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# MARQUES: practical lessons from Berlin

**With summer holidays already a distant memory, almost 600 trademark counsel descended on Berlin for the MARQUES annual conference this September. WTR presents the highlights of the programme, starting with the debate over changes to Google's AdWords policy**

This year's MARQUES conference was perfectly timed to debate the introduction of Google's new AdWords policy in Europe, and in the first full conference session James Pond, Google's product counsel, braved a room of trademark practitioners to present the search engine giant's take on IP issues.

Pond began by outlining the three principles of greatest importance to the company – relevance (“in both search results and in ads”), advertiser responsibility (“as our terms and conditions clearly state the advertiser is responsible for complying with national and international laws”) and user choice. On the latter point, he likened Google to a supermarket, noting: “We believe users are better served by seeing more ads than less – in the same way a supermarket places different cereals on a shelf.”

However, with the event taking place just a day after the introduction of the new AdWords policy (see page 7), audience questions quickly turned to the new regime.

Admitting that “these changes would not have been made were it not for the ECJ making its position on this issue clear”, Pond revealed that the company will no longer be monitoring keywords in the United Kingdom, bringing the number of countries in which such monitoring occurs to just seven. As such, the duty of monitoring for infringement now falls entirely on brand owners' shoulders. While noting that “where advertisers break our policy, we have the technology to escalate our action against them”, Pond admitted that in the case of repeat offenders, “there will be no ongoing monitoring by Google – the concerned brand owner should file subsequent complaints”.

## **A new approach to cost control**

As well as the time and effort that such monitoring will take, there is also a related cost to be borne. Given the stormy economic conditions of the past few years, cost effectiveness remains high on the trademark agenda and subsequently came under consideration in the ironically titled “Wall Street” session.

Rather than following the film's “greed is good” philosophy, the

discussion looked at how to be more prudent in the pursuit of corporate goals. Uwe Over of multinational Henkel AG & Co KGaA argued that IP counsel should move the focus away from cost cutting and instead expand this to encompass efficiency increases. Arguing that “it is easy to cut costs, but not to cut costs and improve quality”, he explained that to achieve this goal, his company has identified three pillars of efficiency – the IP portfolio structure, resource control and the team.

In the first pillar, IP assets are divided into an inner circle, which is itself split into three parts – those rights that you save, the intellectual property that you defend and that which you exploit. This inner circle is then surrounded by an outer circle, which consists of trademarks that will not be renewed.

With the IP portfolio carved up in this manner, attention can then be paid to the second pillar and how the various elements of the first pillar are costed and controlled.

Over explained: “The second pillar concerns cash and control. Cash means predictability and accuracy – to know how much trademarks will cost over time. The focus on time then relates to the need to reduce complexity in internal processes and increase speed. For instance, the cash element requires a transparent, predictable budget. It is not enough to rely on a tariff of charges from external counsel, which ignores quality. If we can identify and allocate certain marks into a class box (eg, ‘registration’), we can allocate these to a flat fee – and you can cover much of the lifecycle of a mark through flat fees. With costs predicted, we can then discuss with agents a definition of quality levels.”

The third pillar, the team, was pinpointed as critical to success: “New strategies just won't work if you don't have a motivated team. This includes trademark counsel and paralegals across the globe, as well as the external legal team.”

## **Fighting the copycats**

Drilling down into protection strategies, the use of design and copyright protection to complement trademark actions was debated. David Stone of Simmons and Simmons outlined the arguments for looking for design protection, with speed of protection one issue to be considered. He noted: “I once filed an RCD application and received the certificate the same afternoon – that is extraordinary.” As a tip for those anxious to deter copycats, he suggested that if a brand owner registers, say, 15 designs, it should publish just 10. That way, others can see that you have registered a number of designs, but cannot see them all, making it harder for them to know how close they can get to the registered design.

Copcats were also addressed in a session titled “The good, the bad and the ugly”, with lookalike products the ‘ugly’ in the equation. For those brand owners that see benefit in offering products of a similar feel to others, Philippe Vandeuren of Anheuser-Busch InBev pointed to research that “theme-based lookalikes are evaluated more positively than feature-based lookalikes – yet are the hardest to fight”.

The message for potential copycats? Focus on colour, design and shape rather than logos and text, and consider the overall theme of a product rather than the particular features of a mark.

For trademark counsel, as these are the hardest types of lookalike to fight, Vandeuren highlighted the need to influence the way that judges approach copycat cases: “Courts are still judging on features and brand owners need to lobby and educate them on research pointing to the confusion arising from theme-based copycats.”

#### **Preparing for the future trademark landscape**

One imminent development in the European trademark industry is the publication of the study into the overall functioning of the trademark system in Europe.

Providing an update, Tomas Lorenzo Eichenberg, principal administrator, directorate general for internal market, European Commission, stated that the draft final report was delivered on August 12 and is now being analysed. The report will then be delivered on November 12 and will be published once accepted by the Office for Harmonisation in the Internal Market (OHIM).

Following publication, a European Council impact assessment will be undertaken. Recommendations arising from this are expected to be ready by November 2011.

While he could not reveal any details of the report’s findings, Eichenberg did present some information on the results of a Community trademark (CTM) user survey undertaken by the Allensbach Institute, conducted alongside the Max Planck Institute research and received by the commission two days before the MARQUES gathering. He explained: “The survey found that the broad majority acknowledge the benefits of the CTM system in terms of offering substantial simplification and expanded possibilities aside from national trademark protection. Users also agree that the system is working fairly well and developing positively.”

On the issue of OHIM, he noted that users “predominately perceive the present performance of OHIM, on quality, consistency and time to issue, as average, fairly consistent or fairly satisfactory”. This broadly correlates with the findings of WTR’s CTM user survey (published in the last issue) and, for Eichenberg, the overall picture is one in which users “appear more interested in improving the current CTM system than overhauling it”.

#### **OHIM president sends warning to national offices**

With little more than a week left before he handed over the OHIM presidency, Wubbo de Boer took the opportunity to look back over his tenure and present his personal views on how the organisation should approach the renewals split and balance the budget. As expected, the



**Andreas Lubberger and Roland Mallinson** discuss the good, the bad and the ugly of passing off

interests of users were high on the agenda, with a warning to national offices that the receipt of OHIM funds needs to be justified.

de Boer argued that OHIM has achieved, or is on the road to achieving, the key elements of the September 2008 compromise solution – the fee reduction was introduced on May 1 2009, the bi-annual review of OHIM's financial situation has been implemented and the first project under the cooperation fund is now in progress. However, things got more interesting when he outlined the approach he would personally adopt to the 50% split of CTM renewal fees with national offices, which was promised in a bid to drive through the September agreement.

Acknowledging that the split is “the most controversial aspect for users”, he argued that “there are issues that still need to be resolved. The distribution of European finance requires legislation – you can't just spend EU money without it. However, there are challenges to achieving this. In proposing a law, the council will have to justify the transfer of money and that is not easy. You can't just say, 'Well, we had to bribe member states to get the other changes agreed to.' Then you have to ask how you distribute the funds between different countries and whether OHIM gets anything in return – is it just a gift?”

On this question, de Boer argued that the equivalent of 50% of renewal fees should be distributed to member states in equal portions, but that there should be a justification for the subsidy, with national offices obliged to cooperate in harmonisation projects. After this, he argued, the wallet should close, with no more moneys distributed from the OHIM budget to member states.

This hard line on finances was extended when considering what to do with the annual surplus, which de Boer predicts will be €25 million in 2010 (compared to €52 million in 2009). Noting that €100 million will be received in application fees this year, he suggested: “You could therefore reduce the application fee by 25% to bring back balance.” Instead, he proposed a number of reductions that could be implemented, including reducing both application and renewal fees to €800.

This latter proposal would have a significant impact on the size of the national offices' 50% cut, reinforcing de Boer's stance that OHIM should serve the user and sending notice to national offices that they should not expect money for nothing.

Staying on issues Alicante, the final session saw a heated discussion over the number of marks on the CTM register. One audience member claimed that the number of registrations in the system means that users are now having to spend more money clearing marks.

Vincent O'Reilly, director of the department for IP policy at OHIM, hit back by arguing that such claims are not backed up by hard evidence. “This year we will see 100,000 CTM registrations, so it can't be impossible to clear a mark,” he reasoned.

The CTM system is one which inspires fierce debate, with OHIM, national offices, trademark counsel and brand owners often taking different approaches to trademark registration and protection across Europe. While we will have to wait some time before recommendations are made following the publication of the study into the overall functioning of the trademark system in Europe, it will be longer still before all interested parties agree on the related issues. [WTR](#)



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