

# Formal Notice of Annual General Meeting of the Association 2003

In accordance with the rules of the Association, all Ordinary (full voting) Members are hereby formally advised that the Annual General Meeting of **MARQUES** will be held on Friday 19th September, 2003 in the Ceylan Inter\*Continental Hotel, Istanbul, Turkey starting at 0930 hrs.

The Meeting will receive the audited accounts for the year ended 31st March 2003, the Report of the Chairman and the Council for the same period, appoint auditors for the year to 31st March 2004, receive confirmation of the results of the annual electoral processes to fill vacancies on the Council and consider any other business, details of which have been submitted in advance by Members in accordance with the procedures described below.

The AGM provides all Members with the opportunity to express views on the way in which the Association is developing, on the range and nature of services offered and on the performance of the Council and Secretariat.

All Members are free to contribute to the Agenda – whether they are present or not. In addition, any Member has the opportunity to raise any matter of concern by writing to the Secretariat **by not later than Friday, 22nd August, 2003**.

Full notice of all business to be discussed at the AGM is then sent to every Member at least 21 days in advance of the meeting to give time for due consideration of all of the issues involved.

All Members are entitled to put themselves forward as candidates to fill vacancies on the Council but each candidate, other than a retiring member of Council, must be nominated by three Ordinary Members. Further details and advice, if required, are available from the Secretariat.

Under current rules, one half (5/11) of the Special Members and one third (5/15) of the Ordinary Members currently serving on Council are required to retire each year by rotation but may offer themselves for re-election. In accordance with this rule, the following vacancies are created this year:

**Ordinary Members:** Tove Graulund (Denmark), Jane Collins (Switzerland) and Bruce Proctor (UK). There are, in addition, two vacancies created by the resignations of Ingrid de Groot (Netherlands) and Inger Lundmark (Sweden).

**Special Members:** Carles Prat (Spain), Massimo Sterpi (Italy) and Eva Szigeti (Hungary). There are, in addition, four vacancies created by the resignations of Ed Handler (USA), Raffaello Nemni (Italy), Jette Sandel (Denmark) and Marius Knijff (Netherlands).

In addition, the following individuals, all Ordinary Members, who were appointed by the Council subsequent to the 2002 Annual General Meeting, require their appointments to be formally confirmed by the AGM: David Crawford (UK), Hans-Friedrich Czekay (Switzerland), Charlotte Falck (Sweden), Nicholas Foot (UK) and Caroline Pearlstein (USA).

Council may be composed of up to 40 members with not more than six from any individual European country, not more than six drawn from countries outside of Europe and not more than 14 Special Members. Except where indicated, all those

due to retire have confirmed their intention to offer themselves for re-election.

The nomination of candidates in excess of the declared number of vacancies in either category would require **MARQUES** to organise a postal ballot of all Ordinary Members to select candidates to fill the available places. Should such need arise, the process will be conducted under the direction of the Secretary General who will announce the results at the AGM.

**Nominations are therefore invited** from and on behalf of Ordinary Members to fill these vacancies on Council.

Nomination Forms, which are available on request from the Secretariat, should be completed and returned to the Secretary General **by not later than 1700 hrs (BST) on Friday 22nd August, 2003**.

By Order of the Council  
Colin Grimes  
Secretary General  
25th July, 2002

## IN THIS ISSUE

*The MARQUES Case Note Database*

*Arsenal succeeds in protecting merchandising rights*

*Trademarks in Guatemala*

*What colour is your trade mark?*

*EU International Exhaustion moves further away*

*MARQUES is developing!*

*The Abolition of Searches: A Practical Necessity*

# Searching for Community Design Registrations

## Are you looking for a design? Do you want to know the filing date or the owner of a design?

All this and more is now easily and swiftly available through a new search engine giving you access to all Community Design registrations. At present, the search criteria include, the file or registration numbers, the Locarno classification number, name and address of applicant or representative or by indication of product.

This tool is under continuous construction and will be refined in the months to come.

You can search by either entering text in the Bulletin Quick Search field at <http://oami.eu.int/en/design/bull.htm> or using the Web Site Search facility.

For any queries please consult [information@oami.eu.int](mailto:information@oami.eu.int)

Office for Harmonisation in the Internal Market (Trade Marks and Designs)

General Affairs and External Relations Department Documentation Service

---

## WIPO LAUNCHES NEW CD-ROM ON INTELLECTUAL PROPERTY FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

The World Intellectual Property Organisation (WIPO) has launched an updated version of its CD-ROM entitled "Intellectual Property for Small and Medium-Sized Enterprises" (SMEs). The CD-ROM, free of charge and now available in six languages (Arabic, Chinese, English, French, Russian, and Spanish), is part of the Organisation's efforts to raise awareness about the role of intellectual property (IP) in leveraging business development and improving competitiveness among the global SME community.

The new CD-ROM includes case study material, outlines best practices and explains in very clear, user-friendly terms, a broad range of practical intellectual property issues of interest to SMEs and SME support institutions across the globe. These include: Intellectual Property for Business; Intellectual Property and E-Commerce; over 20 'best practices' for promoting use of IP by SMEs and selected SMEs Support Institutions worldwide; over 20 case studies on the use of IP for successful business development and a wealth of documents, including presentations, articles and interviews on the various activities of the SMEs Division.

To obtain a free copy, kindly e-mail [sme@wipo.int](mailto:sme@wipo.int) or fax to Director of the SMEs Division of WIPO in Geneva, Switzerland at (+4122) 338 8760, or apply to the WIPO on-line bookshop: <http://www.wipo.int/ebookshop>.

For further information, please contact the Media Relations & Public Affairs Section at WIPO: Tel: (+41 22) 338 8161 or 338 95 47, e-mail: [publicinf@wipo.int](mailto:publicinf@wipo.int)

## Call for Articles

The **MARQUES** Newsletter is an ideal vehicle for communicating your news, your ideas, your opinions or your vision of where trade mark law is or should be heading. It will be seen and read by in-house counsel, trade mark practitioners, IP lawyers, academics, government officials and other NGOs.

Please send any contribution to [robin\\_tyler@bat.com](mailto:robin_tyler@bat.com) or:

The Editor,

**MARQUES** Newsletter, 840 Melton Road, Thurmaston,  
Leicester LE4 8BN, United Kingdom.

## Quotable Quotes:

*My brothers differ from me in opinion, and they all differ from one another in the reasons of their opinion; but notwithstanding their opinion, I think the plaintiff ought to recover.*

Sir John Holt, Chief Justice in  
*Asby v White* (1703) 2 Ld Raym. 938

# The MARQUES case note database – recent additions

To find the decisions in these (and other) cases and to register for the FREE monthly “**MARQUES** Case Notes Bulletin” go to the Case Database page in the **MARQUES** website.

*Rowling, Uitgeverij de Harmonie BV and Time Warner Entertainment Company LP v Uitgeverij Byblos BV*  
District Court of Amsterdam  
(Civil Law Section)

Rowling was the author of the Harry Potter books; Harmonie was their exclusive Dutch licensee and Time Warner owned the HARRY POTTER trade mark for goods in a number of classes, including books. The first of these books was called “Harry Potter and the Philosopher’s Stone”. Byblos intended to publish a children’s story, Tanja Grotter and the Magic Double Bass. Rowling and Harmonie objected that Byblos’ book was similar to their own and sought preliminary injunctive relief, while Time Warner argued that the use of the name Tanja Grotter constituted an infringement of the HARRY POTTER trade mark. Byblos denied copyright infringement and, as to trade mark infringement, maintained that (i) Tanja Grotter was insufficiently similar to HARRY POTTER to infringe it and that (ii) book titles could not be registered as trade marks.

*Association Greenpeace France v SA Société Esso*  
Cour d’appel de Paris

Esso owned two trade marks for the word ESSO, one being a word mark, the other being a semi-figurative mark consisting of a specific form of representation of the word ESSO. Greenpeace’s website carried material which criticised Esso’s environmental policy. To attract internet users to its website, Greenpeace employed the word “Esso” as a metatag. The material itself contained mentions of Esso by name. Some of these mentions were in the form

E\$\$O or STOP E\$\$O, substituting US dollar signs for the letter S. Esso sued both Greenpeace and the internet service provider who hosted its website for trade mark infringement. These proceedings concerned Esso’s application for urgent interim relief pending a subsequent trial of the substantive issue of trade mark infringement.

The Tribunal de Grande Instance de Paris ordered limited relief. It held that, although the use of the word mark “Esso” without the \$\$ symbols was not an infringement of either trade mark and could not be prohibited, being within the exercise of Greenpeace’s constitutionally protected right of freedom of expression, there was a clearly arguable case that the use of the \$\$ symbols in the reproduction of Esso’s trade marks was detrimental to its trade marks or induced confusion on the part of the public. Greenpeace would therefore be ordered to stop using the word E\$\$O, either by itself or in combination with STOP E\$\$O or any other phrase. Greenpeace appealed.

*Société Ravil v. Société Bellon Import and Société SpA Biraghi*  
European Court of Justice

Grana Padano was a protected designation of origin for an Italian cheese under Council Regulation 2081/92. In 1990 Ravil, a French company, obtained permission from the Grana Padano Association to distribute grated Grana Padano in France under the designation GRANA PADANO râpé frais. Subsequently, it imported whole Grana Padano cheeses from Italy, grated them in France and distributed them under the same designation. Biraghi, an Italian

business, produced cheese in Italy and sold, among other cheeses, Grana Padano. Bellon Import and Biraghi France were the exclusive importers for France of goods produced by Biraghi.

In October 1996 Biraghi and Bellon sought an order that Ravil stop putting cheese grated in France on the market under the designation GRANA PADANO râpé frais, as well as compensation for the loss suffered by them through the marketing of such cheese. Ravil was ordered to pay damages and to cease distributing cheese bearing that designation. Ravil’s appeal to the Cour d’appel, Aix-en-Provence, was dismissed on the ground that the placing of GRANA PADANO râpé frais on the market constituted sufficient proof of unfair competition. That Court found that Ravil infringed Italian law in order to carry out transactions at a lower cost and thereby to win market share from those competitors who complied with the legislation.

Ravil appealed further to the Cour de Cassation, which considered that the decree of 4 November 1991 was a measure having an equivalent effect to a quantitative restriction on exports within the meaning of Article 29 EC. That Court therefore referred to the European Court of Justice (ECJ) the following question:

“Is Article 29 EC to be interpreted as precluding national legislation which reserves the designation of origin Grana Padano for cheese grated in the region of production inasmuch as such an obligation is not indispensable for preserving the specific characteristics which the product has acquired?”

# Arsenal succeeds in protecting merchandising rights

By David Stone, Howrey Simon Arnold & White<sup>1</sup>

**May was a good month for London's Arsenal Football Club – they won the English FA cup final and finally succeeded in the English Court of Appeal in preventing stall-holder Matthew Reed from selling unofficial Arsenal merchandise. The litigation, like Arsenal's success on the field, has had a long and difficult history.**

The Court of Appeal's decision is welcome news for sporting organisations and trade mark owners generally, establishing the broad right of trade mark owners to prevent any use of their trade marks that would affect the ability of the marks to guarantee the origin of their goods or services. The narrower English test requiring the infringing mark to be used "as a trade mark" has finally been kicked into touch.

## Background

Mr Reed had for many years sold unofficial football merchandise outside the Arsenal grounds. Arsenal sued Mr Reed in January 1999 for infringement of Arsenal's registered trade marks (including the word ARSENAL) and for passing off. In the English High Court, Mr Justice Laddie rejected the claim in passing off, and referred several questions on trade mark law interpretation to the ECJ, including whether use of a sign "as a trade mark" was required to establish trade mark infringement.

The ECJ answered the questions in Arsenal's favour. However, when the matter returned to Laddie J, he decided that the ECJ had made impermissible findings of fact and held himself not bound by the ECJ's ruling. Laddie J himself noted that this was "a most unattractive outcome".

Arsenal appealed to the Court of Appeal, which has now set aside Laddie J's two earlier decisions, and granted injunctions against Mr Reed.

The case has been reported in this newsletter several times: *No 70 Spring 2002 page 4*; *No 71 Summer 2002*

*page 2*; *No 72 Autumn 2002 page 13* and *No. 73 Winter 2003 page 7*.

## The Court of Appeal's decision

The Court of Appeal dealt primarily with two issues:

- (a) Was the ruling of the ECJ binding on Laddie J and, if so, what does it mean?
- (b) In the alternative, was Mr Reed's use "trade mark use" in any event?

Helpfully, the Court of Appeal clarified the ECJ's discussion of what use of a sign is necessary to establish trade mark infringement, removing the doubt interposed by Laddie J's earlier judgments. Use "as a trade mark", that is, to indicate origin, is not necessary. Trade mark owners will be able to prevent any use of a sign identical or similar to their registered mark if the third party's use affects or is likely to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.

Descriptive use of a trade mark will not infringe, because such use will not affect the registered proprietary rights of the trade mark owner.

Applying this to the facts, while the ARSENAL sign on football merchandise sold by Mr Reed was no doubt used as a badge of allegiance, that use would still jeopardise the functions of the trade mark, including to guarantee origin.

The Court of Appeal also held that the ECJ had not disagreed with the trial judge's findings of fact: the ECJ was putting forward a new test and their findings of fact were to answer that test, not the trial

judge's assessment of whether Mr Reed's use was "use as a trade mark".

Having allowed the appeal in relation to the interpretation of the ECJ's judgment, it was not necessary for the Court of Appeal to deal with the issue of whether Mr Reed's use was "use as a trade mark". However, as the matter had been fully argued, the Court of Appeal overruled the trial judge on that point as well, finding that Mr Reed's use of Arsenal's trade marks on his unofficial merchandise did indicate origin.

## Comment

Sports merchandising is a key source of revenue for sports clubs, and often the way in which the growth of a sport is funded. The Court of Appeal's judgment comes as a welcome relief to sports clubs, concert promoters, television and movie companies and any others who market merchandising paraphernalia and secure lucrative royalty contracts with licensees.

In clear terms, the Court of Appeal has rejected the trial judge's findings of law and fact and supported the ECJ's decision. The requirement of UK law prior to harmonisation for infringing use to be "use as a trade mark" has been swept aside. Rather, use of a sign may constitute infringing use if the use affects or is likely to affect the guarantee of origin that is the primary function of a trade mark. The decision also prevents counterfeiters from arguing that their use, say of the registered trade mark CHANEL, is as an indication of support, loyalty or affiliation to the famous *haute-couture* house, rather than "use as a trade mark".

Most uses of a trade mark are likely to meet

# Trademarks in Guatemala

the ECJ's test, other than purely descriptive uses or uses which fall within the defences in the Trade Mark Directive or Regulation, including: use of a person's own name or address, indications of quality, quantity and intended purpose (including particularly as accessories or spare parts).

The Court of Appeal's judgment also provides some interesting analysis for considering non-traditional marks, such as colours and shapes. Use of a similar colour or shape will infringe a registered mark if it affects or is likely to affect the guarantee of origin of the registered mark – this will be an easier test to meet than having to establish that the use of the allegedly infringing colour or shape is such as to indicate origin.

The judgment is good news indeed for trade mark owners.

## Postscript

At the time of writing, Mr Reed had applied for permission to appeal to the House of Lords, the final UK court of appeal. Permission is only granted in a small number of cases. The injunctions against him have been stayed pending the decision of the House of Lords.

A complicating factor is that the day after the Court of Appeal gave judgment, the House of Lords published its reasons in *R v Johnstone*, a case on the criminal provisions of the UK Trade Mark Act, in which "use as a trade mark" was discussed, but without the benefit of the Court of Appeal's analysis in *Arsenal*. The House of Lords may not want to return to the same issue again just yet.

## Members are probably aware of severe delays at the Guatemala Trademark Office. I recently met with agents in Guatemala and the following information may be useful for trademark owners when considering their strategy in Guatemala:

The Trademark Office has been under-funded for many years and there is not nearly enough staff. For several years no oppositions were dealt with at all and there were severe delays in dealing with filings, renewals, assignments etc. About 5 years ago a group of lawyers set up an essentially privatised office to deal with formal aspects of trademark administration leaving official examiners to deal with substantive matters and there was some improvement. However, there was a change of government about 3 years ago which resulted in this arrangement being stopped. We are now back to the old delays and in particular virtually no oppositions are being heard and there is a backlog of many years. In order to optimise their chances brand owners are advised:

- Do searches and get advice on registrability of marks *per se* before filing. A straightforward application takes about 12-18 months to get registered but if an official action is issued then there are likely to be very long delays
- Consider very carefully whether an opposition is necessary. There is a strong likelihood of incurring legal costs without any prospect of a result. Look for alternative ways of settling disputes.
- In general make sure that any documentation submitted to the Registry is not going to be open to question. Anything that generates an official action will result in years of delay.

Guatemala has a general election in November and we can only hope that the semi-privatised administrative office can be restored.

*Jane Collins, Vice-Chairman of the MARQUES Council*

## "UNDERSTANDING THE COMMUNITY DESIGN LAW"

A unique opportunity to gain an understanding of the new Community Design law and its implications for the design and IP communities.

**MARQUES** has scheduled a new series of its popular one day seminars across a number of venues later this year.

**PARIS** 8th October 2003

**LYON** 10th October 2003

**ZURICH** 13th October 2003

**VIENNA** 15th October 2003

More details will be available later, meanwhile any enquires should be directed to the **MARQUES** Secretariat.

# What colour is your trade mark?

by Stephen Whybrow<sup>1</sup>

**In 1996, Libertel, the Dutch telecoms group, applied for the registration of an orange colour as a trade mark for telecommunications related goods and services. The mark for which registration was sought was an orange rectangle described as “orange”. The Benelux registry, BTMO, refused the application so Libertel appealed to the Supreme Court of the Netherlands. The Supreme Court considered the issue of distinctive character and referred four questions to the ECJ relating to the Trade Marks Directive (89/104/EEC).**

The four questions referred were:

1. Whether it is possible for a single colour to acquire distinctive character for certain goods and services?
2. If so:
  - a. in what circumstances may a colour possess distinctive character?
  - b. does it make a difference if the application is for a wide range of goods and services?
3. Should account be taken of whether there is a general interest in the availability of that colour?
4. Should account be taken of the actual facts of the case, including the use made of the sign and the manner in which it is used?

The ECJ first considered whether a colour by itself could constitute a trade mark. It decided that this was possible provided that the colour is a sign capable of graphic representation that distinguishes the goods/services of one undertaking from another. The ECJ held that any graphic representation must satisfy the *Sieckmann* (C-273/00 [2002] ECR I-745) criteria, that is, it must be clear, precise, self-contained, easily accessible, intelligible, durable and objective. The ECJ stated that a sample of a colour on paper would not satisfy these criteria as it could fade with time and, therefore, was not durable. The ECJ indicated that a sample together with a description may constitute a graphic representation and the use of an internationally recognised colour code, for

example PANTONE, would satisfy the requirements, as it is precise and stable.

The ECJ then considered whether there was a general interest in a particular colour remaining available to all. The relevant public was deemed to be the average consumer who was reasonably well-informed and reasonably observant and circumspect. The average consumer is rarely able directly to compare two coloured products, which means that the number of shades of colours available to use as a trade mark are limited. If a trade mark which gives a monopoly over the use of a single colour was granted it could create an unjustified competitive advantage for one trader especially if the mark covered many classes of goods or services. The ECJ concluded that the number of classes applied for must be considered when assessing whether to grant an application for a colour mark.

The ECJ then looked at the circumstances where a trade mark may be considered to be distinctive. It confirmed that the purpose of a trade mark is to guarantee the identity of the origin of the marked goods or service to the consumer by enabling him to distinguish the goods easily from others with a different origin. Of course, the average consumer is not able directly to compare marks and will not have a perfect recollection of a mark but he will rely on his memory. It was held to be inconceivable that a mark could acquire distinctiveness without any prior use, save in exceptional circumstances. However, it is possible for a mark to acquire distinctiveness in relation

to the goods or services to which it is applied once the relevant public has become familiar with the mark.

## Summary

- A single colour, not spatially delimited (for example in a rectangle), may have distinctive character provided it can be represented graphically.
- A single colour may be distinctive if the relevant public can identify the goods or services for which the mark is sought as originating from a particular undertaking.
- When considering whether to register a mark, a registry should review the number of goods and services applied for and whether the registration would be contrary to the general interest of not unduly limiting the number of colours available to use for similar goods and services.
- In assessing whether a trade mark has distinctive character, all the relevant circumstances of the case, in particular, any use of the sign in respect of which the trade mark is sought, should be taken into account.

Although colour trade marks have been allowed in national registries, they are not frequently or easily granted. This decision sets out the parameters clearly and gives straightforward guidance for those seeking colour trade marks.

1. Reprinted with permission of CMS Cameron McKenna, +44 (0) 20 7367 2175 [stephen.whybrow@cmck.com](mailto:stephen.whybrow@cmck.com)

# Council approves Secretariat changes

The **MARQUES** Council has accepted proposals submitted by the Secretariat which involve the gradual withdrawal of Colin Grimes from the post of Secretary General – position which he has held for the past seventeen years.

Having sold his company and business interests to his existing staff, Colin will remain as non-executive Chairman of the Board of the new Company and will be retained as a Consultant. As part of those arrangements, he will continue as Secretary General of **MARQUES** until the end of the Rome Conference in September 2004.

Council have approved the new Company's proposals for the continued supply of Secretariat services at least for for the remainder of the existing contract until 31st December, 2006.

Robert Seager who, together with Robert Harrison, heads up the new Company, has been appointed Company Secretary of **MARQUES** and is likely to be appointed Secretary General, to replace Colin Grimes, in due course.

## Adidas loses legal fight

(As reported in the "Daily Telegraph" newspaper, UK, on 11th July, 2003)

**"Adidas, the sports goods producer, failed in an attempt yesterday to stop a rival company using a stripe design similar to its own.**

The German-based company, owns a trade mark consisting of three vertical stripes. It sought an injunction against Perfetto, which markets clothing with a double stripe motif. But an Advocate General at the European Court of Justice said yesterday that it would be undesirable to stop manufacturers from using stripes on their products."

### DISCLAIMER:

*The views expressed by contributors to this Newsletter are their own and do not necessarily reflect the policy and/or opinions of **MARQUES** and/or its membership. Information is published only as a guide and not as a comprehensive authority on any of the subjects covered. While every effort has been made to ensure that the information given is accurate and not misleading, neither **MARQUES** nor the contributors can accept responsibility for any loss or liability perceived to have arisen from the use or application of any such information or for errors and omissions. Readers are strongly advised to follow up articles of interest with quoted sources and specialist advisers.*

## ANNUAL CONFERENCE

16th to 19th September, 2003 – Istanbul

### "Successful Brand Growth"

Register **NOW** before it's too late!

## EU domain registries

The **MARQUES** Cyberspace Team have produced a very useful summary of the Domain Name registration process for each EU Member State.

The summary outlines for each State the relevant Registry name; Web site address; languages used on site; link to dispute policy (if any); domain extensions relevant for businesses; summary of Registry rules and the registration and maintenance tariff.

For further details please visit the **MARQUES** Website and check out the 'Latest Information' page.

# EU International exhaustion moves further away

by Lee Curtis<sup>1</sup>

**Despite the efforts of parallel importers and many consumer groups, the current regime in the European Union regarding the exhaustion of trade mark rights remains that of “Community-wide” as opposed to “international or global exhaustion”. The outcome of cases such as *Silhouette*, *Sebago* and *Zino Davidoff* have re-inforced the perceived doctrine of Community-wide exhaustion. This regime has come in for stern criticism, particularly in the United Kingdom, and many leading UK supermarket chains have attempted to take up the role of the consumer’s white knight, attempting to exploit the so-called “grey” market.**

In response to the criticism of Community-wide exhaustion, the European Commission put in place a number of studies to evaluate whether the present regime was of economic benefit to the EU and its consumers. A debate began within the EU as to whether a more *laissez faire* regime should be adopted.

In February 1999, at the request of the Commission, NERA (National Economic Research Associates) examined the economic consequences on the EU economy of different exhaustion regimes for trade marks. The NERA report broadly concluded that the effect of Community-wide, as opposed to global, exhaustion on the price of branded goods was rather minor. Luxury goods producers, such as the perfume and clothing industries, have always argued that they would be adversely affected by the introduction of international exhaustion and what price benefits may be obtained from international exhaustion would be negated by the loss of jobs and profits within these important industries in the EU.

A further study was commissioned shortly before the *Zino Davidoff* decision in November 2001, when the European Parliament adopted a resolution calling on the European Commission to produce a report on the possible instances of abuse of trade mark rights in the context of the “controversial” issue of international exhaustion. On 21st May 2003, the findings of the report were published.

The Commission sent questionnaires to

three broadly separate groups as part of the study: (i) rights holders, (ii) consumer groups and (iii) parallel traders. Replies were eventually received from two dozen organisations. Of these, two were from consumer groups and six from parallel traders, although the latter two groups provided the majority of responses in terms of text.

Not unsurprisingly, rights holders concluded that they had never experienced any instances of the “abuse of trade mark rights”. They argued that existing EU competition would punish any abusive pricing practices without the need to introduce international exhaustion which, rights holders felt, would make the fight against counterfeit goods harder.

The number of responses from consumer groups was sparse. Neither organisation provided evidence of trade mark abuses, with one organisation making the comment that the Commission was not, in any case, interested in finding such abuses.

Parallel Importers commented on the perceived price differentials between branded products in the US and EU, particularly in the cosmetics and alcoholic sectors. Importers also made the point that the burden of proof is placed on importers to prove the origin of goods in infringement cases. Importers claim that this leads to rights holders having the ability to force an importer to reveal the identity of his supplier even if such goods legitimately originate from within the EU. Importers claim that once the origin of the

goods is revealed, rights holders can illegitimately exploit this information to cut off the supply of branded goods even from within the EU. Importers also criticised the use of number coding of products by rights holders and selective distribution agreements came in for harsh criticism.

What did the Commission conclude from these responses? The Commission analysed whether Trade Mark Rights abuse was occurring in three fields: (i) selective distribution agreements, (ii) abuse of dominant position involving trade marks, (iii) trade mark infringement cases and proceedings. In each case the Commission found that existing EU law was sufficient to counter any perceived trade mark law abuses and that there was no need to introduce the doctrine of international trade mark exhaustion to effectively police any such abuses.

Selective distribution agreements are not illegal *per se* under EU Law and in fact the Commission has recognised the economic benefits of such agreements. Any abuse of such agreements effectively to partition the Single Market can, in the eyes of the Commission, be countered effectively under Article 81 of the EU Treaty.

In the case of dominant position, the Commission rejected the argument that the absence of international exhaustion enables certain dominant undertakings to overcharge for goods within the EU. The Commission argued that existing EU Competition law regarding dominant positions within the EU is sufficient to



# MARQUES is developing!

counter such abuses. Such abuses in the Commission's eyes result only from the existence of a dominant position, and not from Community-wide exhaustion.

In the case of trade mark infringement actions, EU Law has long recognised the two-fold value of trade marks in that they enable the consumer to identify the source of products, and thus improve the quality, and that they reward the rights holders for their investment in product development and quality through the use of their exclusive rights. In the Commission's eyes, EU Trade Mark Law already provides an effective means to protect the rights holders legitimate rights to exploit the trade mark, and prevents the artificial partition of the market via national Trade Mark Law.

Therefore, in short, the latest Commission report has followed past reports in broadly supporting the notion of Community-wide exhaustion rights as opposed to global or international exhaustion. The conclusions of the report are not altogether unexpected and continue to support the long line of legal decisions supporting Community-wide exhaustion. There is still conflict with the EU, between free marketeers and the governments of certain countries, most notably France and Italy who understandably wish to protect the hard-won goodwill of their luxury goods industries. Until the political climate changes within the EU, it seems unlikely that the concept of the international exhaustion of trade mark rights will ever gain the ascendancy. Whether the accession of ten new states to the European Union on the 1st May 2004 will change the dynamics of the political debate, and probably, more crucially, intra-EU trade to affect the question, we can only wait and see, but, for the time being, Community-wide exhaustion is definitely here to stay it would seem. Whether you feel that is good or bad is a question for you.

## The **MARQUES** Council has recently appointed a Development Executive.

**Ingrid de Groot** has been appointed to the post of **MARQUES** Development Executive to further expand its role in shaping IP in Europe.

Initially this will involve reviews of our marketing strategies and efforts to expand our professional programmes (seminars and annual conference), contacts with kindred organisations and membership. Her post is distinct from the Secretariat and she reports directly to the **MARQUES** Executive Council.

Ingrid brings a wealth of experience and enthusiasm to the post, having been the in-house IP counsel for the second-largest confectionery manufacturer in Europe (Perfetti Van Melle Holding B.V.) for some 15 years. She is certainly no stranger to **MARQUES**, having attended all of **MARQUES'** Conferences for some eight years. More recently, in an elected capacity, she has served as a **MARQUES** Council member and Vice-Chairman (Programming).

She came into IP from a marketing background and she is passionate about brands which she sees as the fundamental basis for both intellectual property rights and marketing. She hardly need add that, if a company does have a brand or brands, then it needs to have trade marks and to participate in **MARQUES**.

In-house counsel must create a bridge between IP registrars and marketing departments. They must be aware that the time pressures imposed by product launches, market re-positioning, re-packaging or mergers, do not necessarily fall in line with the time scales of trade mark registration or search processes nationally, let alone internationally. For this reason, she understands the risks that IP professionals must sometimes take.

Initially, her post is part-time and the plans are for her to devote 30 days per annum to **MARQUES** whilst her current employer (and her family) have the benefit of the rest of her time.

We wish her the best of luck in her new responsibilities and hope that she achieves the success she deserves.



INGRID DE GROOT

# The abolition of searches: A practical necessity

UNICE

AIM®

MARQUES  
THE ASSOCIATION OF EUROPEAN TRADE MARK OWNERS

Following the Commission's proposal to abolish the Article 39 searches of CTM applications, UNICE, AIM and MARQUES have joined forces and published the position paper which is reprinted below. The MARQUES Trademark Team with assistance of local MARQUES representatives, have circulated the paper to national governments, Patent and Trademark Offices and IP associations in EU Member States. It is important that the Commission's proposal is adopted before enlargement. If not, it is likely that the cost of searches will go up to €600. OHIM has indicated that if the searches are abolished, they should be able to maintain the current fees. However, adoption of the proposal requires a majority, so if anyone has ideas, suggestions or would wish to help, then please contact either the Chair of the Trademark Team at [h.berendschot@novagraaf.nl](mailto:h.berendschot@novagraaf.nl) or Tove Graulund at [tove.graulund@arlafoods.com](mailto:tove.graulund@arlafoods.com)

“UNICE, the Union of Industrial and Employers' Confederations of Europe, AIM, the European Brands Association, and MARQUES, the Association of European Trade Mark Owners, would like to register their full support for the Commission's proposal to amend the Community Trade Mark Regulation ("CTMR") by abolishing the search system under Article 39.

UNICE is the official voice of more than 16 million companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are

35 central industrial and employers' federations from 28 countries, working together to achieve growth and competitiveness in Europe.

AIM represents the branded goods industries in Europe on issues which affect the ability of manufacturers to design, distribute and market their brands. It represents some 1800 companies, both direct corporate members of AIM and members of its national associations in 20 countries, which are mainly active in the fast moving consumer goods sector.

MARQUES is an association with a world-wide membership created to educate and

promote the professional development of brand owners in the selection, management and protection of their trade marks within a global economy, to create a forum for the free exchange of ideas and information and to provide an effective platform for the representation of their interests.

For all of these organisations, and their members, trade mark protection is vital.

The CTM system has proved to be both cost-effective and efficient. However, the searches provided for under Article 39 are an anomaly in this otherwise attractive procedure. Put simply, they are an unnecessary financial, time and administrative burden for both OHIM and trade mark owners of all sizes that render no benefit. If not abolished before enlargement, they risk jeopardising the entire functioning of the CTM system.

#### Article 39: What it means in practice

Article 39 gives Member States the right to choose whether they wish to conduct searches in their national registers which are intended to determine if applications filed with OHIM might conflict with existing national marks. All current Member States,

with the exception of France, Germany and Italy, elected to conduct such searches. Although we understand that some Member States might now be prepared to reconsider their position on national searches, we want to confirm our strong fear that, if the search system under the CTMR is not abolished, the new Member States will find irresistible the attraction of additional revenue available by opting for national searches.

We consider that the CTM search system is flawed. There are four serious problems:

Firstly, the timing of the searches is wrong. They are carried out after the application is lodged, while many applicants would not file an application (with the connected time and cost) unless they had first conducted their own availability search. For these applicants, the CTM searches are therefore duplicative. Other applicants, particularly SMEs unfamiliar with the risks involved, are encouraged by the current system to rely on unreliable search results that may lead them into conflict in the marketplace with owners of prior rights.

Secondly, CTM searches unnecessarily prolong the CTM registration procedure, by four to six months.

Thirdly, they add significantly to the cost of CTM registrations (application fee of 975 Euros for up to three classes, registration fee of 1100 Euros) without bringing applicants any real benefit. As each National Office gets 27 Euros for every search conducted, the additional cost caused by searches to a CTM applicant must therefore exceed 300 Euros. There is also a hidden cost to OHIM in conducting, collating and distributing masses of search reports (and to applicants in having to deal with them).

Finally, the search system is misleading for certain applicants as (a) the results are incomplete in geographic scope (three of the current Member States do not search); and (b) the information contained in the search reports varies so widely in both content and

presentation that it cannot be fully understood, let alone usefully exploited by applicants. The result is that applicants cannot evaluate the searches on their own and their agents and professional organisations cannot give proper advice to their clients about these reports without conducting further investigations and incurring extra costs in evaluating the possible existence of prior conflicting rights. This is particularly damaging to SMEs who often believe, erroneously, that the reports are conclusive, i.e. reliable as to the availability of the CTM for which they have applied, and thus have some value.

National searches are a drain on the financial and management resources of both OHIM and applicants, which enlargement will exacerbate. Candidate countries are likely to opt to perform searches, because they are a guaranteed source of income without the need for any real effort on their part. Enlargement will

nearly double the number of searches conducted for each CTM application filed. The doubling of search volume will also significantly increase the cost to applicants of a CTM filing. It is estimated that the cost to OHIM of paying for national searches will amount to some 600 Euros per CTM application. Worse, these national searches may actually jeopardise the good functioning of OHIM as they will dramatically increase the amount of paper flowing through the Office and thus slow down the registration process.

We therefore reiterate our full support for the Commission's recommendation to reform the CTMR system as quickly as possible by deleting Article 39 and abolishing searches completely. Should searches not be abolished, we would want to proactively explore solutions aiming at establishing a different *modus operandi*. We do not wish to endanger the entire CTM system and it is therefore our considered opinion that searches must be abolished. ”

## MEMBERS REMINDED OF ATTEMPTS TO DEFRAUD

A recent communication received into the Secretariat causes us to take the opportunity to remind all Members of the number of operators masquerading as officially recognised agencies requesting significant sums of money for your trade mark to be published in some kind of registry.

The official stationery/paperwork and get-up is usually designed to impress the recipient, re-inforcing the impression that the request is from a recognised agency formally associated with either WIPO and/or OHIM and that the fees involved are a valid part of the standard trade mark registration system.

All Members are advised not to make any payment in response to these approaches. The people behind these schemes are charlatans.

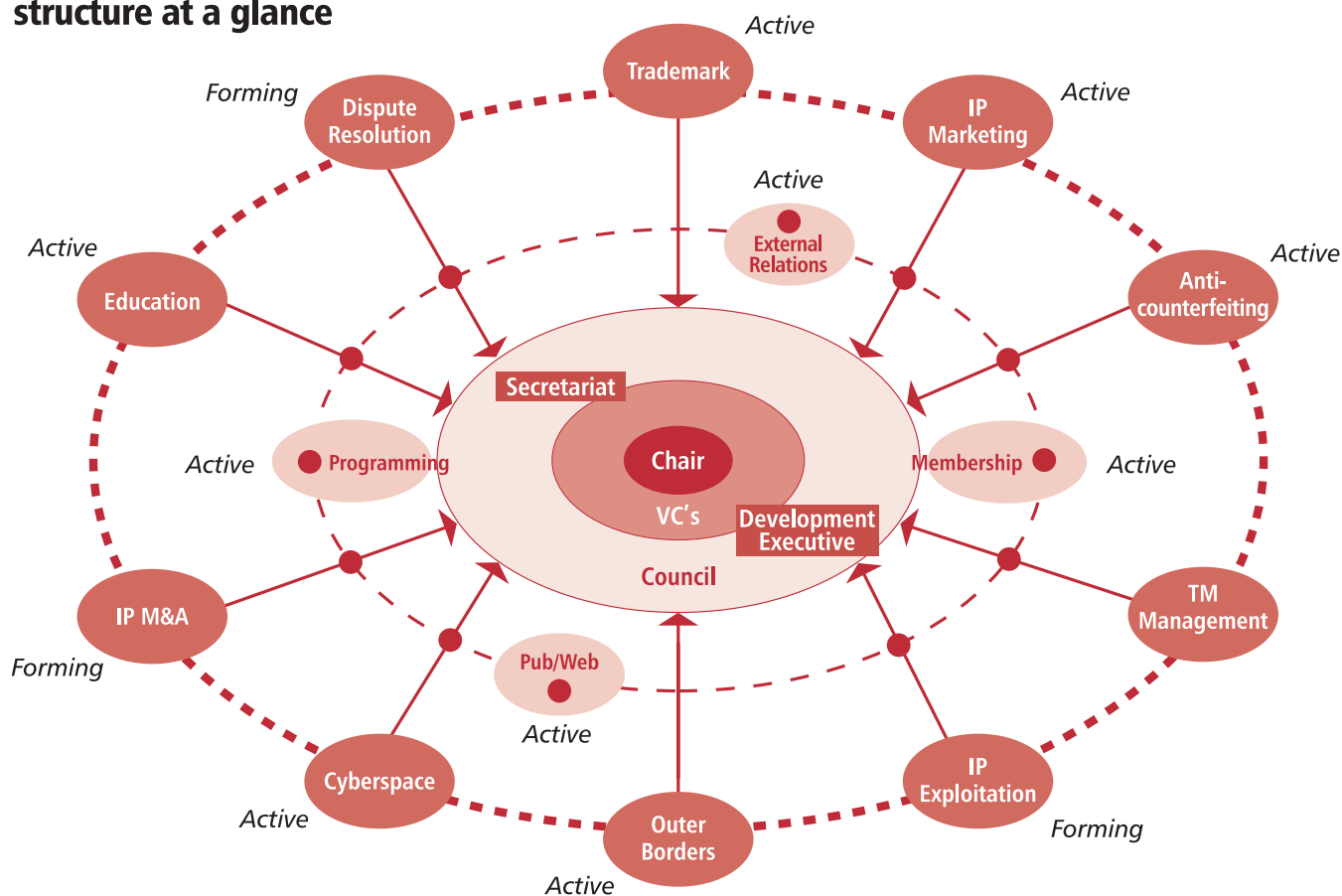
There are several companies involved based, usually, in Switzerland and Austria, where it has proved difficult to stop them at source. The recent missive, which stimulated this advisory notice, originated in Frankfurt, Germany – a country where one might have supposed that national law would have been robust enough to stifle the scam. This one, at least, circumvented the system.

Less wary recipients, impressed by the paperwork, might easily have passed the request for payment.

Remain on the alert. You have been warned!

# MARQUES Governance

## Management and Project Team structure at a glance



## THE COUNCIL 2003

Full details of the Chairmen and members of each active and formative Team can be found at: <http://www.marques.org/teams>

Chairman: **Tove Graulund** (Denmark)

Vice-Chairmen:

**Jane Collins** (Switzerland)

**Nunzia Varricchio** (Belgium)

**David Crawford** (UK)

**Hans-Friedrich Czekay** (Switzerland)

**Isabel de Minville Devaux** (UK)

**Charlotte Falck** (Sweden)

**Nicholas Foot** (UK)

**David Goldring** (UK)

**Kay-Uwe Jonas** (Germany)

**Marius Knijff** (Netherlands)

**Danielle le Carval** (France)

**Anouk von Meyenfeldt** (Netherlands)

**Caroline Pearlstein** (USA)

**Carles Prat** (Spain)

**Bruce N Proctor** (UK)

**Jette Sandel** (Denmark)

**Shane Smyth** (Ireland)

**Paul Steinhauser** (Netherlands)

**Massimo Sterpi** (Italy)

**Eva Szigeti** (Hungary)

**Hanne Weywardt** (Denmark)

Secretary General: **Colin Grimes** (UK)

Development Executive:

**Ingrid de Groot** (Netherlands)

*NOTE: Council is composed of up to 40 members with not more than six from any individual country; not more than six drawn from countries outside of Europe and not more than 14 Special Members.*

*One half of Special Members and one third of Ordinary Members retire, by rotation, each year but may offer themselves for re-election.*

**MARQUES**

THE ASSOCIATION OF EUROPEAN TRADE MARK OWNERS

840 Melton Road, Thurmaston,  
Leicester LE4 8BN United Kingdom  
Tel: +44 116 264 0080 Fax: +44 116 264 0141  
Email: [info@marques.org](mailto:info@marques.org)  
Internet Home Page: <http://www.marques.org>