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HIM's Role in European Trademark Harmonization: Past, Present and Future

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INTRODUCTION

A. *Before the Community Trademark*

When the treaty creating the European Economic Community (“EEC”) was negotiated in the late 1950s, 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 property.¹ To the knowledge of the undersigned, the real reasons for this were never really reported. However, it should be stressed that in the 1950s, 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 intellectual property in the competences of the new structure was necessary.² Given this lack of necessity, the parties preferred to keep the question a national one since at that time these questions already were sensitive and national intellectual property offices favoured intergovernmental negotiations in BIRPI, the precursor of the World Intellectual Property Organization (“WIPO”), rather

¹ Intellectual property was only referred to in Article 36 of the EEC Treaty—now article 36 of the TFEU—which states that

The provisions of Articles 34 and 35 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.

Consolidated Version of the Treaty on the Functioning of the European Union, art. 36, 2010 O.J. (C 83) 61 (EC) (emphasis added). In other words intellectual property was only seen as a legitimate exception to the rules on the free circulation of goods.

² See Roger J. Goebel, *The Interplay Between Property Rights and Free Movement of Goods in the European Community*, 4 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 125, 126 (1993) (“[T]he harmonization of intellectual property—or the creation of intellectual property rights—is not a specific goal of the EEC Treaty.”).

than integrating mechanisms that would necessarily have limited their competences.³

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.⁴ Already in 1960, the German Group of the International Association for the Protection of Intellectual Property (“AIPPI”) published a document spelling out the main features of a possible Community trademark (“CTM”).⁵ A working group of experts in trademarks started work in 1961, and by 1964, concluded its work with a proposal for a Convention on Community trademarks.⁶ The draft was not published then due to the fact that political divergences, notably those on the possible accession of the United Kingdom to the Communities, had taken priority.⁷

It was only in 1973 that the draft was published.⁸ The draft was for an international agreement between the then six—which had in the meantime become nine—Member States.⁹ The draft was certainly no longer the best solution for a Community trademark, but it was received by interested circles as a document

³ See *WIPO—A Brief History*, WIPO, <http://www.wipo.int/about-wipo/en/history.html> (explaining that the WIPO has existed in various forms since 1893).

⁴ See *Memorandum on the Creation of an EEC Trade Mark*, at 15, SEC (76) 2462 final (July 6, 1976) (“The creation of a Community trade mark system is based solely on the existence of the European Economic Community and the establishment of a common market. It is necessary so that the common market for branded goods can be established and function like a national market, thus promoting the economic and social objectives of the Community.”).

⁵ A German source of this document can be found in *Grundsätze für die Schaffung einer EWG-Marke*, GRUR INT., 359–60 (1960).

⁶ See *Memorandum on the Creation of an EEC Trade Mark*, *supra* note 4, at 5 (“The Trade Mark Working Group, which was given the task of formulating a European system of trade mark law, began work at the end of 1961 . . . and in April 1964 it completed the Preliminary Draft of a Convention for a European Trade Mark.”).

⁷ See *generally A Growing Community*, EUROPA.COM, http://europa.eu/about-eu/eu-history/1970-1979/index_en.htm (discussing how the U.K. and two other states joined the EEC in 1973).

⁸ Document 5934/IV/64 of the Official Office of EC publications. The document is available only in the German, French, Italian, and Dutch languages.

⁹ See *A Growing Community*, *supra* note 7.

that could serve as a solid basis for future work.¹⁰ Strengthened by this support, the Commission decided to create a working group in charge of drafting a report on the future Community trademark law.¹¹ A few years later, this work bore fruit in a memorandum published in July 1976.¹²

B. Toward a Community Trademark

The memorandum proposed to abandon the idea of an international convention to create a Community trademark. What was proposed was the creation of a unitary Community trademark through the adoption of an EEC regulation.¹³ It was also proposed to harmonize the substantive laws of the Member States by way of a Directive. The main features of the Community trademark system had thus been proposed: a two-tier approach was envisaged, creating a Community trademark on the one side and recognizing the need to maintain national trademark systems on the other, but harmonizing them to avoid trade barriers as much as possible within the EEC.¹⁴ The document thus took into account the reality in the Member States as it concluded that national trademark law must continue to exist for the foreseeable future.¹⁵ From then on legislative measures were to be taken within the institutional framework of the EEC, with all the institutional and

¹⁰ See *Memorandum on the Creation of an EEC Trade Mark*, *supra* note 4, at 6 (“This Draft, which comprises a comprehensive scheme for the protection of European trade marks in the common market, forms an important basis for the subsequent work.”).

¹¹ See *id.* at 5 (“To examine . . . questions [about a trade mark system for the common market] and to prepare the groundwork for this Memorandum, the Commission set up a working party in September 1974.”).

¹² See *generally id.* (stating that the Memorandum was published in 1976).

¹³ See *id.* at 5 (“The Commission considers that the creation of an EEC trade mark enjoying protection on a uniform basis throughout the territory of the common market is a necessary step towards attaining the objective of the Community laid down in the EEC Treaty.”).

¹⁴ See *id.* at 9–10 (“Similar to the operation of national trade marks at present within the territory of their validity, the creation of an EEC trade mark would make a substantial contribution by facilitating and promoting trade in consumer goods within the Community and thus ensure the harmonious development of economic activities. . . . It is therefore consistent with one of the main objectives of the European Economic Community, that steps should be taken to remove wherever possible national barriers created by the existence of different industrial property laws.”).

¹⁵ See *id.* at 9 (“The time is ripe for the creation [of a community trade mark].”).

legal consequences that entailed, including a proposal by the EC Commission, adoption by the Council, and direct applicability of the Regulation in all its aspects alongside national laws.¹⁶ Work on both the future Regulation and the Directive was from then on undertaken in parallel.

The intense work resulted in official proposals by the European Commission in 1980.¹⁷ The first European Trademark Directive (“TMD”) was adopted by the Council of European Communities on December 21, 1988 by a qualified majority, later to be codified¹⁸ It approximates the laws of the Member States relating to trademarks.¹⁹

It took approximately five more years to agree on the Community Trademark Regulation (“CMTR”)—which was adopted on December 20, 1993—even though almost all substantive law issues had been agreed upon when adopting the TMD.²⁰ Whereas the TMD could have been adopted by way of a

¹⁶ See *id.* at 14–15 (“No specific powers are provided in the EEC Treaty in the field of industrial property rights for the adoption by Community institutions of laws which are directly applicable in each Member State. The Commission therefore has to examine whether the Community institutions can make use of the reserve powers vested in them by virtue of Article 235 of the Treaty. This provision states that ‘if action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community, and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.’”).

¹⁷ See generally *Proposal for a First Council Directive to Approximate the Laws of the Member States Relating to Trade-Marks Proposal for a Council Regulation on the Community Trade-Mark*, COM (80) 635 final (Nov. 19, 1980) [hereinafter *Proposal*] (stating that the proposal was “presented by the Commission to the Council on” November 25, 1980).

¹⁸ See generally Council Directive 89/104, 1989 O.J. (L 40) 1 (EC) (stating the date of the Directive to be December 21, 1988).

¹⁹ See Council Directive 2008/95, 2008 O.J. (L 299) 25 (EC) (“The content of Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks has been amended. In the interests of clarity and rationality the said Directive should be codified.”).

²⁰ See generally Council Regulation 40/94, 1994 O.J. (L 11) 1 (EC) (stating that the regulation was adopted on Dec. 20, 1993 and having certain language identical to Council Directive 89/104, 1989 O.J. (L 40) 1.(EC)). The Regulation was eventually codified on February 26, 2009. See Council Regulation 207/2009, 2009 O.J. (L 78) 1 (EC) (“Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark has been substantially amended several times. In the interests of clarity and rationality the said Regulation should be codified.”).

qualified majority, because it was based on the EC Treaty Article 100a, a new article of the Treaty introduced by the Single European Act,²¹ the CTMR was based on Article 235 of the EC Treaty (now Article 308),²² which requires unanimity among the Member States.²³ 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 included identifying a location for the future trademark office and the language regime for the CTMR.²⁴ These issues proved to be highly politicized.

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.²⁵ As to the seat of the office, an agreement could be reached 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.²⁶ Spain was chosen to host the Office for Harmonization in the Internal Market (Trade Marks and Designs) (“OHIM”).²⁷ The Spanish government then decided to locate the OHIM in the city of Alicante.

²¹ See Single European Act, art. 18, 1987 O.J. (L 169) 11 (“If, after the adoption of a harmonization measure by the Council acting by a qualified majority . . .”).

²² See Council Regulation 40/94, 1994 O.J. (L 11) 1 (EC) (“Whereas since the [EC] Treaty has not provided the specific powers to establish such [a Community trade mark], Article 235 of the Treaty should be applied.”).

²³ See Consolidated Version of the Treaty Establishing the European Community, art. 308, 2006 O.J. (C 321E) 179 (EC) (“If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community, and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, take appropriate measures.”).

²⁴ See *Proposal*, *supra* note 17, at 82, 84 ([T]he Commission thinks it would be premature to make a proposal on the headquarters of the Office at this stage. . . . The Commission feels it is better to make its proposal at a later date on the language to be used for procedural purposes.”).

²⁵ See *generally* Presidency Conclusions, Brussels European Council (Oct. 29, 1993) (discussing the location of the OHIM office).

²⁶ See *id.* at 12 (listing the locations of the seats of ten agencies).

²⁷ See *id.* (“The Office for Harmonization in the Internal Market (trade marks, designs and models), including its Board of Appeal, shall have its seat in Spain . . .”).

The language regime ultimately agreed upon was a complex one. Community trade mark applicants could file in all the official languages of the EC (eleven languages at the time the compromise was reached), but the OHIM would have only five working languages (Spanish, German, English, French, and Italian).²⁸ When filing, all applicants were to indicate two languages, the second different from the first, but necessarily one of the five of the OHIM.²⁹ Inter partes procedures would thus always be in one of the five languages of the OHIM,³⁰ 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).³¹

C. The Community Trademark

A Community trademark (“CTM”) is to be obtained only by registration.³² There is no such thing as an unregistered CTM.³³

²⁸ See Council Regulation 40/94, art. 115, 1994 O.J. (L 11) 29 (EC) (“The application for a Community trade mark shall be filed in one of the official languages of the European Community. . . . The languages of the Office shall be English, French, German, Italian and Spanish.”).

²⁹ See *id.* (“The applicant must indicate a second language which shall be a language of the Office the use of which he accepts as a possible language of proceedings for opposition, revocation, or invalidity proceedings.”).

³⁰ See *id.* (“The notice of opposition and application for revocation or invalidity shall be filed in one of the languages of the Office.”).

³¹ See *id.* (“Parties to opposition, revocation, invalidity or appeal proceedings may agree that a different official language of the European Community is to be the language of the proceedings.”).

³² See, e.g., Council Regulation 40/94, art. 6, 1994 O.J. (L 11) 4 (EC) (“A Community trade mark shall be obtained by registration.”); Ruth Annand, *The International Trademark Association and the Community Trade Mark*, 93 TRADEMARK REP. 113, 114 (2003) (“[T]he CTM . . . can only be obtained through registration with OHIM.”); *How to Obtain Protection for the Whole of the European Union (EU)*, OHIM, <http://oami.europa.eu/ows/rw/pages/CTM/protection/protection.en.do> (last updated May 7, 2010).

³³ See generally Council Regulation 40/94, 1994 O.J. (L 11) 1 (EC) (stating that a Community trade mark shall be obtained by registration and never mentioning an alternative).

Its main characteristics are its unitary character,³⁴ and its links with the national trademark systems through seniority and conversion.³⁵

The definitions of what can constitute a trademark and other characteristics of trademark law are the same as in the TMD.³⁶ The CTM is therefore “harmonized” and fully aligned with the national trademark laws. A number of the provisions of the CTMR are identical or nearly identical to those of the TMD: signs of which a trademark may consist, grounds for refusal or invalidity, so called absolute grounds for refusal of a trademark, further grounds for refusal or invalidity concerning conflicts with earlier rights, so called relative grounds, rights conferred by a trademark, limitation of the effect of a trademark, exhaustion of the right conferred by a trademark, licensing, limitation in consequence of acquiescence, use of the trademark, sanctions for non-use of a trademark and grounds for revocation.³⁷

I. 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 started to exist in earnest on September 1, 1994. That day, the first

³⁴ See Council Regulation 40/94, art. 1, 1994 O.J. (L 11) 3 (EC) (“A Community trade mark shall have a unitary character.”).

³⁵ See *Memorandum on the Creation of an EEC Trade Mark*, *supra* note 4, at 26 (“[T]he Conciliation Board can help the process of conversion by proposing arrangements which, by reconciling the interests of the parties, lead to the inclusion of many national marks in the Community trade mark system.”).

³⁶ Compare Council Regulation 40/94, art. 4, 1994 O.J. (L 11) 3 (EC) (“A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”), with Council Directive 89/104, art. 2, 1989 O.J. (L 40) 2 (“A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.”).

³⁷ Compare Council Regulation 40/94, arts. 4, 7–9, 12, 13, 15, 22, 50, 53, 1994 O.J. (L 11) 3–6, 8, 14–16 (EC) (outlining the aforementioned provisions), with Council Directive 89/104, arts. 2–13, 1989 O.J. (L 40) 2–6 (EC) (outlining the same provisions in a different order).

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 were the only furnishings available. To imagine—OHIM started from there!

When the CTMR was prepared, negotiated and finally adopted it was obvious to all that only a Community Trademark Office could administer the CTM. The importance of examination in trademark law is such that it must be centralized and brought under an “examination policy” which must be decided, implemented and scrutinized by one body.³⁸ Nobody seriously thought when the Community trademark 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 trademarks for example) because the market would decide whether a trademark was distinctive and deserved protection.³⁹

Not only within OHIM were the questions of how stringent examination should be and the level of descriptiveness allowed the object of hesitations. This can be illustrated by two judgments of the ECJ: *Baby Dry*⁴⁰ and *Double Mint*.⁴¹ Today it is accepted that

³⁸ See *Proposal*, *supra* note 17, at 81 (“The implementation of trade-mark law is a complex administrative function which . . . covers the lodging of applications for trade-marks, their examination, the registration of the trade-marks and their protection and supervision, in accordance with appropriate administrative procedures. . . . For these reasons, the Commission considers that the establishment of a Community Trade-marks Office with virtual autonomy in substantive matters would be the best way of administering Community trade-mark law . . .”).

³⁹ See *Memorandum on the Creation of an EEC Trade Mark*, *supra* note 4, at 21 (“[T]he criterion for registration should be an examination as to whether the mark applied for is by its nature inherently distinctive or has acquired distinctiveness as a result of its use in the course of trade.”).

⁴⁰ The Court had a liberal approach on the signs that could be registered as a trademark. In one of its famous paragraphs it stated that “[a]s regards trademarks

OHIM's examination of CTM applications must be stringent.⁴² Also, more and more the Court looks into the coherence of the examination policy of OHIM.⁴³ Even if a constant line of case law repeats that the OHIM is not bound by its earlier decisions,⁴⁴ and that the national trademark 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 remains 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 also gave rise to debate. This was to be expected with more than a hundred people with different cultures, languages, professional backgrounds (lawyers, trademark agents, in-house professionals, academics, and national examiners, for example) and experiences coming together to create a European trademark office and practice. It proved difficult not only to agree

composed of words, descriptiveness must be determined not only in relation to each word take, 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 trademark.*" Case C-191-01, OHIM v. Wm. Wrigley Jr. Co., 2003 E.C.R. I-12447, I-12454 (emphasis added). This judgment was also strongly criticized.

⁴¹ See Case C-191/01, OHIM v. Wm. Wrigley Jr. Co., 2003 E.C.R. I-12449, I-12460-461 (refining the judgment on Case C-383/99, Procter & Gamble v. OHIM, 2001 E.C.R. I-6251; better known as the Baby Dry case).

⁴² See Case C-51/10, Agencja Wydawnicza Technopol sp. zo.o v. OHIM, 2011 InfoCuria 77, available at <http://curia.europa.eu/juris/document/document.jsf?text=&docid=80432&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=2492895> ("[F]or reasons of legal certainty and, indeed, of sound administration, the examination of any trade mark application must be stringent and full, in order to prevent trade marks from being improperly registered.").

⁴³ See *id.* at ¶¶ 73–74 ("OHIM is under a duty to exercise its power in accordance with the general principles of European Union law, such as the principle of equal treatment and the principle of sound administration. In the light of those two principles, OHIM must, when examining an application for registration of a Community trade mark, take into account the decisions already taken in respect of similar applications and consider with especial care whether it should decide in the same way or not.").

⁴⁴ See *id.* at ¶ 71 ("[A]lthough [OHIM's] previous decision-making practice is indeed referred to in its published examination guidelines, those guidelines—as the Court has made clear—are not legally binding.").

to guidelines but even more so to ensure that the agreed-upon solutions were scrupulously applied by all.

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

But the CTM proved to be a success beyond expectations. In 1995, before the first CTM applications were received, it was common agreed that if 15,000 CTMAs were applied for, the CTM system would be a great success.⁴⁵ On April 1, 1996, which was the first possible filing date, the OHIM had already received some 22,000 CTMAs.⁴⁶

The success brought with it problems of several kinds. The receipt in a few days' time many more applications than had been foreseen for the whole year required a strong response from the management.⁴⁷ Recruitment needs were reevaluated and 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

⁴⁵ See Véronique Musson, *Finding Its Feet: 10 Years of OHIM Practice*, *WORLD TRADEMARK REV.* 15, 18, (2006), available at <http://www.worldtrademarkreview.com/issues/article.ashx?g=d40f6c10-baa6-47e0-b1ac-5fa837aea05b&q=finding+its+feet#search=%22finding+its+feet%22> ("15,000 annual applications [were] originally expected.").

⁴⁶ 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 January 1 and March 30 was so significant that the office was overwhelmed. In the last days before April 1 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!

⁴⁷ The team was composed of Jean-Claude Combaldieu (President), Alexander von Mühlendahl (Vice-president legal affairs), Alberto Casado Cerviño (Vice-president administrative affairs).

powers to act independently from the EC Institutions and notably from the Commission.⁴⁸ 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, led 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 2,000 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 alien 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.⁴⁹ The example they had in mind was the European Patent Office (“EPO”). (The EPO is not an EU agency and EU rules do not apply to it; neither does EU law apply to the European patent.)

⁴⁸ See Musson, *supra* note 45, at 15 (“OHIM enjoys legal, administrative and financial independence from other EU institutions and from the member states.”).

⁴⁹ See Council Regulation 207/2009, 2009 O.J. (L 78) 2 (EC) (“It is therefore essential, while retaining the Community’s existing institutional structure and balance of powers, to provide for an Office for Harmonisation in the Internal Market (trade marks and designs) which is independent in relation to technical matters and has legal, administrative and financial autonomy.”).

A. *Structure of OHIM*

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

- the CTM is an EC (now EU) unitary IP title⁵⁰ 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 Justice⁵¹ (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.⁵² Notably, this means that individual decisions of the President of OHIM which are detrimental to staff members can be challenged before the Court of Justice⁵³ (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 if it considers them illegal (Art 122 CTMR);⁵⁴ it is important to note that the control is one of legality and not of opportunity. This procedure could not be used

⁵⁰ See Council Regulation 207/2009, art. 1, 2009 O.J. (L 78) 3 (EC).

⁵¹ See Council Regulation 207/2009, art. 65, 2009 O.J. (L 78) 17 (EC).

⁵² See Council Regulation 207/2009, art. 116, 2009 O.J. (L 78) 28 (EC).

⁵³ See Council Regulation 207/2009, art. 118, 2009 O.J. (L 78) 28 (EC) (“The Court of Justice shall have jurisdiction in disputes . . .”).

⁵⁴ See Council Regulation 207/2009, art. 122, 2009 O.J. (L 78) 29 (EC) (“The Commission shall check the legality of those acts of the President of the Office in respect of which Community laws does not provide for any check on legally by another body and of acts of the Budget Committee attached to the Office pursuant to Article 138.”).

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;⁵⁵
- the powers of the President of the OHIM are important (Article 124 of the CTMR provides that he is in charge of the management of the Office⁵⁶ and to this end he can notably hire staff provided the establishment plan is respected);
- OHIM has an Administrative Board (AB)⁵⁷ and a Budget Committee (BC)⁵⁸ that have an advisory and decision making capacity (for example, the AB proposes to the Council of Ministers of the EU lists of candidates from

⁵⁵ See Council Regulation 207/2009, art. 142, 2009 O.J. (L 78) 33 (EC) (“Not later than 31 March in each year the President shall transmit to the Commission, the European Parliament, the Budget Committee and the Court of Auditors accounts of the Office’s total revenue and expenditure for the preceding financial year. The Court of Auditors shall examine them in accordance with Article 248 of the Treaty.”).

⁵⁶ See Council Regulation 207/2009, art. 124, 2009 O.J. (L 78) 29 (EC). It 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 trademarks 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.”

Id.

⁵⁷ See Council Regulation 207/2009, art. 126, 2009 O.J. (L 78) 30 (EC).

⁵⁸ See Council Regulation 207/2009, art. 138, 2009 O.J. (L 78) 32 (EC).

which the latter designates the President, Vice-President, President of the Boards of Appeal, and the Chairpersons of the Boards of Appeal; it also directly designates the Members of the Boards of Appeal;⁵⁹ the BC decides on the budget of the Office and on the discharge of the President for his use of past budgets, see article 125 to 129 for the AB and article 138 to 143 for the BC);⁶⁰

The EU Commission is a member of the AB and BC, but without voting rights⁶¹ (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.⁶² The powers of the Commission are limited,⁶³ contrary to other agencies in which it is in charge of proposing or even designating

⁵⁹ See Council Regulation 207/2009, arts. 125, 136, 2009 O.J. (L 78) 29, 31 (EC) (“The President of the Office shall be appointed by the Council from a list of at most three candidates, which shall be prepared by the Administrative Board. . . . The vice President or Vice-Presidents shall be appointed [in the same way]. . . . The Presidents of the Boards of Appeal and the chairmen of the Boards shall be appointed, in accordance with the procedure laid down in Article 125 for the appointment of the President of the Office . . .”).

⁶⁰ See Council Regulation 207/2009, arts. 140, 142, 2009 O.J. (L 78) 33 (EC) (“The Budget Committee shall adopt the budget. . . . The Budget Committee shall give a discharge to the President of the Office in respect of the implementation of the budget.”).

⁶¹ JANE E. FOUNTAIN ET. AL., NAT’L CTR. FOR DIGITAL GOV’T, THE OFFICE FOR HARMONIZATION IN THE INTERNAL MKT.: CREATING A 21ST CENTURY PUBLIC AGENCY, 2 (2010), available at http://works.bepress.com/jane_fountain/79 (“[T]he Commission had representation in OHIM governance bodies, but lacked a voting role . . .”).

⁶² See Council Regulation 207/2009, art. 124, 2009 O.J. (L 78) 29 (EC) (“[The President] shall take all the necessary steps, including adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Office.”).

⁶³ See *OHIM-Institutional Information*, OHIM, <http://oami.europa.eu/ows/w/pages/OHIM/institutional/institutional.en.do> (“As a European agency, OHIM is supervised by the European Commission, but has legal, administrative, and financial autonomy.”).

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,⁶⁴ which has not been the case since 1997.⁶⁵ 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 within 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 CTMR⁶⁶ of course—regarding, *inter alia*, staff needs and trademark 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 must 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

⁶⁴ See Council Regulation 207/2009, art. 140, 2009 O.J. (L 78) 33 (EC) (“Should the budget estimates provide for a Community subsidy, the Budget Committee shall immediately forward the estimate to the Commission, which shall forward it to the budget authority of the Communities.”).

⁶⁵ See OHIM, OHIM ANNUAL REPORT 1999 5, 45 (1999) [hereinafter ANNUAL REPORT 1999], available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/annualReports/ar1999_en.pdf? (“[T]he general budget of the European Communities has not been relied on since 1997.”).

⁶⁶ See Council Regulation 207/2009, art. 124(2), 2009 O.J. (L 78) 29 (EC) (outlining the powers of the President of the Office).

never have achieved the results obtained had it not possessed the autonomy to run its own organization.

B. Major Strategic Decisions

The first years were marked not only by the need to survive the important inflow of trademark applications but also by strategic choices, of which one can cite the following:

- making sure the autonomy of the OHIM was maintained;
- having a solid office with permanent staff that would ensure its permanence;⁶⁷
- making full use of IT systems (for example, it was decided from the start that examiners would work only on electronic files and that IT tools would be used to the full);⁶⁸
- being user-oriented and accessible to users by holding regular meetings with their principal associations (creation of a User Group meeting and bilateral meetings with some of the associations);⁶⁹
- investing in its own building financed by the budget of the Office (here one must underscore that Spain, through a consortium of all local and governmental authorities, offered the land on which OHIM premises are located; however, the construction projects themselves were completely financed by OHIM, whose financial

⁶⁷ See ANNUAL REPORT 1999, *supra* note 65, at 6 (stating that as of 1999 “261 people have been awarded permanent positions out of a total of approximately 499 staff”).

⁶⁸ See JANE E. FOUNTAIN ET. AL, *supra* note 61, at 6 (“OHIM launched its first website, OAMI-Online, in October 1998 and began making its paper documents available online. The ‘paperless office’ was already in evidence with EUROM, CTM-Download and CTM-Online providing first-generation electronic sources of information.”).

⁶⁹ See *id.* at 17 (“Through the annual survey, supplemented with meetings and ongoing communication with user groups and other means of communication with users, OHIM was in frequent and rich dialogue with its users in order to measure their preferences, perceptions and priorities in detail.”).

means had by that time reached sufficient levels; the building was inaugurated in 1999);⁷⁰

- implementing the necessary internal organization and the guidelines for the examination of trademarks 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 OHIM to act in cooperation matters).⁷¹

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.⁷² The Common Software, as it was called, was adapted by the OHIM to suit its own procedural and linguistic needs.⁷³

The first six years of OHIM were a pioneer period in which everything had to be invented and, given the number of applications and the complexity of the processes, the priority was

⁷⁰ See JANE E. FOUNTAIN ET AL., *supra* note 61, at 5 (“In 1999, after three years of operation, OHIM’s first president, Jean-Claude Combaldieu celebrated completion of the construction of OHIM’s first building”).

⁷¹ See ANNUAL REPORT 1999, *supra* note 65, at 36–37 (“The EPO and the OHIM work closely together...[and] there are close links between the Office and WIPO.”).

⁷² See JANE E. FOUNTAIN, ET AL., *supra* note 61 at 5, (“[A] team of specialists from OHIM were sent to visit the European Patent Office to learn about their file processing system.”).

⁷³ See *id.* (“OHIM adopted this system with adaptation for their needs as the first file processing system.”).

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 trademark applications and publish them in eleven languages! Many thought this would be impossible. Also, introducing a unitary trademark in parallel with ten preexisting national and Benelux systems in which probably several million earlier trademarks were registered (no exact count of preexisting national and Benelux trademarks has been attempted) already was considered by many professionals to mean that opposition rates could be as high as seventy percent.

OHIM has managed to examine in all eleven languages by allocating CTM applications to examiners on the basis of the language of the application.⁷⁴ 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.⁷⁵ 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.⁷⁶ Also, this has enabled the opposition rates to stay below twenty-five percent.⁷⁷ Rapidly the new system was trusted by users.

⁷⁴ See Musson, *supra* note 45, at 15 (“[F]iles are allocated on a language basis first . . .”).

⁷⁵ See OHIM, THE MANUAL CONCERNING PROCEEDINGS BEFORE THE OFFICE FOR THE HARMONIZATION IN THE INTERNAL MARKET (TRADE MARKS AND DESIGNS), PART B EXAMINATION 3 [hereinafter EXAMINATION MANUAL], available at http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/partb_examination.pdf (“As regards the meaning of a word, all the official languages of the European Community must be consulted. To this end, a language check is undertaken in all the languages.”).

⁷⁶ See *id.* (explaining that through the language check, descriptive or non-distinctive elements are discovered and used for grounds for objection by the examiner).

⁷⁷ See Musson, *supra* note 45, at 19 (stating that “only 20% of all CTM applications are opposed” and showing charts with total number of applications and oppositions). In the early years the percentage of applications that were subject to oppositions was twenty-one percent. This rate has even gone down and is recently at about nineteen percent.

II. 2000–2010

This decade corresponds to the tenure of the second President of the Office.⁷⁸ It was a period of consolidation and the introduction of modern management techniques. It also was a period that saw the reinforcement of the Office's efficiency and a lowering of CTM application fees.⁷⁹ As discussed 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 backlogs and improve the functioning of OHIM in general.⁸⁰

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

- the adoption of the Community Design Regulation (CDR),⁸¹
- the enlargements of the EU, taking in twelve new Member States,⁸²

⁷⁸ Wubbo de Boer was President for two mandates from October 1, 2000 to September 31, 2010. See *OHIM-Wubbo de Boer*, OHIM, (Mar. 24, 2010), <http://oami.europa.eu/ows/rw/pages/OHIM/news/INTA2010/WubbodeBoer.en.do>.

⁷⁹ See OHIM, OHIM ANNUAL REPORT 2009, 26, (2009) [hereinafter ANNUAL REPORT 2009], available at http://oami.europa.eu/en/Annual_Report_2009/content/pdfs/AR2009_EN.pdf (stating that the fee for an application has been lowered twice from €2,000 to €900).

⁸⁰ See FOUNTAIN, ET AL., *supra* note 61, at 8–9 (“[I]t became clear that the core strategy would shift from building capacity through growth to capacity building through productivity gains guided by simplification of processes and procedures, attention to user needs, careful measurement of performance and continued innovation using technology.”).

⁸¹ See generally Council Regulation 6/2002, 2002 O.J. (L 3) 1 (EC) (stating that the regulation on Community designs was adopted on December 12, 2001).

⁸² See OHIM, OHIM ANNUAL REPORT 2004 12, (2004) [hereinafter ANNUAL REPORT 2004], available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/annualReports/ar2004_en.pdf? (stating that the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia joined on May 1, 2004); OHIM, ANNUAL REPORT 2006, 5, (2006) [hereinafter ANNUAL REPORT 2006], available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/annualReports/ar2006_en.pdf? (stating that Bulgaria and Romania joined on January 1, 2007).

- the accession of the EU to both the Madrid Protocol (allowing to link the CTM with the international system);⁸³ 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).⁸⁴

A. *The Community Design*

In December 2001, the Council adopted the regulation of the Community Designs (“CD”).⁸⁵ The regulation is based—as is the CTM—on a previously adopted Harmonization Directive of the laws of the Member States.⁸⁶ 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 has two tiers: the unregistered design⁸⁷ and the registration system.⁸⁸ The Council first created an unregistered design mainly to help those sectors of industry that produce many new products or designs every year and cannot register all their

⁸³ See Council Decision 793/2003, art. 1, 2003 O.J. (L 296) 20–21 (EC) (“The Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on 27 June 1989 . . . is hereby approved on behalf of the Community with regard to matters within its competence.”).

⁸⁴ See Council Regulation 1891/2006, 2006 O.J. (L 386) 14 (EC) (“The Council, by Council Decision 954 approved the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs . . .”).

⁸⁵ See generally Council Regulation 6/2002, 2002 O.J. (L 3) 1 (EC) (stating that the regulation on Community designs was adopted on December 12, 2001)

⁸⁶ See Council Regulation 207/2009, 2009 O.J. (L 78) 1 (EC) (codifying Council Regulation 40/94, 1994 O.J. (L 11) 1 (EC) and its subsequent amendments) (“It is desirable to promote throughout the Community a harmonious development of economic activities . . .”).

⁸⁷ See Council Regulation 6/2002, 2001 O.J. (L 3) 2 (EC) (stating that there is short-term protection for unregistered designs).

⁸⁸ See *id.* (stating that there is a longer term registered design and that “[a] registered Community design requires the creation and maintenance of a register in which will be registered all those applications which comply with formal conditions and which have been accorded a date of filing”).

new creations (typically the fashion industry).⁸⁹ Second, the registration system was designed more for industries that need a greater degree of certainty for their protection (for example, automotive industry and household appliances).⁹⁰

From the beginning, the whole registration process was conceived uniquely as a paperless one. The CTM experience was instructive; also, IT systems and technology had progressed significantly since 1995, when the trademark system had been conceived. In some cases—such as for designs—there has never been a paper version (e.g., the Bulletin). However, OHIM did not manage immediately to introduce a well-performing online 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 trademark matters) now came to the Office. The design right is based on novelty,⁹¹ and publication can be deferred,⁹² 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

⁸⁹ See Council Regulation 6/2002, 2001 O.J. (L 3) 2 (EC) (“Some . . . sectors produce large numbers of designs for products frequently having a short market life where protection without the burden of registration formalities is an advantage and the duration of protection is of lesser significance.”); see also *Community Design*, INNOVACCESS, http://www.innovaccess.eu/documents/ES_Communitydesign_0000006214_00.xml.html#N20041 (last visited Sept. 22, 2012) (“[Unregistered Community designs] answer the need of those sectors of industry that make short-term products including the fashion and toy industries . . .”).

⁹⁰ See Council Regulation 6/2002, 2001 O.J. (L 3) 2 (EC) (“[T]here are sectors of industry which value the advantages of registration for the greater legal certainty it provides and which require the possibility of a longer term of protection corresponding to the foreseeable market life of their products.”).

⁹¹ See Council Regulation 6/2002, art. 5, 2001 O.J. (L 3) 4 (EC) (“A design shall be considered to be new if no identical design has been made available to the public.”).

⁹² See Council Regulation 6/2002, art. 50, 2001 O.J. (L 3) 13 (EC) (“The applicant for a registered Community design may request, when filing the application, that the publication of the registered Community design be deferred for a period of 30 months from the date of the filing the application or, if a priority is claimed, from the date of priority.”).

(“International Organisation for Standardization”) standard in order to keep the confidentiality of processes.⁹³

The Community design was an immediate success. The extensive and in-depth market study that OHIM had conducted before its introduction had again underestimated the volume of filings.⁹⁴ 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, 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 litigation can be avoided.⁹⁵ However, lawyers dealing with this right frequently report in conferences their global satisfaction with this right, which is an efficient instrument to fight outright piracy of new creations.

B. Expansion of the EU

The expansion of the EU is an essential political event. One could think that trademark and design matters are of little relevance to such complex proceedings. But this is not the case because of the importance of intellectual property protection to industry in the EU. Close attention was paid to intellectual

⁹³ See OHIM, QUALITY MGMT. SYS. MANUAL 4 (2012), available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/serviceCharter/quality_management_system_manual_en.pdf (“Certification to ISO 9001 has been obtained for all RCD-related activities.”); OHIM, OHIM STRATEGIC PLAN 2011–2015, 61 (2011), available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/strategic_plan_1.pdf (“In 2009, OHIM obtained ISO 9001 certification for processes related to RCD.”); see also FOUNTAIN ET. AL., *supra* note 61, at 27 (“OHIM managers realized early on that they would need to benchmark against the highest standards and thus sought and gained ISO standard certifications in all the relevant areas of information management.”).

⁹⁴ See generally OHIM STRATEGIC PLAN 2011–2015, *supra* note 93, at 12 (stating that “[B]y 2004, with the introduction of the RCD the previous April, OHIM was dealing with . . . more than 50,000 designs annually.”).

⁹⁵ See Silvia Beltrametti, *Evaluation of the Design Piracy Prohibition Act: Is the Cure Worse than the Disease? An Analogy with Counterfeiting and a Comparison with the Protection Available in the European Community*, 8 NW. J. TECH. & INTELL. PROP. 147, 170–71 (2010) (“The reason why case law has been scarce is because parties usually reach confidential settlements in this area of law, which are made public only in the most blatant circumstances.”).

property 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.⁹⁶ 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 extension.⁹⁷

On the dates of enlargement at midnight, all CTMs and CDs—both registered or unregistered—that were recognized, filed, and registered in OHIM, saw their protection extended automatically to the new Member States.⁹⁸ No administrative measures were necessary and no fees needed to be paid.⁹⁹ Automaticity was such that a rightsholder could not actually avoid extension.¹⁰⁰

To avoid expropriation of holders of earlier national rights in the new Member States (i.e., any right or filing existing before the

⁹⁶ See Commc'n No. 05/03 from Wubbo de Boer, President of OHIM concerning the Enlargement of the European Union in 2004 3 (Oct. 16, 2003) [hereinafter Commc'n No. 05/03], available at <http://oami.europa.eu/en/office/aspects/communications/05-03.htm>. (“It had to ensure that the unitary character of the Community trade mark and design be maintained and, at the same time, that the pre-existing rights in the new Member States be fully respected.”).

⁹⁷ See Council Regulation 207/2009, art. 165, 2009 O.J. (L 78) 37 (EC) (“As from the date of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia . . . 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 thought the Community.”).

⁹⁸ See Commc'n No. 05/03, *supra* note 96 (“This extension will happen at 0.00 hours on 1st May 2004 without any administrative or other intervention from either the OHIM or any mother body.”); see also Commc'n No. 02/06 from Wubbo de Boer, President of the OHIM concerning the Enlargement of the European Union in 2007 (June 19, 2006), available at <http://oami.europa.eu/en/office/aspects/pdf/co2-06en.pdf> (“The results of the negotiations with Bulgaria and Romania as regards the Community Trade Mark and Designs systems are the same as the ones agreed with the ten Member States which joined in May 2004, notably the automatic extension of CTMs and CDs and the grandfathering of earlier rights.”).

⁹⁹ See Commc'n No. 05/03, *supra* note 96 (“No fees will have to be paid.”).

¹⁰⁰ See Commc'n No. 05/03, *supra* note 96 (“The extension will happen by the operation of the law.”).

date of accession), the extended CTMs and CDs could not be used in said Member States to counter an earlier national right.¹⁰¹ However, on the contrary, the holder of such an earlier national right could prohibit the use of the CTM and CD or the marketing of the product—including the design—in his home market.¹⁰² In order to avoid problems with the implementation of such radical solutions, OHIM held several meetings with the heads of national intellectual property Offices of the then-candidate countries, as well as regular meetings with industry and representatives of the main user federations.¹⁰³ Only very few collisions were reported after the enlargements,¹⁰⁴ despite the hundreds of thousands of extended rights. The legal and practical solutions were thus successful.

¹⁰¹ See Council Regulation 207/2009, art. 165, 2009 O.J. (L 78) 37 (EC) (“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 standing and the filing date . . . in the new Member State . . . precedes the filing date . . . of the Community trade mark applied for.”).

¹⁰² See Council Regulation 207/2009, art. 165, 2009 O.J. (L 78) 37 (EC) (“The use of a Community trade mark . . . may be prohibited . . . 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 . . .”).

¹⁰³ See, e.g., OHIM, MEETING REPORT OF THE FIRST MEETING BETWEEN THE OHIM AND HEADS OF OFFICES OF CANDIDATE COUNTRIES ON MAY 31, 2000, 2 (July 25, 2001), available at <http://oami.europa.eu/en/enlargement/private/hocc/pdf/02102001%20Document%20HM%2001%2002.pdf> (“For the first time, Heads of the IP Offices of the 13 applicant countries met OHIM high officials in Alicante. The meeting marked the official starting point of cooperation with national offices of candidate countries, following the enlargement negotiation mandate.”); OHIM, MEETING REPORT OF THE SECOND MEETING BETWEEN THE OHIM AND HEADS OF OFFICES OF CANDIDATE COUNTRIES ON OCTOBER 2, 2001, 1 (Nov. 20, 2001), available at <http://oami.europa.eu/en/enlargement/private/hocc/pdf/finalreport011002.pdf> (“For the second time Heads of IP Offices of the candidate countries met OHIM high officials in Alicante.”); OHIM, MEETING REPORT OF THE THIRD MEETING BETWEEN OHIM AND HEADS OF OFFICES OF CANDIDATE COUNTRIES ON OCTOBER 2, 2002, 1 (Nov. 15, 2002), available at <http://oami.europa.eu/en/enlargement/private/hocc/pdf/ReportHM02.pdf> (“For the third time Heads of IP Offices of the candidate countries met OHIM high officials in Alicante.”).

¹⁰⁴ See *Statistics of Community Trademarks 2012*, OHIM (Dec. 2012), http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/ssc009-statistics_of_community_trade_marks_2012.pdf (last visited Sept. 23, 2012) (noting that in 2004 there were only 10,801 oppositions filed out of 59,885 CTM applications).

OHIM also had to prepare for its new tasks: essentially examining, publishing, deciding and handling procedures in the new languages (eleven new languages, as has been mentioned, for twelve countries). Two years earlier, the first enlargement recruitments were already 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 website and other publications, and to train staff. OHIM actually maintained the same number of staff, but had a more versatile work force.

It is important to note that this recruitment move was not only essential for the sake of preparedness, but also, by no longer hiring persons from the other nationalities, OHIM ensured that the additional tasks (for example, examining every CTM application also in the new 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). Thus costs in general were kept down. It must be noted that the accession of the new Member States, as was anticipated, did not generate significantly more CTM filings.¹⁰⁵

C. A Customer-Oriented Efficient Office

More concretely, the expansion period was dedicated to bringing more efficiency into OHIM's dealings. To increase efficiency, the Office underwent several reorganizations. The previous hierarchical structure with two vice-presidents—each one in charge of half of the Office—was abandoned in 2004.¹⁰⁶ Only one vice-president was left.¹⁰⁷ Starting in 2006, the vice president was in charge of some specific departments (i.e., budget and human resources).¹⁰⁸ For the rest, the Office was structured in specialized departments. The directors were directly responsible to

¹⁰⁵ See *id.* (noting that there were 59,885 CTM applications in 2004 compared to 59,944 in 2003).

¹⁰⁶ Compare ANNUAL REPORT 2004, *supra* note 82, at 70–71, with OHIM, OHIM ANNUAL REPORT 2003 52–53 (2003), available at <http://oami.europa.eu/ows/rw/pages/OHIM/OHIMPublications/annualReport.en.do>.

¹⁰⁷ The office of vice-president was held by Alexander von Mühlendahl until October 2005. He was succeeded by Peter Lawrence.

¹⁰⁸ See ANNUAL REPORT 2006, *supra* note 82, at 46.

the President of the Office. Instructions were to be as user-friendly as possible.

The aim of the Office was 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.¹⁰⁹

The second essential element was the performance of so called Customer (User) Satisfaction Surveys, which began in 2005.¹¹⁰ Typically, all persons that had dealt with the Office over the past year received a questionnaire from an external company specializing in such surveys, and were asked a series of questions on their level of satisfaction of OHIM procedures, decision making, coherence, and such.¹¹¹ These surveys were essential to the definition of priorities for OHIM,¹¹² and considerably helped OHIM's general improvement.

¹⁰⁹ See *Usability Testing of the Future Electronic Register and Opposition Online Services*, OHIM (Dec. 2009), <http://oami.europa.eu/ows/rw/pages/OHIM/OHIMPublications/newsletter/0912/EBUSINESS/ebis1.en.do> (last visited Sept. 23, 2012) (“As part of the user-centered design methodology adopted by the OHIM for the development of new e-business solutions, usability tests have been organized for the future ‘Electronic Register’ and ‘Opposition Online’ solutions. Both services will be provided to MyPage users . . .”).

¹¹⁰ See ANNUAL REPORT 2006, *supra* note 82, at 8 (“[I]t was this goal of providing users with the most efficient tools and systems possible that led OHIM to commission the User Satisfaction Survey.”); *OHIM User Satisfaction Survey*, OHIM (Nov. 30, 2011) [hereinafter *User Satisfaction Survey*], <http://oami.europa.eu/ows/rw/pages/QPLUS/USS.en.do> (last visited Sept. 23, 2012) (stating that in 2005 “at OHIM’s request, GfK Emer Ad Hoc Research has carried out a first comprehensive survey to find out what the users think about the services offered by OHIM”).

¹¹¹ See ANNUAL REPORT 2006, *supra* note 82, at 8 (noting that the survey was “undertaken by GfK Emer Ad Hoc Research, one of the world’s leading companies in this field”).

¹¹² See *id.* at 2 (“One of the most important conclusions that the OHIM has drawn from the User Satisfaction Survey is that users want greater clarity, consistency and completeness of examiner’s decisions.”).

D. A Full IT and Online Office

The question that summarizes the approach that triggered the full IT and online Office was: Why should people be able to buy a flight over the Internet and not be allowed to file for a Community trademark or a design the same way?

As was mentioned earlier, the Office always had the idea of using IT systems as fully as possible. The difference is that in the twenty-first century, technology was making things possible that were not even envisioned in the early 1990s. The capacity of the networks changed the picture completely.

This evolution was to be to the advantage of all—users and OHIM. Information technology allowing the filing of a CTM or RCD application directly through the Internet with a so-called back office facility¹¹³ not only saves considerable workload for OHIM, but also makes the information more reliable, faster and more flexible.

It was a conscious policy to make sure all possible procedures were made directly available to users. In addition to the filing being facilitated, consulting files directly was also available immediately and free of charge.¹¹⁴

E. High Productivity and Low Fees

Productivity was a key objective. It 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 and registration fees were

¹¹³ For example, the receiving side does not have to key in the information as it is all directly incorporated into its databases.

¹¹⁴ See, e.g., *Questions on Search*, OHIM (June 19, 2012), <http://oami.europa.eu/ows/rw/pages/CTM/FAQ/CTM6.en.do#01> (last visited Sept. 23, 2012) (“CTM-ONLINE, the OHIM’s online database and TMview, are both available to all users free of charge.”); *Searching the Community Trade Mark Database*, OHIM (Aug. 19, 2012), <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchCTM.en.do> (last visited Sept. 23, 2012) (explaining that CTM-ONLINE provides online access to CTM files); *Search a Trademark in the EU*, OHIM (Jan. 30, 2012), <http://oami.europa.eu/ows/rw/pages/QPLUS/databases/searchEU.en.do> (last visited Sept. 23, 2012) (explaining that “TMview is an online consultation tool, allowing you to search, free of charge, the trade marks of all official trade mark offices”).

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lowered twice.¹¹⁵ A CTM application now costs 900 euros¹¹⁶ if filed electronically rather than 2,075 euros as was the case at the beginning of OHIM.¹¹⁷ This corresponds to a fifty-seven percent reduction in the application fees.¹¹⁸

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.¹¹⁹

F. 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 May 25, 2010.¹²⁰ 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

¹¹⁵ Compare Commission Regulation 1687/2005, art. 1, 2005 O.J. (L 271) 14–15 (EC) (stating that the fee for application and registration of a CTM was 1,750 euros for a paper application or 1,600 euros for an electronic application), with Commission Regulation 355/2009, art. 1, 2009 O.J. (L 109) 3–4 (EC) (stating that the price of an application is 1,050 euros for a paper application and 900 euros for an electronic application with no fee for registration).

¹¹⁶ As of June 12, 2012.

¹¹⁷ See Commission Regulation 2869/95, art. 2, 1995 O.J. (L 303) 34 (EC) (showing that the price of an application was 975 euros and the price of registration was 1,100 euros for a total of 2,075 euros).

¹¹⁸ The renewal fees have not been lowered; however, in the future, fifty percent of their proceeds should be shared with National Offices.

¹¹⁹ See Council Conclusions (EC) No. 7/2010 of 25 May 2010, 2010 O.J. (C 140) 22 (acknowledging the creation of a Cooperation Fund).

¹²⁰ See generally *id.* at 22–23 (acknowledging the creation of the Cooperation Fund and the distribution of fifty percent of renewal fees to National Offices).

distribution of 50% of renewal fees to National Offices;¹²¹

- the launch of the study examining the “overall functioning of the trademark system in Europe” by the commission;¹²²
- the satisfaction of most associations of users of the CTM system as well as the need “to fine-tune it through a future revision, taking into account the need for a balanced relationship between the Community and national trademark systems;”¹²³
- that national trademarks should be maintained because they continue to meet the needs of large numbers of applicants.¹²⁴

The Commission was also invited to propose the revision of the CTMR and the TMD. It was recommended that the revision should include:

- the introduction of a provision to outline the structure of cooperation between the National Offices and OHIM;¹²⁵
- an express statement that all trademark offices in the EU should pursue “harmonization of practice and tools;”¹²⁶
- 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;¹²⁷

¹²¹ *See id.* at 22.

¹²² *See id.*

¹²³ *See id.*

¹²⁴ *See id.* at 23.

¹²⁵ *See id.*

¹²⁶ *See id.*

¹²⁷ *See id.*

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- the creation of a legal basis for distributing 50% of the renewal fees to National Offices;¹²⁸
- amendments to the TMD to make it more consistent with the CTMR.¹²⁹

III. THE NEXT FOUR YEARS AT OHIM

When the new president of the Office joined OHIM,¹³⁰ he launched a major consultation exercise involving the National Offices, the Commission, the user associations, and the whole staff of the Office.¹³¹ The management of OHIM and groups of interested persons turned the product of the consultation exercise into a draft Strategic Plan.¹³² The 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.

A. *Legislative Changes in Trademark Law*

The consultation exercise appears to have been 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 as early as the end of the second quarter of 2012.

No major changes in substantive law are expected thus far. The Commission may propose to slightly amend the definition of

¹²⁸ *See id.*

¹²⁹ *See id.*

¹³⁰ António Campinos the former head of the Portuguese Institute for Industrial Property took office in October 2010. *See OHIM-Antonio Campinos*, OHIM (Apr. 15, 2011) <http://oami.europa.eu/ows/rw/pages/OHIM/news/INTA2011/acampinos.en.do> (“António Campinos took over as President of OHIM on 1 October 2010.”).

¹³¹ *See Note of the Attention of Administrative Board and Budget Committee*, OHIM, (Apr. 7, 2011) http://www.ecta.org/IMG/pdf/abbc_strategic_plan_3_may_2011.pdf (stating that “[t]he consultation and the results of the comprehensive management audits provided the Office with a sound basis for moving forward, both to priorities its own efforts and to set the strategic goals, lines of action and key initiatives for the future”).

¹³² *See generally* OHIM STRATEGIC PLAN 2011–2015, *supra* note 93, at 7 (stating that the Strategic Plan was a result of the consultation exercises).

the signs that can constitute a trademark by taking out the requirement of graphical representation. This would modernize the law and make registration of non-visual signs easier. In addition, it is not likely that the Commission would propose to change the rules on genuine use—contrary to what was asked for by some National Offices and interested circles. The Max Planck Institute—which prepared the study for the Commission—has made some proposals in this direction but they are considered impracticable by most involved parties.

The greatest change that is expected is the proposed key distribution of 50% of the renewal fees. The controversial decision was criticized 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 trademark and design system.

B. 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.¹³³ The strategy is based on two pillars: organizational excellence and international cooperation.¹³⁴

The goals are to build a strong and vibrant creative organization, to increase the quality and optimize the timeliness of operations, and to promote convergence of practices.¹³⁵ To achieve these goals, thirty-three key initiatives were defined and will be monitored through a precise scorecard system.¹³⁶ The initiatives range from personnel training by the IP 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 dealing with legal questions in order to find common ground.¹³⁷ The Boards of Appeal have an observer status.

¹³³ See generally *id.* (outlining the future actions of the OHIM).

¹³⁴ See *id.* at 8 (showing a graph with two pillars, one labeled “Organisational Excellence” and one labeled “International Cooperation”).

¹³⁵ See *id.* (showing a graph with these goals listed).

¹³⁶ See *id.* at 50–66 (listing the key initiatives).

¹³⁷ See *id.* at 46–57.

Ultimately, one of the major achievements will be to obtain complete ISO 9001 certification.¹³⁸ OHIM was first certified for all Community design-related activities in December 2009.¹³⁹ Work is ongoing to achieve ISO 9001 certification for activities related to trademarks, designs and appeals. The plan is to certify the whole Office within the next three years.¹⁴⁰ This means that supporting activities and management processes have to be mapped and measured, and opportunities for simplification identified.

“Preparation for ISO 9001 includes developing, maintaining, and measuring processes for trademarks, designs, appeal and legal affairs.”¹⁴¹ 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.

C. Cooperation and Convergence Programs

To create the foundations for the European Trademark 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 Fund¹⁴² and voluntary convergence of practice via the Convergence Program.¹⁴³

¹³⁸ See *id.* at 61–62 (“[T]he Office will now prepare and plan for the ISO 9001 certification of all its activities.”).

¹³⁹ See *id.* (“In 2009, OHIM obtained ISO 9001 certification for processes related to the RCD.”).

¹⁴⁰ See generally *id.* (explaining that all proposed initiatives will be completed by 2015).

¹⁴¹ OHIM, MINUTES OF THE 19TH MEETING OF THE OAMI USERS GROUP OF THE OFFICE OF HARMONIZATION IN THE INTERNAL MKT. 9 (Apr. 17, 2011) [hereinafter MEETING MINUTES], available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/OAMIUsersGroup/oami_users_group_minutes_19_en.pdf.

¹⁴² See *OHIM–OHIM Cooperation Fund*, OHIM, (Aug. 26, 2011), <http://oami.europa.eu/ows/rw/pages/QPLUS/OHIMCooperationFund.en.do> (last visited June 12, 2012) (“The OHIM Cooperation Fund is designed to promote further harmonization, modernize national IP offices, and make things easier for users of the European trade mark and designs systems.”).

¹⁴³ See *OHIM-Convergence Programme*, OHIM (July 5, 2012) <http://oami.europa.eu/ows/rw/pages/QPLUS/convergenceProgramme.en.do> (last visited June 12, 2012) [hereinafter *Convergence Programme*] (“OHIM has launched an

A total of eighteen projects are planned under the Cooperation Fund,¹⁴⁴ including the Future Software Package, which consists of ten sub-projects dealing with e-business and back office file handling tools.¹⁴⁵ The Convergence programme has five projects planned.¹⁴⁶

At present around 300 people in National Offices, user organizations and OHIM are working on joint projects under the Cooperation and Convergence Programmes. This figure was expected to rise to almost 600 during 2012 when work on the IT projects was predicted due to peak.¹⁴⁷ The activities that are 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.

D. Cooperation Fund

The Cooperation Fund was created as a consequence of the in-depth debate surrounding the lowering of the fees. The budget of the Fund is fifty million euros.¹⁴⁸ A number of important

international Convergence Programme with national offices and user organisations to try and reach common ground on a series of issues where IP offices in the EU have different practices.”).

¹⁴⁴ See generally *CF Outline Programme Plan*, OHIM, http://oami.europa.eu/ows/rw/resource/documents/QPLUS/projectFund/programme_plan_sw.pdf (last visited June 12, 2012).

¹⁴⁵ See OHIM, OHIM ANNUAL REPORT 2011 17 (2012) [hereinafter ANNUAL REPORT 2011], available at http://oami.europa.eu/annualReport_2011/pdf/AnnualReport_2011_EN.pdf (“The Future Software Package is the biggest single project in the Cooperation Fund and includes ten sub-packages in total dealing with e-business services and back office systems for designs and trade marks.”).

¹⁴⁶ See *Convergence Programme*, *supra* note 143 (listing five projects, including the “harmonisation of classification of goods and services,” trying to reach a “consensus on different interpretations of the scope of class headings in trade marks,” and projects that deal with “absolute grounds for refusal for figurative trade marks; the scope of protection with regard to other colours of black and white marks; relative grounds for refusal on the basis of likelihood of confusion when dealing with non-distinctive or weak components of trade marks”).

¹⁴⁷ See OHIM, EUROPEAN TRADE MARK AND DESIGN NETWORK AT THE UNTA 2012 ANNUAL MEETING 3 (2012), available at http://oami.europa.eu/ows/rw/resources/documents/OHIM/OHIMPublications/INTA/ohim-at-inta_2012.pdf.

¹⁴⁸ See ANNUAL REPORT 2011, *supra* note 145, at 17 (“The fund was set up in 2009 with a €50m budget . . .”).

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milestones were achieved during 2011, and the pace of activities has significantly increased in 2012.

For the eighteen 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.¹⁴⁹ The practical importance of some of the projects and the political significance of the Fund itself warrant discussion.

A software architecture was developed and completed last year, with the first exercise of mapping of the functions of different intellectual property offices and the setting out of the means for building compatible tools.¹⁵⁰ The 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.”¹⁵¹ “Claiming seniority” is the possibility for CTM applicants or holders to record their earlier identical national trademarks under the CTM in order not to be obliged to maintain them by renewal as long as the CTM itself remains valid.¹⁵² 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. Once completed, TMview will provide direct access, free of charge to several million trademarks registered in the EU, either at national or OHIM level.¹⁵³ The system will finally allow the EU trademark

¹⁴⁹ See MEETING MINUTES, *supra* note 141, at 6 (“[A] total of 257 expressions so intent to implement Cooperation fund tools have been received . . .”).

¹⁵⁰ See ANNUAL REPORT 2011, *supra* note 145, at 17.

¹⁵¹ *Id.*

¹⁵² See OHIM, CF 1.1.4 CREATION AND HARMONIZATION OF SENIORITY DATABASES,6 (Oct. 31, 2011), available at <http://oami.europa.eu/ows/rw/resource/documents/QPLUS/projectFund/cf114.pdf>.

¹⁵³ See *Search a Trademark in the EU*, *supra* note 114 (explaining that “TMview is an online consultation tool, allowing you to search, free of charge, the trade marks of all official trade mark offices which are participating at national, international, and EU level”).

landscape to be transparent and easily searchable.¹⁵⁴ At this stage, seventeen participating offices provide access to approximately seven million trademarks.¹⁵⁵ It has been used by over half a million visitors from 170 different countries already.

The EuroClass classification database has information from twenty-three offices. The latest version of EuroClass is compatible with the new Nice classification edition which entered into force in January 2012.¹⁵⁶

OHIM is also helping National Offices 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. These managers 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 trademark registration.¹⁵⁷ 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

¹⁵⁴ See *id.*

¹⁵⁵ See MEETING MINUTES, *supra* note 141, at 6 (“TMview has a total of 17 participating offices providing access to close to 7m trade marks in total.”).

¹⁵⁶ See Comm’n No. 01/11 from António Campinos, President of OHIM concerning the 10th Edition of the Nice Classification (Oct. 31, 2011), available at <http://oami.europa.eu/ows/rw/resource/documents/CTM/legalReferences/decisionPresident/co1-11en.pdf> (“On 1 January 2012, the 10th edition of the Nice Classification will enter into force. The Office will apply the 10th edition of the Nice classification as from 1 January 2012.”).

¹⁵⁷ See OHIM, CF 2.14 FUTURE SOFTWARE PACKAGE: PROJECT BRIEF 8 (2011), available at <http://oami.europa.eu/ows/rw/resource/documents/QPLUS/projectFund/cf214.pdf> (stating that some National Office have few online services currently offered and that “[t]he Cooperation Fund now offers an opportunity to substantially improve the situation by working together to provide enhanced online services in National Offices”).

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National Office does not modify the application once installed.¹⁵⁸ In other words, what is proposed is that OHIM would cater to the software needs of National Offices who so wish.

E. 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 intellectual property offices in the EU have different practices.¹⁵⁹ In total, the Convergence Program now has five projects up and running, with about ninety individuals from the EU Offices or user groups working on one or more projects.¹⁶⁰

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 as regards figurative marks [that include] (with) purely descriptive words [or] expressions.”¹⁶¹ Indeed, National Offices and the OHIM have diverging policies in the matter. Bringing the offices’ examinations closer is the first step to open the way to a more harmonized understanding of the scope of protection of such signs.

F. Bilateral Cooperation Agreements

In addition to all the aforementioned cooperation initiatives, OHIM also has bilateral agreements with the National Offices.¹⁶²

¹⁵⁸ See *id.* at 21 (intending for the systems in the national offices to parallel those of OHIM, including any adaptations made in the OHIM systems so long as no related changes have been made at the national level).

¹⁵⁹ See *Convergence Programme*, *supra* note 143 (“OHIM has launched an international Convergence Programme with national offices and user organisations to try and reach common ground on a series of issues where IP offices in the EU have different practices.”).

¹⁶⁰ See ANNUAL REPORT 2011, *supra* note 145, at 18 (listing the five projects of the Convergence Programme and stating that ninety experts from OHIM, twenty-five EU offices, four non-EU offices, and two user associations work on each project).

¹⁶¹ OHIM, PROJECT BRIEF ABSOLUTE GROUNDS–FIGURATIVE MARKS VER. 1.1 6 (2011), available at http://oami.europa.eu/ows/rw/resource/documents/QPLUS/convergence/figurative_marks.pdf.

¹⁶² See Memorandum from the Office for Harmonization in the Internal Market on Cooperation Framework between OHIM and National Offices to Members of the Administrative Board and the Budget Committee 1 (Oct. 10, 2001), available at http://www.ecta.org/IMG/pdf/annex_33_joint_meeting_abbc_nov_2010_note_on_cf.pdf (“The current cooperation framework between OHIM and National Offices is currently

“The Technical Cooperation Agreements on Promotion and Information Services on the CTM and RCD systems between the OHIM and the National Offices have been running annually since their launch in 2006.”¹⁶³ All twenty-five offices have bilateral cooperation agreements covering the provisions of: “information and advice services,” publications, the “creation and maintenance of Seniority databases”, and promotional seminars.¹⁶⁴ From 2006 through 2011, OHIM contributed over nine million euros to the above actions.¹⁶⁵

And in 2012, twenty-five proposals for “technical cooperation activities” were offered by all National Offices as well as the Benelux office.¹⁶⁶

G. Enforcement Activities

For some time now, OHIM has been active in enforcing intellectual property laws by, among other things, disseminating public information, organizing seminars for judges and creating “shared database tools for intellectual property data.”¹⁶⁷

Responding to an increase in intellectual property infringement, in April 2009 the Commission established the EU Observatory on Counterfeiting and Piracy. Among the goals of the Observatory were to distribute more and better-quality information

supported by a number of different and complementary cooperation agreements, covering a wide range of activities that contribute to improve the trademarks and design systems.”).

¹⁶³ Memorandum from the Office for Harmonization in the Internal Market on Cooperation Agreements CA/11/S43C/4.3/EN(O), CB/11/S41C/4.3/EN(O) to the Administrative Board and Budget Committee 1 (Oct. 21, 2011), available at http://www.ecta.org/IMG/pdf/6_ca_11_s43_41c_4.3_en_o.pdf.

¹⁶⁴ See *id.* at 1–2 (listing these provisions and stating that “OHIM is very pleased to have all 25 National Offices involved.”).

¹⁶⁵ See *id.* at 2–3 (stating that “over the period 2006–2010, the OHIM has contributed with almost 7 million euros to the actions carried out by the National Offices to promote and disseminate information on the CTM and RCD” and that “[t]he total estimations for 2011 have reached 2,778,653.84 euros” for a total greater than nine million).

¹⁶⁶ Memorandum from the Office of Harmonization in the Internal Market on Overview of the Office’s Activities 1Q 2012 Information to the Administrative Board 9 (Mar. 14, 2012), available at http://www.ecta.org/IMG/pdf/6_overview_of_the_offices_activities_information.pdf.

¹⁶⁷ ANNUAL REPORT 2011, *supra* note 145, at 26.

about 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.”¹⁶⁸

Perhaps not surprisingly, OHIM and the Observatory have recognized the collaborative possibilities inherent in the two entities’ complementary work. Accordingly, “OHIM and the Observatory have been working closely together since early 2011 on the basis of a Memorandum of Understanding.”¹⁶⁹

Subsequently, in May of 2011 the Commission “tabled a draft regulation transferring the Observatory to OHIM, while also providing additional responsibilities and a more sustainable structure.”¹⁷⁰ “Under the regulation, voted on by the European Parliament on 14 February 2012” and endorsed by the Council on March 22, 2012, with effect from mid-April 2012,¹⁷¹ “OHIM will be given the following tasks related to the protection of intellectual property rights:

- improving the understanding of the value of intellectual property;
- improving the understanding of the scope and impact of infringements of intellectual property rights, including industrial property rights, copyright, and rights related to copyright;
- enhancing the knowledge of best public and private sector practices to protect intellectual property rights;
- [assisting in] 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 tackle infringements of intellectual

¹⁶⁸ *Id.* at 26.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.* at 27.

¹⁷¹ *Id.*

property rights, including tracking and tracing systems [which help to distinguish genuine products from counterfeit ones];

- providing mechanisms which help to improve the online exchange between Member States' authorities [working in the field of intellectual property rights, of information relating to the enforcement of such rights,] and fostering cooperation with and between [those authorities];
- [working, in consultation with Member States], to foster international cooperation with intellectual property offices in third countries so as to build strategies and develop techniques for the protection of intellectual property rights, skills, and tools [for the enforcement of intellectual property rights.]”¹⁷²

In a user-group meeting in spring 2011 it was noted that “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. [The] program will be submitted to the Office’s governing bodies and to the Observatory’s stakeholders for consultation in the final quarter of 2012.”¹⁷³ Meanwhile, “an initial program of [four] support projects [had been established] in the areas of public awareness, tools for supporting enforcement activities, activities to develop intellectual property (IP) competencies for enforcement authorities and reflection of best practices in intellectual property (IP) enforcement strategies.”¹⁷⁴

Moreover, with help from the Cooperation Fund, “an initial enforcement database enabling rights holders and enforcement authorities to exchange information ha[d] been established.” In March 2012, OHIM also began work on “a searchable case-law

¹⁷² *Id.*

¹⁷³ MEETING MINUTES, *supra* note 141, at 9.

¹⁷⁴ Press Release, OHIM, Observatory on Infringements of IP Rights Comes to OHIM (June 5, 2012), available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/pressRoom/observatory_press_release-en.pdf.

[database] of jurisprudence from national courts on Community trademarks and designs.”¹⁷⁵ The database, it was envisioned, “will be expanded to other rights and procedures, after the initial database is made available in the new Observatory website” (expected by November 2012).¹⁷⁶

CONCLUSION: THE FUTURE OF OHIM

As can be seen, the role of OHIM and its importance in the intellectual property field have increased considerably over the years. Recent developments have been particularly important. With the Observatory, the role of OHIM will no longer be limited to trademarks and designs but will also encompass the other intellectual property rights. Adapting to these changes will be a considerable challenge.

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

The proposals of the Commission to modify the European trademark system are eagerly awaited. It is possible that the role of OHIM may be expanded further, notably in cooperation matters with non-EU intellectual property offices. It also remains to be seen if the Commission will structure a proposal to create an EU registration system for non-agricultural geographical indications as was announced by the Commissioner.

With regard to its functioning, OHIM, like all the other intellectual property offices of the world, will have to continue improving in terms of efficiency, transparency, user friendliness, reliability, speed, and coherence. Intellectual property offices need also 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

¹⁷⁵ MEETING MINUTES, *supra* note 141, at 9.

¹⁷⁶ *Id.*

must be seen as a Europe-wide issue. The overlap of the CTM and national trademarks require this cooperation.

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

The global intellectual property landscape is quite complex and one could imagine that more regional registration systems could be created—presently, trademark and design systems exist in Europe and Africa. Linked to the WIPO treaties and harmonized with the existing ones, they could be a major factor of simplification rendering global intellectual property registration much more effective.

The relationship with intellectual property 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, and all EU professionals now compete for CTM/RCD filings and further procedures. This is all the more true since EU intellectual property titles have taken away some national filings. The ever-increasing availability of online filing systems is seen as another threat by some. The profession and the Offices must adapt.

ICANN and domain names are a major preoccupation. The relationship of trademarks and domain names is a complex one. Not only are trademark 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. For example, the filings of ever more descriptive signs are a feature that has a bearing on intellectual property Offices.

Last but not least, many legal issues remain to be cleared. Over 1,000 EU court judgments were rendered in trademark law.¹⁷⁷ The Boards of Appeals of OHIM have made more than 18,000 decisions.¹⁷⁸ This causes both a serious problem in knowledge management and a 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, and IP rights as property rights need to be defined further.

¹⁷⁷ See *Case-Law*, OHIM (Sept. 13, 2010) <http://oami.europa.eu/ows/rw/pages/CTM/caseLaw/caseLaw.en.do> (counting the those listed yields over 1,000 trademark judgments).

¹⁷⁸ See *Board of Appeal Statistic*, OHIM (Aug. 2012), available at http://oami.europa.eu/ows/rw/resource/documents/OHIM/statistics/appeal_stats_2012.pdf (showing a chart that lists the number of OHIM Board of Appeal decisions since 1997).