cases go to the Court of Justice (only 25%).

2. Possible routes

In our view, every decision on modifying the current judicial architecture should take into account this dichotomy if possible.

The situation now seems to be that Option 1 is the one which might mostly be accepted by the General Court. The Judges of the General Court do not seem to like much "the Option 2 rotation" because it creates a ghetto and this may hamper their chances to get to the Court of Justice. Instead, a special Court would be more palatable because it would not touch the General Court as it is. However, assuming that this special Court is not an additional court but would stand next to the General Court would also mean that the General Court would be deprived of the possibility to rule on trade mark (and possibly tomorrow even patent) cases.

So, there is the risk that, in order to get the General Court's support, the Special Court would have to provide for an appeal to the General Court on point of law and the General Court would be the ultimate ruler.

But this would create two additional problems. The first is that the Court of Justice might object to be deprived of the possibility to rule on CTM matters, the second is that the Court of Justice would still decide referrals from national Courts. This would create a rather unusual situation. The General Court would become the Court of last resort on CTM matters but the ECJ would still be the ultimate ruler on harmonization matters and thus there would be the possibility of inconsistent and not "harmonized" decisions issued by the General Court and the Court of Justice. Hence, that is not an option.

It is clear that, to avoid inconsistency, the General Court decisions on appeals from the Special Court ought to be appealed to the Court of Justice but ECTA does not really want to have another body as already going through 4 layers of review takes years. It seems inconceivable that in order to get the General Court off the hook and get also IP specialized judges we must accept the delay and the additional costs of another court.

Another proposal is a "push down". With "push down" we mean that the General Court also gets the referrals by national courts.

What would change vis-à-vis the present situation?

*Firstly*, we would have a Special Court composed by specialized judges whose only function would be to review Board of Appeals cases.

*Secondly*, the General Court would only get (like the Court of Justice does now) cases on point of law. However, these cases would already be the result of an analysis carried out by a Special Court and thus less likely to be as inconsistent and as wavering as the current General Court case law is.

*Thirdly*, while it is still true that the Directive and Regulation govern separate systems, the General Court would be more aware and trained in the subtleties of trade mark law (since it would decide only on point of law and not on fact cases arising by both the Special Court and national referrals) and more likely than the Court of Justice would apply consistent legal principles since it might have to apply them in deciding appeals by the specialized court.

*Fourthly*, by carving out the IP sector, the General Court might have a reasonable argument to convince the Court of Justice to give up the national referrals and the Court of Justice may be more inclined to let it go.

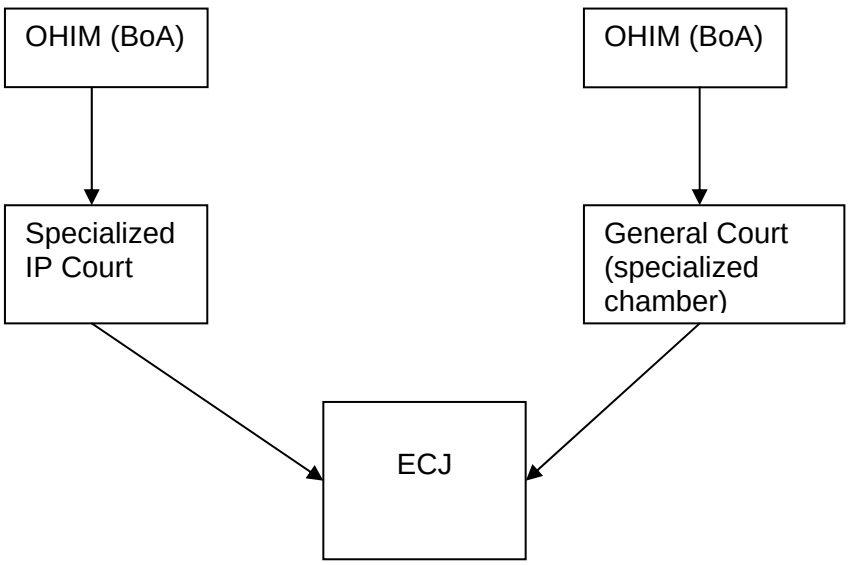
However, while the "push down" option might solve the dichotomy between Regulation and Directive, it has been objected to by most ECTA Professional Affairs and Law Committee members from various Member States. Besides the constitutional problems involved in depriving the Court of Justice of jurisdiction in trade mark law cases, certain national courts (for instance the German Courts) would be uncomfortable to accept that their referrals in trade mark law are been decided by the General Court rather than the Court of Justice, and in general such "push down" might politically not be feasible.

Most importantly, such "push down" would politically not be feasible.

## 3. Proposal

**A specialized court, equivalent to the General Court, so that appeals from this body on the point of law would go to the Court of Justice or a specialized chamber within the General Court are the preferred routes which ECTA should foster.**

**OPTION 1** **OPTION 2**



Practically all members of the ECTA Council, Professional Affairs and Law Committees, among them a joint opinion of the Law Committee of the Association for Benelux trade mark and design Law (BMM), have indicated that an additional instance between the OHIM and the General Court is not favourable, mainly due to the high(er) costs and even lengthier procedures. At this point and with the information we have so far, we would prefer either a specialised General Court Chamber dealing with trade mark cases or a Specialized Court next to the General Court. An alternative of the proposed rotating system might be the rotation of judges of the national Community Trade mark Courts in the different EU-countries. In that way specialised judges will rule the trade mark cases.

24 June 2010