



International Chamber of Commerce

The world business organization

Policy and Business Practices

Submission to the Max Planck Institute study on the overall functioning of the trademark system in Europe

Prepared by the ICC Commission on Intellectual Property

ICC supported the establishment of the Community Trade Mark Directive and the Community Trade Mark Regulation 15 years ago. It welcomes the current review commissioned by the European Commission and offers the following observations on submissions to the Max Plank Institute that have so far been published.

1) OHIM financial surplus

In relation to the bulk of the estimated surplus of Euro 300m that has been generated by the success of OHIM, ICC supports OHIM's proposal to return the surplus to the owners of Community Trade Marks.

ICC also supports the use of income to promote greater understanding of Trade Mark and Design systems and the development of a common IT system for use in each of the national registries of the Member States together with the search system "TMView" – thereby assisting potential applicants in the selection of a distinctive Trade Mark. Similarly, ICC would encourage the development of comprehensive search facilities in relation to designs.

As it has long campaigned against diversion of income from Intellectual Property Offices into activities not directly connected with the activities of the relevant Office, ICC has reservations concerning the allocation of 50% of the renewal fee income to National Offices of Member States. It should be borne in mind that those Offices take no part in the Community registration process and bear no financial responsibility for OHIM. ICC suggests that the facilities that the National Offices are proposing to provide would be better promoted by OHIM with greater financial rigour. The allocation of such a proportion of the renewal fee income to activities outside the control of OHIM sends an unfortunate message internationally and constitutes a tax on trade mark and design rights owners. It is hoped that this provision will be re-considered.

2) Genuine use provisions

ICC supports the opposition by OHIM to a proposal that the "genuine use" provisions of the Community Trade Mark Regulation, Article 15, be modified to require use in more than one Member State. ICC agrees that such a proposal is contrary to the undertakings given during the drafting of the Regulation and also contrary to the concept of a single market in which artificial barriers are to be without effect.

It is submitted that such a requirement would act to disadvantage small and medium sized enterprises. If such an enterprise decides to obtain one, or even more, national registrations either by a direct filing or by the “international” route there is the danger that a potential competitor might adopt, either deliberately or accidentally, a potentially conflicting trade mark. In the context of free circulation of goods and services in the EU, conflict will arise in the market place to the detriment of all. On the other hand, if an SME decides to have a Community Trade Mark Registration to protect it against such a conflict, there may well be an appreciable period before they are able to expand their market even though that is an ultimate aim. If the proposal requiring use in more than one Member State is implemented, the Registration could be vulnerable before the SME has had an opportunity to expand the market either actively through normal trade channels or electronically making use of the Internet (even though that might be in a different language or currency from their home base).

Furthermore, a trade mark may involve a word which may be in a script, other than a Latin script, forming the national language. Whilst it might be argued that such a mark may be appropriate only for a national registration, this is defeatist since it is equally arguable that a wider market should be envisaged and a Community Trade Mark Registration would be appropriate, possibly with a transliteration into Latin, or other, scripts. To require that, in order to remain valid, such a registration must be used in more than one Member State militates against businesses using a non-Latin script expanding their trade into the single market. Every encouragement should be given to SMEs to expand rather than generating unnecessary impediments.

The difference in costs between national and Community Registrations, averaged over 10 years, should not be a significant factor. Indeed it is arguable that the costs should be very similar, since virtually the same amount of work is involved. It is understood that no impediments effectively exist in any other territories, including China and USA and even the USA requirement of use in interstate commerce does not appear to cause any difficulty in nominal compliance, even though State Registries still exist in an attenuated form in the USA. It is essential that the Trade Mark systems remain comparable and competitive.

It must be for the ECJ to decide on the facts of each case as to whether the terms of Article 15 CTMR have been fulfilled. The ECJ has, of course, already ruled that reputation need only be demonstrated in a single Member State (Case C301/07 *Pago International v Tirolmilch*) and that use need not be quantitatively significant (Case C259/02 *La Mer Technology v Laboratoires Goemar*).

ICC hopes that these comments are of assistance and remains available to discuss any of these points further.