

European Commission Publishes Max Planck Institute Study on European Trade Mark System

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On 8 March 2011, the European Commission published a study by the Max Planck Institute entitled "Study on the Overall Functioning of the European Trade Mark System". The study was produced in response to a request from the Commission for a comprehensive examination of trade mark law in Europe, with the ultimate purpose of assisting the Commission in a future review of the Community Trade Mark Regulation (CTMR) and the Trade Mark Directive (TMD).

Overall, the study suggests that the Commission's next review of the CTMR and TMD will result in an even closer cohesion between national marks, and between national marks and the Community Trade Mark. Although at present there is no time frame for the Commission's review, the study is being closely scrutinised by practitioners, as it is widely seen as the precursor to widespread and fundamental reform of the European trade mark system.

The study's ambit is as broad as its title suggests, encompassing the procedural and substantive aspects both of the Community Trade Mark and national trade mark regimes. The study also examines the functions of the Office for Harmonization in the Internal Market, including its relationship with national authorities. Although the study is non-binding on the Commission, it is understood that consultations took place between the Max Planck Institute and the Commission during its drafting. It is therefore thought that the Commission will closely follow many of the study's recommendations. If this is the case, it may result in significant changes to the current law.

Of particular interest are the study's findings and proposals in relation to the substantive aspects of European trade mark law. Many proposals seek to clarify or even radically depart from developments in the law arising from references to the European Court of Justice (ECJ). One such example relates to so-called "extended protection" of trade marks, whereby trade marks deemed to have a reputation can be protected for goods and services wider than those for which they are registered. The study seeks to clarify the criteria for extended protection, especially with respect to the meaning of "unfair advantage". This is an area which has caused controversy in recent ECJ decisions. The study suggests clarifying the law so that it is harder to make out an unfair advantage than under current case law.

A further example of where the study recommends a departure from the current law is with respect to genuine use of a trade mark. The study opens the door for a shift away from the current position that giving away promotional items does not constitute

genuine use. If such a change were implemented, the protection achievable for a brand would be greatly increased, as promotional uses of that brand outside the core area of the brand's activities would be protectable in their own right.

Other proposals which are likely to be positively received by brand owners relate to the remedies available for trade mark infringement. Presently, these are subject to national law. The study advocates that the remedies for the infringement of a Community Trade Mark should instead be set out in the CTMR. In addition, the study agrees with the position that Community Trade Mark Courts should be entitled to grant Community-wide injunctions in all cases where they are requested. This is currently subject of a reference to the ECJ.

In addition to substantive law with respect to infringement, the study looks at the law concerning the registrability of marks. One proposal of note concerns the requirement that a mark must be "capable of being represented graphically", which makes registration of non-visual marks such as sounds and smells problematic. To address this, the study recommends that the requirement be relaxed to representing the mark with a certain degree of accuracy; for example, whereas at present sound marks are represented by a musical score, they could instead be represented by a digital recording of the mark. Such a change to the present law could vastly expand the scope of what could be registered as a trade mark.

Notably, the majority of the study's recommendations are for implementation at both national and Community level. This suggests an increasing alignment of national laws, where many currently optional provisions in the TMD are made mandatory, bringing national laws ever closer. One such example is making extended protection mandatory for national marks. This also includes procedural aspects, such as national registries offering one class of protection for the initial registration fee. Currently, some national registries offer only one class, whereas others offer up to three. The study also advocates harmonisation of the principal procedural rules for national trade mark registrations. Perhaps more controversially, the study argues that harmonisation of protection of unregistered rights is an "urgent task which should remain on the European agenda". It does not, however, provide any specific proposals in this regard.

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