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‘OHIM and its role in the past, today and where it is going’

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¹ Views expressed are purely personal and cannot be seen as an official position of the OHIM, the Boards of Appeal or any other EU Institution or body.

INTRODUCTION

Before the Community trade mark

When the treaty creating the European Economic Community was negotiated in the late 1950's the question as to whether intellectual property should become a competence of the newly created integrating institutions was clearly answered negatively. Contrary to what happened to other economic and political integration processes, the founders of the EEC did not want to give their institutions a say in intellectual property². To the knowledge of the undersigned, the real reasons for this were never really reported. However, it should be stressed that in the 1950's the negotiators were not contemplating political integration. Secondly, one can assume that it was felt that the economic integration that was to be achieved was not so deep that including IP in the competences of the new structure was necessary. Given this absence of necessity it was preferred to keep the question as a national one since at that time already these questions were sensitive and national IP offices favoured intergovernmental negotiations in WIPO rather than integrating mechanisms that would necessarily have limited their competences.

However, very soon it was found that something needed to be done to ensure that the Common Market as it was then called could function properly. Already in 1960 the

² Intellectual property was only referred to in Art 36 EEC which is now Art 36 TFEU and which states that „The provisions of Articles ... shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States.” In other words IP was only seen as a legitimate exception to the rules on the free circulation of goods.

German Group of AIPPI published a document spelling out the main features of a possible Community trade mark³. A working group of experts in trade marks started work in 1961 and by 1964 concluded its work with a proposal for a Convention on Community trade marks. The draft was not published then. Political divergences, notably those on the possible accession of the UK to the Communities, had taken priority.

It was only in 1973 that the draft was published⁴. The draft was for an international agreement between the then six Member States⁵ which had in the meantime become nine. The draft was certainly no longer the best solution for a Community trade mark but it was received by interested circles as a good document that could serve as a solid basis for future work. Strengthened by this support, the Commission decided in 1974 to create a working group in charge of drafting a report on the future Community trade mark law. This work bore fruit in a memorandum published in July 1976⁶.

Toward a Community trade mark

The memorandum proposed to abandon the idea of an international convention to create a Community trade mark. What was proposed was the creation of a unitary Community trade mark through the adoption of an EEC regulation. It was also proposed to harmonize the substantive laws of the Member States by way of a Directive. The main features of the Community trade mark system had thus been proposed: a two tier approach was envisaged creating a Community trade mark (CTM) on the one side and recognizing the need to maintain national trade mark systems on the other but harmonizing them to avoid trade barriers as much as possible within the EEC. The document thus took into account the reality in the Member States as it concluded that national trade mark law had to continue to exist for the foreseeable future. From then on legislative measures were to be taken within the institutional framework of the European Economic Community with all the

³ A German source of this document can be found in Grundsätze für die Schaffung einer EWG-Marke, in GRUR Int. 1960, pp 359 – 360.

⁴ Document 5934/IV/64 of the Official Office of EC publications. The document is available only in DE, FR, IT, NL.

⁵ Belgium, France, Germany, Italy, Luxembourg and The Netherlands are the founding Member States of the EEC. In January 1973 the United Kingdom, Denmark and Ireland joined in the framework of the first enlargement.

⁶ Memorandum on the creation of the Community trade mark, EC Bulletin, supplement 8/76.

institutional and legal consequences that entailed (proposal by the EC Commission, adoption by the Council and direct applicability of the Regulation in all its aspects alongside national laws). The work on both the future Regulation and the Directive from then on was taken in parallel.

The intense work resulted in official proposals by the European Commission in 1980⁷.

The First Directive 89/104/EEC (hereafter TMD) was adopted by the Council on 21 December 1988 on the basis of a qualified majority. It was later codified and is now known as Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks⁸.

The Council regulation (EC) n° 40/94 on the Community trade mark was adopted only on 20 December 1993⁹ (hereafter CTMR). It thus took five more years to agree on the CTMR even though almost all substantive law issues had been agreed when adopting the TMD. The first reason is an institutional one. Whereas the TMD could be adopted by way of a qualified majority because it was based on Article 100a EC (a new article of the Treaty introduced by the European Single Act), the Regulation was based on Article 235 EC which requires unanimity among the Member States. It was common ground that the legal solutions adopted for the TMD would be taken over in the CTMR, so this was not the problem that delayed adoption. The main problems were the location of the future TM Office and the language regime for the CTMR. The issues proved to be highly political.

It took a meeting of the Heads of State and Governments (a European Council Summit) in October 1993 to agree on these last two political questions. As to the seat of the Office, an agreement could be found because the same European Council actually decided on the seat of ten different agencies, which allowed several Member States to be satisfied through a carefully balanced compromise. Spain was chosen to

⁷ Proposal for a First Council Directive to approximate the laws of the Member States relating to trade marks and Proposal for a Council Regulation on the Community trade mark, OJEC n° C 351, p.1; see also the supplement of the EC Bulletin n° 5/80 which contains both proposals for a Regulation and a Directive with their explanatory memorandum.

⁸ OJEC n° L 299 of 8-11-2008, p. 25.

⁹ OJEC n° L 11 of 14-1-1994, p. 1; later codified as Council Regulation (EC) n° 207/2009 of 26 February 2009 on the Community Trade Mark, in OJEC n° L78 of 24-3-2009, p1.

host the Office for Harmonization in the Internal Market (trade marks and designs). The Spanish government then decided to locate the OHIM in Alicante.

The language regime ultimately agreed upon was a complex one. CTM applicants could file in all the official languages of the EC (11 languages at the time when the compromise was reached) but the OHIM would have only five working languages (DE, EN, ES, FR, IT). When filing all applicants would have to indicate two languages, the second necessarily being different from the first but being one of the five of the Office. *Inter partes* procedures would thus always be in one of the five languages of the Office, except if both parties decided to choose another language (e.g. two Portuguese parties could choose their language and the OHIM would have to accept that).

The Community trade mark

The Community trade mark is to be obtained only by registration. There is no such thing as an unregistered CTM. Its main characteristics are its unitary character, and its links with the national trade mark systems through seniority and conversion.

The definitions of what can constitute a trade mark and other characteristics of trade mark law are the same as in the TMD. The CTM is therefore “harmonized” and fully aligned with the national trade mark laws. A number of the provisions of the CTMR are identical or quasi identical to those of the TMD: signs of which a trade mark may consist (Art 2 TMD – Art 4 CTMR), grounds for refusal or invalidity, so called absolute grounds for refusal of a TM (Art 3 TMD – Art 7 CTMR), further grounds for refusal or invalidity concerning conflicts with earlier rights, so called relative grounds (Art 4 TMD – Art 8 and 53 CTMR), rights conferred by a trade mark (Art 5 TMD – Art 9 CTMR), limitation of the effect of a trade mark (Art 6 TMD - Art 12 CTMR), exhaustion of the right conferred by a trade mark (Art 7 TMD – Art 13 CTMR), licensing (Art 8 TMD – Art 22 CTMR), limitation in consequence of acquiescence (Art 9 TMD – Art 54 CTMR), use of the trade mark (Art 10 TMD - Art 15 CTMR), sanctions for non use of a trade mark and grounds for revocation (Art 11 and 12 TMD – Art 51 CTMR).

THE OHIM IN THE EARLY YEARS (1994 – 2000)

After the adoption of the CTMR and the designation by the Council of ministers of the first group of managers, the OHIM really started to exist on 1 September 1994. That day the first President and his two Vice-Presidents arrived in Alicante and took possession of provisional offices kindly put at their disposal by the Spanish authorities. A few desks and chairs, a phone for each person and a fax was the only material that was available. OHIM started from there!

When the CTMR was prepared, negotiated and finally adopted it was obvious to all that only a Community trade mark Office could administer the CTM. The importance of examination in trade mark law is such that it must be centralized and brought under an “examination policy” which must be decided, implemented and scrutinized by one body. Nobody seriously thought when the Community trade mark was envisaged that national offices could examine and deliver the CTM!

Even having a really coherent policy within a newly created Community Office was far from easy. In the early days of OHIM, there were loud discussions between colleagues inside OHIM on what line should be taken. There were those who thought the stringent examination line was the only possible one. Others thought that examination must necessarily be as light as possible (only refusing totally descriptive trade marks for example) because the market would decide whether a trade mark was distinctive and deserved protection.

Not only within the OHIM was the question of how stringent examination should be and the level of descriptiveness allowed the subject of hesitations. This can be illustrated by two judgments of the ECJ: Baby Dry¹⁰ and Double Mint¹¹. Today it is

¹⁰ The court had a liberal approach on the signs that could be registered as a trade mark. In one of its famous paragraphs it stated that “as regards trade marks composed of words, ..., descriptiveness must be determined not only in relation to each word taken, separately but also in relation to the whole which they form. **Any** perceptible difference between the combination of words submitted ... and the terms used in common parlance ... is apt to confer distinctive character on the word combination enabling it to be registered as a trade mark”. This judgment was also strongly criticized.

¹¹ This judgment is understood as having reversed the Baby Dry jurisprudence. Case C-191/01 P of 23 October 2003.

accepted that the examination by the OHIM of CTM applications must be stringent. Also, more and more the Court looks into the coherence of the examination policy of the OHIM¹². Even if a constant line of case law repeats that the OHIM is not bound by its earlier decisions and that the national trade mark systems are autonomous and that therefore an earlier decision made by one national Office or judge cannot bind OHIM because the principle of legality is overriding, ever greater coherence is an issue for both OHIM and the national Offices.

Examination was not the only hotly debated subject among OHIM staff. Opposition procedures, comparisons of signs and goods and services gave rise to many exchanges. This was to be expected with more than a hundred people with different cultures, languages, professional backgrounds (e.g. lawyers, trade mark agents, in house professionals, academics, national examiners) and experiences coming together to create a European trade mark office and practice! It proved difficult not only to agree to guidelines but even more so to ensure that the agreed solutions were scrupulously applied by all.

So indeed, if it was difficult to introduce a real common trade mark policy within one Office, one can easily understand that having such a policy in a situation where different offices intervened would have been impossible.

The CTM proved to be a success way beyond expectations! In 1995, before the first CTM applications were received, it was common ground that if 15,000 CTMAs were applied for the CTM system would be a great success. On 1 April 1996, which was the first possible filing date, the OHIM had already received some 22,000 CTMAs¹³! The success brought with it problems of several kinds. Having received in a few days many more applications than had been foreseen for the whole year required strong responses from the management¹⁴. Recruitment needs were reevaluated and

¹² Case C-51/10 P of 10 March 2011, *Agencja Wydawnicza Technopol sp. Zo.o. v. OHIM*.

¹³ The OHIM was one of the few offices that accepted applications sent by fax. At that time national offices mainly received applications by hand delivery or through mail and courier services. The OHIM not only accepted fax applications to be at the lead but also because its geographical location in the South of Spain had to be compensated by an availability as open as possible. The inflow of applications between 1 January and 30 March was so significant that the office was overwhelmed. In the last days before 1 April desperate filers were using every possible fax/phone number of the Office to get their filing date. Some even went as far as to send their fax application to the town hall of Alicante or some local grocery store!

¹⁴ The team was composed of Jean-Claude Combaldieu (President), Alexander von Mühlendahl (Vice-president legal affairs), Alberto Casado Cerviño (Vice-president administrative affairs).

implemented immediately. The IT systems were screened to make sure they could sustain the workload.

The response to these challenges was possible only because the OHIM was conceived as an autonomous agency with all necessary powers to act independently from the EC Institutions and notably from the Commission. This point must be strongly underlined.

When the structure of OHIM and its place in the EC system were discussed, there were two camps among the Member States and the Commission. On the one hand, lead by the Commission, there were those who thought that OHIM should be fully integrated into the EC system and therefore largely under the authority of the EC Commission. The Commission notably argued that an EC body necessarily had to fall fully under EC law and its institutional arrangements. This meant among other things that the budget authority of the EC (i.e. European Parliament and Council) should decide on the budget of the agency and therefore also on its establishment plan (i.e. the table annexed to the budget setting the number of posts and their grade for the staff the agency can hire). Establishment plans are typically among the central elements of the budget struggles between institutions every year. This struggle is largely a political one and the result of the process does not always equate to what the real needs would have required. Such decisions are all the more disconnected from reality if they are made some 2000 kilometers (approximate distance from Brussels to Alicante) away from the place where they take effect, among representatives at the highest institutional level enjoying full political powers. The guiding motives for such decision making can only be strange to the needs of an IP agency. This is why, when negotiating the CTMR, a majority of Member States thought that OHIM should be fully autonomous from the EC Institutions. The example they had in mind was the European Patent Office (the EPO is not an EU agency and EU rules do not apply to it neither does EU law apply to the European patent).

This is not the place to discuss these questions in detail. However, it is essential to understand how OHIM is structured and how its action could develop to appreciate the results achieved. The final institutional set up is the following:

- the CTM is an EC (now EU) unitary IP title and the decisions made by OHIM (examiners, opposition divisions, cancellation divisions as the first internal instance which may then be reviewed by the Boards of Appeal) are subject to the legal review of the Court of Justice (in practice of the General Court with the possibility of a further appeal on points of law to the Court of Justice);
- the staff of OHIM fall under the rules of the Staff Regulations of the EC, this notably means that individual decisions of the President of OHIM which are detrimental to staff members can be challenged before the Court of Justice (in practice before the Civil Service Tribunal with the possibility of a further appeal on points of law to the General Court);
- other acts of the President or the Budget Committee that cannot be controlled by a direct action to the Court of Justice are under the legal supervision of the Commission who can ask that such acts be withdrawn in case it considers them illegal (Art 122 CTMR); it is important to note that the control is one of legality and not of opportunity. This procedure could not be used by the Commission to impose its own views on what should be decided by the management in substance;
- the OHIM is under the scrutiny of the Court of Auditors of the EU;
- the powers of the President of the OHIM are important (Art 124 CTMR: he is in charge of the management of the Office¹⁵ and to this end he can notably hire staff provided the establishment plan is respected);
- the OHIM has an Administrative Board (AB) and a Budget Committee (BC) that have an advisory and decision making capacity (e.g. the AB proposes to the Council of Ministers of the EU lists of candidates from which the latter designates the President, Vice-President, President of the Boards of Appeal

¹⁵ Art. 124 (2) reads: “To this end the President shall have in particular the following functions and powers:

(a) he shall take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office;

(b) he may place before the Commission any proposal to amend this Regulation, the Implementing Regulation, the rules of procedure of the Boards of Appeal, the fees regulations and any other rules applying to Community trade marks after consulting the Administrative Board and, in the case of the fees regulations and the budgetary provisions of this Regulation, the Budget Committee;

(c) he shall draw up the estimates of the revenue and expenditure of the Office and shall implement the budget;

(d) he shall submit a management report to the Commission, the European Parliament and the administrative Board each year;

(e) he shall exercise in respect of the staff the powers laid down in Article 116(2);

(f) he may delegate his powers.”

and the Chairpersons of the Boards of Appeal; it also directly designates the Members of the Boards of Appeal; the BC decides on the budget of the Office and on the discharge of the President for his use of past budgets, see Art 125 to 129 for the AB and Art 138 to 143 for the BC);

- The EU Commission is a member of the AB and BC but without voting rights (the Commission thus is informed like all other members of the governing bodies and can intervene in the debates; its opinion is often crucial but from a formal point of view it cannot impose its views).

As can be seen, the OHIM has a strong autonomy which departs from usual EU institutional arrangements. Once the budget has been adopted by the Budget Committee, the President of OHIM has all powers to implement the policies as he sees fit. The powers of the Commission are limited, contrary to other agencies in which it is in charge of proposing or even designating the director for example. Not even having an influence on the nomination of the President, the Commission really only plays an observer role. Also, the European Parliament has no budgetary authority over the finances of the Office except in cases in which the Office must ask for a subsidy from the EU budget which has not been the case since 1997. Owing to the unexpected success of the CTM, OHIM became financially self sufficient very early. This latter element has been the reason for tensions between the OHIM and these two Institutions.

The balance of powers in the OHIM is thus such that the President, with the help of the AB/BC, can really decide on how the Office should be run within the confines of the CTMR of course, *inter alia*, staff needs, and trade mark “policy”. The EU Institutions have all the necessary *a posteriori* control powers but they cannot impede the functioning of the Office through *a priori* policy or budgetary checks. It may be recalled that in the first months of the functioning of OHIM, the financial control was made from Brussels by the Financial Control Directorate General of the Commission. The result was not satisfactory and communication problems, plus diverging priorities between the two parties, have sometimes created delays in the decision making in Alicante. Faced with this experience, the President of the Office decided to hire a financial controller and have him work *in situ*. The smoothness of procedure immediately improved.

What one has to understand is that the financial and organizational autonomy of OHIM that resulted from the above mentioned arrangements was the key to its success. OHIM would never have achieved the results obtained had it not had the autonomy to decide on its own organization.

Major strategic decisions

The first years were marked by the need to survive the important inflow of trade mark applications but also by strategic choices, of which one can cite the following:

- making sure the autonomy of the OHIM is maintained;
- having a solid office with permanent staff that will ensure its permanence;
- making full use of IT systems (e.g. it was decided from the start that examiners would work only on electronic files and that IT tools would be used to the full);
- being user oriented and open to users by regular meetings with their principal associations (creation of a User Group meeting and bilateral meetings with some of the associations);
- investing in an own building financed by the budget of the Office (here one must underline that Spain, through a consortium of all local and governmental authorities, offered the land on which OHIM premises are located; however, the construction works themselves were totally financed by OHIM whose financial means had by that time reached sufficient levels; the building was inaugurated in 1999);
- putting into place the necessary internal organization and the guidelines for the examination of trade marks and other procedures;
- through all these measures and orientations ensuring OHIM a position as a major player in the IP world;
- having regular contacts with other international IP Offices and organizations like WIPO or the EPO (such relations were, however, limited as the CTMR gave only marginal competences to the OHIM to act in cooperation matters).

From the beginning the idea was to have a paperless office. Examiners were to check CTMAs and examine them on screen only. The time to prepare being so short between the moment at which the management had taken up its duties (September

1994) and the date on which the Office had to be operational (early 1996), it was decided, with the support of the President of the EPO, to use as a basis for the software of OHIM a system that the EPO had developed for the Central and Eastern European countries' Offices. The Common Software as it was called was adapted by the OHIM to suit its own needs (e.g. procedural and linguistic).

The first six years of OHIM were a pioneer period in which everything had to be invented and, given the important numbers of applications and the complexity of the processes, the priority was to keep the organization's head above water and introduce the foundations for a perennial system.

One should remember that no Office in the world had to examine trade mark applications and publish them in 11 languages! Many thought this would be impossible. Also, introducing a unitary trade mark in parallel with 10 preexisting national and Benelux systems in which probably several million earlier trade marks (this is a guess as no exact count of preexisting national and Benelux trade marks had been done!) were registered already was considered by many professionals as meaning that opposition rates could be as high as 70%.

The OHIM has managed to examine in all the languages by allocating CTM applications to examiners on the basis of the language of application. Once examined in that language, the verbal element is then submitted to a so called language check in all the other languages of the EU. This language check is performed by mother tongue speakers. In proceeding like this, descriptive or non distinctive elements in any of the languages of the EU are identified. Also, this has enabled the opposition rates to stay below 25%¹⁶. Rapidly the new system was trusted by users.

FROM 2000 TO 2010

This decade corresponds to the tenure of the second President of the Office¹⁷. It was a period of consolidation of the Office and the introduction of modern management

¹⁶ In the early years the percentage of applications that were subject to oppositions was 21%. This rate has even gone down and is recently at about 19%.

¹⁷ Wubbo de Boer was President for two mandates from 1 October 2000 to 31 September 2010.

techniques. It also was a period of strong reinforcement of the efficiency of the Office and lowering of the CTM application fees. As was said above, during the first years the Office was actually struggling to cope with the workload. The incredible success of the CTM system had generated many problems. Among them backlogs existed in almost all procedures in the Office. One of the major objectives during this period was to get rid of back logs and improve the functioning of OHIM in general.

During this decade several important developments took place that had a major impact on the OHIM:

- the adoption of the Community Design Regulation (CDR)¹⁸,
- the enlargements of the EU, taking in 12 new Member States¹⁹,
- the accession of the EU to both the Madrid Protocol (allowing to link the CTM with the international system)²⁰, and
- the accession of the EU to the Geneva Act of the Hague Agreement (linking the RCD to the international design registration system of WIPO)²¹.

The Community Design

In December 2001 the Council adopted the regulation of the Community designs. The Regulation is based, as is the CTM, on a previously adopted Harmonization Directive of the laws of the Member States²². The compromise giving rise to the Directive was found by a qualified majority and it was understood that the later Regulation would take up the major elements like the definitions of the design and product and the criteria for protection (novelty and individual character).

The system is a two tier one. The Council created first an unregistered design mainly to help those sectors of industry that produce many new products or designs every year and cannot register all their new creations (typically the fashion industry). On the other hand a registration system that was designed more for industries that need a

¹⁸ Council Regulation (EC) n° 6/2002 of 12 December 2001 on the Community designs (OJEC n° L 3 of 5 January 2002, p.1)

¹⁹ On 1 May 2004 the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia; on 1 January 2007 Bulgaria and Romania.

²⁰ Council Decision of 27 October 2003 approving the accession of the European Community to the Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 27 June 1989; OJEC n° L 296 of 14-11-2003, p. 20.

²¹ Council Regulation (EC) n° 1891/2006 of 18-12-2006.

²²

greater degree of certainty for their protection (e.g. automotive industry, household appliances, etc).

From the beginning the whole registration process was conceived uniquely as a paperless one. A lot had been learnt from the CTM experience and IT systems and technology had progressed significantly since 1995/1996 when the trade mark system had been conceived. Actually, for designs, there has never been a paper version of the Bulletin for example. However, the OHIM did not manage immediately to introduce a well performing on line filing system.

The addition of the design registration was the opening of a new era for OHIM (even if this was foreseen from the creation of OHIM as its name indicates). New users (designers but also professionals that did not handle trade mark matters) now came to the Office. The design right is based on novelty, and publication can be deferred, which means that keeping some files secret was a new feature to which the OHIM had to adapt. In order to be fully prepared for these new challenges OHIM decided to adopt the ISO standard for confidentiality of processes.

The CD was an immediate success. The extensive and in depth market study the OHIM had conducted before its introduction had again underestimated the volume of filings. This time, however, the difficulties were overcome rapidly and after a year the registration and publication of designs within three months from their filing was a reality.

The unregistered Community design, which is a right for which OHIM has no competence, is also proving to help industry considerably in the protection of their creations. There are no figures available for this as often even litigation can be avoided. However, lawyers dealing with this right often report in conferences their global satisfaction with this right which is an efficient instrument to fight outright piracy of new creations.

Enlargements of the EU

The EU enlargements are essential political events. One could think that trade mark and design matters are of little relevance to such complex procedures. But such is not the case because of the importance of IP protection to industry in the EU. Close attention was dedicated to IP issues in the process of negotiation. This resulted in strong solutions.

One should first briefly recall the legal issues. The main problem was to decide what to do with the several hundred thousand CTMs and CDs that existed before enlargement. Should these simply be extended to the new EU Members States and, if so, on what conditions, or should the unitary character of these IP titles be put in question by not accepting their territorial extension? The negotiators answered by the strongest and most favorable solution possible for right holders: automatic extension²³.

²³ Article 165CTMR

Provisions relating to the enlargement of the Community

1. As from the date of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia (hereinafter referred to as ‘new Member State(s)’), a Community trade mark registered or applied for pursuant to this Regulation before the respective dates of accession shall be extended to the territory of those Member States in order to have equal effect throughout the Community.
2. The registration of a Community trade mark which is under application at the date of accession may not be refused on the basis of any of the absolute grounds for refusal listed in Article 7(1), if these grounds became applicable merely because of the accession of a new Member State.
3. Where an application for the registration of a Community trade mark has been filed during the six months prior to the date of accession, notice of opposition may be given pursuant to Article 41 where an earlier trade mark or another earlier right within the meaning of Article 8 was acquired in a new Member State prior to accession, provided that it was acquired in good faith and that the filing date or, where applicable, the priority date or the date of acquisition in the new Member State of the earlier trade mark or other earlier right precedes the filing date or, where applicable, the priority date of the Community trade mark applied for.
4. A Community trade mark as referred to in paragraph 1 may not be declared invalid:
 - (a) pursuant to Article 52 if the grounds for invalidity became applicable merely because of the accession of a new Member State;
 - (b) pursuant to Article 53(1) and (2) if the earlier national right was registered, applied for or acquired in a new Member State prior to the date of accession.
5. The use of a Community trade mark as referred to in paragraph 1 may be prohibited pursuant to Articles 110 and 111, if the earlier trade mark or other earlier right was registered, applied for or acquired in good faith in the new Member State prior to the date of accession of that State; or, where applicable, has a priority date prior to the date of accession of that State.

The equivalent provision for designs can be found in Article 110a CDR.

Article 110a Provisions relating to the enlargement of the Community

1. As from the date of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia (hereinafter referred to as “new Member State(s)”), a Community design protected or applied for pursuant to this Regulation before the date of accession shall be extended to the territory of those Member States in order to have equal effect throughout the Community.
2. The application for a registered Community design may not be refused on the basis of any of the grounds for non-registrability listed in Article 47(1), if these grounds became applicable merely because of the accession of a new Member State.
3. A Community design as referred to in paragraph 1 may not be declared invalid pursuant to Article 25(1) if the grounds for invalidity became applicable merely because of the accession of a new Member State.
4. The applicant or the holder of an earlier right in a new Member State may oppose the use of a Community design falling under Article 25(1) (d), (e) or (f) within the territory where the earlier right

On the dates of enlargement at 0.00 hour, all CTMs and CD (registered or unregistered designs) that were recognized, filed and of course registered in OHIM saw their protection extended automatically to the new Member States. No administrative measure was necessary and no fee needed to be paid. Automaticity was such that a right holder could not actually avoid extension!

To avoid expropriation of holders of earlier national rights in the new Member States (i.e. any right or filing existing before the date of accession) the extended CTMs/CDs could not be used in the said Member States to counter the national earlier right and, on the contrary, the holder of such an earlier national right can prohibit the use of the CTM/CD or marketing of the product including the design in his home market. In order to avoid problems with the implementation of such radical solutions, the OHIM held several meetings with the heads of national IP Offices of the then candidate countries as well as regular meetings with industry and representatives of the main user federations. Only very few collisions were reported after the enlargements, despite the hundreds of thousands of extended rights. The legal and practical solutions were thus successful.

The OHIM also had to prepare for its new tasks: essentially examining, publishing, deciding and handling procedures in the new languages (i.e. 11 new languages for 12 countries). Already two years before the first enlargement recruitments were limited to nationals of the candidate countries. This allowed the Office to have the necessary staff ready on time, to prepare the new language versions of the web site and other publications, and to train staff. The OHIM actually maintained the same number of staff but had a more varied work force.

It is important to note that this recruitment move was essential not only to be prepared but also, by no longer hiring persons from the other nationalities, OHIM ensured that the additional tasks (e.g. examining every CTM application also in the new

is protected. For the purpose of this provision, “earlier right” means a right acquired or applied for in good faith before accession.

5. Paragraphs 1, 3 and 4 above shall also apply to unregistered Community designs. Pursuant to Article 11, a design which has not been made public within the territory of the Community shall not enjoy protection as an unregistered Community design.

languages) would be done with the same number of people (thereby gaining in productivity because outgoing staff were replaced by people from the new Member States) also keeping costs down in general. It must be noted that the accession of the new Member States, as was anticipated, did not generate significantly more CTM filings.

A customer oriented efficient Office

More concretely, this period was dedicated to bringing more efficiency into the dealings of OHIM. To achieve better efficiency, the Office underwent several reorganizations. The previous hierarchical structure with two Vice-Presidents each one in charge of a half of the Office was abandoned in 2004. Only one Vice-President was left²⁴. From 2006, he was in charge of some specific departments (i.e. budget and human resources). For the rest, the Office was structured in specialized departments. The directors were directly responsible before the President of the Office. Instructions were to be as user friendly as possible.

The Office had as its aim to become a customer oriented organization. To achieve this goal the participation of representatives of the interested circles was systematic. All new projects that were either suggested by the interested circles or proposed by the Office were submitted to the scrutiny of the users and their representatives in direct meetings with OHIM staff. When new IT systems were proposed, they were discussed by the IT User Group and the testing of versions was made not only by OHIM staff but also by designated users.

The second essential element was the performance since 2005 of so called Customer Satisfaction Surveys. Typically all persons that had dealt with the Office for the past year received a questionnaire from an external company specialized in such surveys and were asked a series of questions on their level of satisfaction of OHIM procedures, decision making, coherence, etc. These surveys were essential to the definition of priorities for OHIM. They considerably helped OHIM to improve in general.

²⁴ Alexander von Mühlendahl until October 2005 and later Peter Lawrence.

A full IT and Internet Office

“Why should people be able to buy a flight directly through the internet and not be allowed to file for a Community trade mark or a design the same way?” This is the question that summarizes the approach that triggered the full IT and on line Office.

As was mentioned earlier, the Office always had the idea of using IT systems as fully as possible. The difference is that in the 21st century technology was making things possible that were not even envisaged in the early nineties! The capacity of the networks changed the picture completely.

This evolution was to be to the advantage of all (users and OHIM). IT technology allowing to file a CTM or RCD application directly through the internet with a so called back office facility (i.e. the receiving side does not have to key in the information as it is all directly incorporated into its data bases) brings about not only a considerable work saving for the OHIM, but also makes the information more reliable, faster and flexible.

Not only filing was to be facilitated but also consulting files directly was made free of charge and immediate. It was a conscious policy to make sure all possible procedures were made directly available to users.

High productivity and low fees

Productivity was a key objective. It was doubled compared to previous years and this allowed the Office to lower its fees. Lowering the application fees was one of the main achievements of this decade. Actually, the application fees were lowered twice. A CTM application now costs 900 Euros if filed electronically rather than 2075 Euros as was the case at the beginning of OHIM. This corresponds to a 57% reduction in the application fees. The renewal fees have not been lowered but their proceeds should in the future be shared with National Offices who should receive 50%.

The lowering of the fees, however, also generated significant problems notably with some National Offices who saw it as the expression of aggressive competition between offices.

The cooperation policy with national offices was at a minimal level until September 2008 when a joint meeting of the Administrative Board and Budget Committee decided on the creation of a cooperation fund.

The May 2010 Council conclusions

The real political exit of the stalemate between OHIM and the National Offices was reached by the agreement in the Council on 25, May 2010²⁵. The conclusions of the Council are a careful balancing exercise with far reaching consequences.

They acknowledge:

- the measures proposed by the OHIM bodies in September 2008 which foresaw a further reduction of the filing fees for CTMs, the creation of the Cooperation Fund and the future distribution of 50% of renewal fees to National Offices;
- the launch by the Commission of the study on the overall functioning of the trade mark system in Europe;
- the satisfaction of most associations of users of the CTM system and see the need “to fine tune it through a future revision, taking into account the need for a balanced relationship between the Community and national trade mark systems”;
- that national trade marks continue to meet the needs of large numbers of applicants and that they should therefore be maintained.

The Commission is also invited to propose the revision of the CTMR and the TMD. This revision should include:

- the introduction of a provision to define the framework of cooperation between the OHIM and National Offices;
- making explicit that harmonization of practice and tools is an aim which all trade mark offices in the EU should pursue;
- the establishment of a clear legal basis for the involvement of OHIM in enforcement related activities, including the fight against counterfeiting, in particular through fostering its cooperation with the National Offices and the European Observatory on Counterfeiting and Piracy;
- the creation of a legal basis for distributing 50% of the renewal fees to National Offices;

²⁵ OJ n° C 140, p. 22 of 29.5.2010

- amendments to the TMD to make it more consistent with the CTMR.

THE PRESENT AND THE NEXT FOUR YEARS IN OHIM

When he joined the OHIM in October 2010, the new president of the Office²⁶ launched a major consultation exercise involving the national offices, the Commission, the user associations, and the whole staff of the Office. The considerable input was worked upon by the management of OHIM and groups of interested persons and gave birth to a draft Strategic Plan. This plan was later endorsed by the Administrative Board of the Office in November 2011.

As to the legislative changes announced in the Council conclusions they are still under way.

Legislative changes in trade mark law

This exercise appears to be more complicated than expected. The proposals of the Commission to amend the CTMR and the TMD are still not available today. Commission sources indicate that the formal proposals could be adopted by the Commission late in the second quarter of 2012.

There are no major changes to be expected in substantive law as far as can be expected so far. The Commission may propose to amend slightly the definition of the signs that can constitute a trade mark by taking out the requirement of graphical representation. This would modernize the law and make registration of non visual signs easier. On the other hand it is not likely that the Commission would propose to change the rules on genuine use for example, contrary to what was asked for by some National Offices or interested circles. The Max Planck Institute who prepared the study for the Commission has made some proposals in this direction but they are considered impracticable by most people.

The measure that is most expected is of course the proposed key distribution of 50% of the renewal fees. One will recall that this controversial decision was criticized

²⁶ Antonio Campinos the former head of the Portuguese Institute for Industrial Property.

notably by interested circles. It is now understood that the money that goes to the National Offices through this mechanism will be used for the good of the European trade mark and design system.

The strategic plan 2011/2015

The strategic plan of the OHIM is a thorough document summarizing all the future actions of the Office for the next years and setting the main goals of the organization. The strategy is based on two pillars: organizational excellence and international cooperation.

The goals are to build a strong and vibrant creative organization, to increase quality and optimize timeliness of operations and to promote convergence of practices. To achieve the goals, 33 key initiatives were defined and will be monitored through a precise score card system. They range from personnel training by the Academy that was founded within the Office, to improvement of IT tools or the creation of Knowledge Circles which bring together the various services of the Office (the Boards of Appeal have an observer status) dealing with legal questions in order to find common ground.

Ultimately, one of the major achievements will be to obtain complete ISO 9001 certification. OHIM was first certified for all Community design related activities in December 2009. Work is ongoing to achieve ISO 9001 certification for activities related to trade marks, designs and appeals. The plan is to certify the whole Office within the next three years. This means that activities in support and management processes have to be mapped and measured and opportunities for simplification identified.

Preparation for ISO 9001 includes developing, maintaining, measuring processes for trade marks, designs, appeal and legal affairs. Information sessions will take place over the coming months to prepare staff for the audits and connect the Balanced Scorecard indicators to ensure that the strategy, processes and measurement are aligned.

Cooperation and Convergence Programs

To create the foundations for the European Trade Mark and Design Network, in addition to the work to harmonize legislation which is being led by the European Commission,

considerable progress has been made on the convergence of IT tools through the Cooperation Fund and voluntary convergence of practice via the Convergence Program. A total of 18 projects are planned under the Cooperation Fund including the Future Software Package, which consists of ten sub-projects dealing with e-business and back office file handling tools. The Convergence Program has five projects planned.

At present around 300 people in National Offices, user organizations and OHIM are working on joint projects under the Cooperation and Convergence Programs with this figure expected to rise to almost 600 during 2012 when work on the IT projects is due to peak. The activities planned and already under way are thus of considerable importance. This gives a clear indication of the change of focus and method compared to past cooperation activities.

Cooperation Fund

This Fund was created as a consequence of the in depth debate surrounding the lowering of the fees. The budget of the Fund is 50 million Euros. A number of important milestones were achieved during 2011 and the pace of activities has been significantly increased in 2012.

For the 18 Cooperation Fund projects a total of 257 intentions to implement have now been received from National Offices, i.e. National Offices indicating that they want to participate in a particular project. This is not the place to go into in much detail the various projects of the Fund. However, the practical importance of some of them and the political significance of the Fund itself are such that some elements must be mentioned here.

A software architecture was developed. This TM-XML project was completed last year with the first exercise of mapping of the functions of different IP offices and the setting out of the means for building compatible tools. This project is vital to make sure that the tools currently being created will be interoperable and able to “talk to each other”.

The seniority project defined the solution to make seniority records consultable in the National Offices online. It is recalled that claiming seniority is the possibility for CTM applicants or holders to record their earlier identical national trade marks under the CTM

in order not to be obliged to maintain them by renewal as long as the CTM itself remains valid. Until recently this possibility was not concretely transposed into national registries which did not keep non renewed marks.

The TMview and EuroClass joint database tools are essential elements of a harmonized trademark system in Europe. TMview once completed will provide direct access, free of charge to several million trade marks registered in the EU either at national or OHIM level. This system will finally allow the EU trade mark landscape to be transparent and easily searchable. At this stage 17 participating offices provide access to close to 7 million trade marks in total. It has been used by over half a million visitors from 170 different countries already.

The EuroClass classification database has information from 23 offices. The latest version of EuroClass is compatible with the new Nice classification edition which entered into force in January. It should help harmonize classification among participating offices.

OHIM is also helping National Offices as much as possible to allow them to participate fully in the Cooperation Fund projects. Indeed, the scope and number of the projects is such that several National Offices lack staff to take part in all the initiatives in which they are interested. One initiative is the selection and training of ten project managers that will be deployed in National Offices. They will be assessing what resources already exist in the offices and what additional help will be needed in order to bring the various projects to fruition.

The Fund has also developed the so called Future Software Package which is available to the offices that do not already have a complete IT system for their trade mark registration. The maintenance model proposed is that the Office will install the applications in each National Office that has requested them and will take care of the corrective and adaptive maintenance of applications which OHIM uses for its own operations, provided the National Office does not modify the application once installed. In other words, what is proposed is that OHIM caters for the software needs of National Offices who so wish.

Convergence Program

The Convergence Program with National Offices and user organizations was created to try to reach common ground on a series of issues where IP offices in the EU have different practices. In total, the Convergence Program now has five projects up and running, with more than 100 individuals from the EU Offices or user groups working on one or more projects.

By way of example one can mention the absolute grounds project which aims at allowing the convergence of the different interpretations of the examination of absolute grounds for refusal of figurative marks that include purely descriptive words or expressions. Indeed, National Offices and the OHIM have diverging policies in the matter. Bringing closer the examination by offices is the first step to open the way to a more harmonized understanding of the scope of protection of such signs.

Another example is the convergence on the different interpretations of the scope of protection of trade marks exclusively in black and white or in shades of grey. Do they cover any or all colors or not?

Bilateral Cooperation Agreements

In addition to all the above cooperation initiatives, OHIM also has bilateral agreements with the National Offices. Technical cooperation agreements on promotion and information services on the CTM and RCD systems have been running since 2006. All 25 offices have bilateral cooperation agreements covering the provision of information/advice services, publications, the creation and maintenance of seniority databases, promotional seminars.

During 2006-2011, OHIM contributed over 9 million Euros to these actions.

For 2012, 25 proposals for technical cooperation activities for 2012 were presented from all National Offices and the Benelux office.

Enforcement Activities

For some time now, OHIM has been involved in a number of enforcement-related areas including public information, top level seminars for judges and creating shared database tools for IP data.

Due to the increasing threat of IP infringement the Commission set up the EU Observatory on Counterfeiting and Piracy in April 2009 to improve the quality of information and statistics related to counterfeiting and piracy; to raise public awareness of Intellectual Property rights; and to encourage the spread of national best practice strategies and enforcement techniques from both the public as well as the private sector.

Given the complementary nature of their work, OHIM and the Observatory have been working closely together since early 2011 on the basis of a Memorandum of Understanding.

In May 2011, the Commission tabled a draft Regulation transferring the Observatory to OHIM while also providing additional responsibilities and a more sustainable structure. Under the Regulation, voted on by the European Parliament and endorsed by the Council on 22 March, with effect from mid May 2012, OHIM will be given the following tasks related to the protection of intellectual property rights:

- Improving the understanding of the scope and impact of infringements of intellectual property rights, including industrial property rights, copyright, and rights related to copyright;
- Improving the understanding of the value of intellectual property;
- Enhancing the knowledge of best public and private sector practices to protect intellectual property rights;
- Raising citizens' awareness of the impact of infringements of intellectual property rights;
- Enhancing the expertise of persons involved in the enforcement of intellectual property rights;
- Enhancing the knowledge of technical tools to prevent and combat counterfeiting and piracy, including tracking and tracing systems;
- Improving the online exchange between Member States' authorities and fostering co-operation with and between the central industrial property offices of the Member States, including the Benelux Office for Intellectual Property;

- Fostering international cooperation with intellectual property offices in third countries to build strategies and develop techniques for the protection of intellectual property rights, skills, and tools.

OHIM is preparing a wide consultation process enabling all stakeholders to be associated with the establishment of the first work program of the EU Observatory. This program will be submitted to the Office's governing bodies and to the Observatory's stakeholders for consultation in the final quarter of 2012. Meanwhile, an initial program of four support projects has been established in the areas of public awareness, tools for supporting enforcement activities, activities to develop IP competencies for enforcement authorities and reflection of best practices in IP enforcement strategies.

With the support of the Cooperation Fund, an initial enforcement database enabling rights holders and enforcement authorities to exchange information has been established. At the beginning of March, OHIM also started the creation of a searchable case-law data base of jurisprudence from national courts on Community trade marks and designs. This database will be expanded to other rights and procedures, after the initial database is made available in the new Observatory website (expected in October/November 2012).

THE FUTURE OF OHIM

As can be seen the role of OHIM and its importance in the IP field have increased considerably over the years. Recent developments have been particularly important. With the Observatory the role of the OHIM will no longer be limited to trade marks and designs but will encompass also the other IP rights. Adapting to these changes is a considerable challenge. The OHIM will have to deliver!

Being involved in enforcement activities also constitutes a major change as the focus will now be on OHIM much more than before. OHIM will gain visibility. Will OHIM become a target for hackers in the future? Clearly IT security will have to be significantly reinforced.

The proposals of the Commission to modify the European trade mark system are eagerly awaited. Will the role of OHIM be expanded further notably in cooperation

matters with non EU IP Offices? It also remains to be seen if the Commission will come up with a proposal to create an EU registration system for non geographical indications as was announced by Commissioner Barnier.

With regard to its functioning, OHIM, like all the other IP offices of the world, will have to continue improving in terms of efficiency, transparency, user friendliness, reliability, swiftness, coherence. IP Offices need to gain in predictability. In the EU this will have to be done in full cooperation with the National and Benelux Offices to avoid tensions as was the case in the past. Coherence and predictability must be seen as a European issue. The imbrications of the CTM and national trade marks are such that this is the only way.

Cooperation with other IP offices in the world will also gain in importance whether new competencies are entrusted on OHIM or not. OHIM already cooperates with the USPTO, the Japanese, Chinese and Korean IP Offices. Globalization requires that trade mark and design filings are made easier from one jurisdiction to the other. WIPO arrangements are a part of the solution only. They do not achieve enough harmonization as administrative decisions still bear strongly on the coherence of the system and their compatibility. It is stunning to see the percentages of filings that encounter problems for example because of different classification practices from one IP Office to the other. These problems, however, are more difficult to solve than could be expected. In some questions, we are faced with real administrative nightmares.

The global IP landscape is quite complex and one could imagine that more regional registration systems could be created (presently in trade mark and designs we have the European and African systems). Linked to the WIPO treaties and harmonized with the existing ones, they could be a major factor of simplification rendering global IP registration much more effective.

The relationship with the IP professionals is another field in permanent evolution. The creation of the CTM/RCD has changed the picture significantly in Europe. Before, the market for professionals was country by country. The CTM has opened it up to competition. All EU professionals now compete for CTM/RCD filings and further procedures. This is all the more true since EU IP titles have taken away some national

filings. The ever increasing availability of on line filing systems is seen as another threat by some. The profession must adapt. So must the Offices.

ICANN and domain names are a major preoccupation. The relationship of trade marks and domain names is a complex one. Not only are trade mark owners running after domain names that include their distinctive signs but they are themselves influenced in the choice of their new signs by the existence of the internet and search engines. The filings of ever more descriptive signs for example are a feature that has a bearing on IP Offices.

Last but not least, many legal issues remain to be cleared. Over one thousand EU court judgments were rendered in trade mark law. The Boards of Appeal of OHIM have made more than 17,000 decisions. This causes a serious knowledge management problem but also results in a serious need for more coherence. OHIM is working internally to improve the situation in terms of coherence and predictability.

Among the open questions that will also influence the future of OHIM one can point out that:

- the fate of the ACTA is a concern in Europe,
- the relationship between IP rights and human rights is more and more debated,
- the relationship between IP rights and freedom of speech has become political with the creation of parties who openly advocate piracy,
- IP rights as property rights need to be defined further.

Paul Maier

Alicante, 31 March 2012