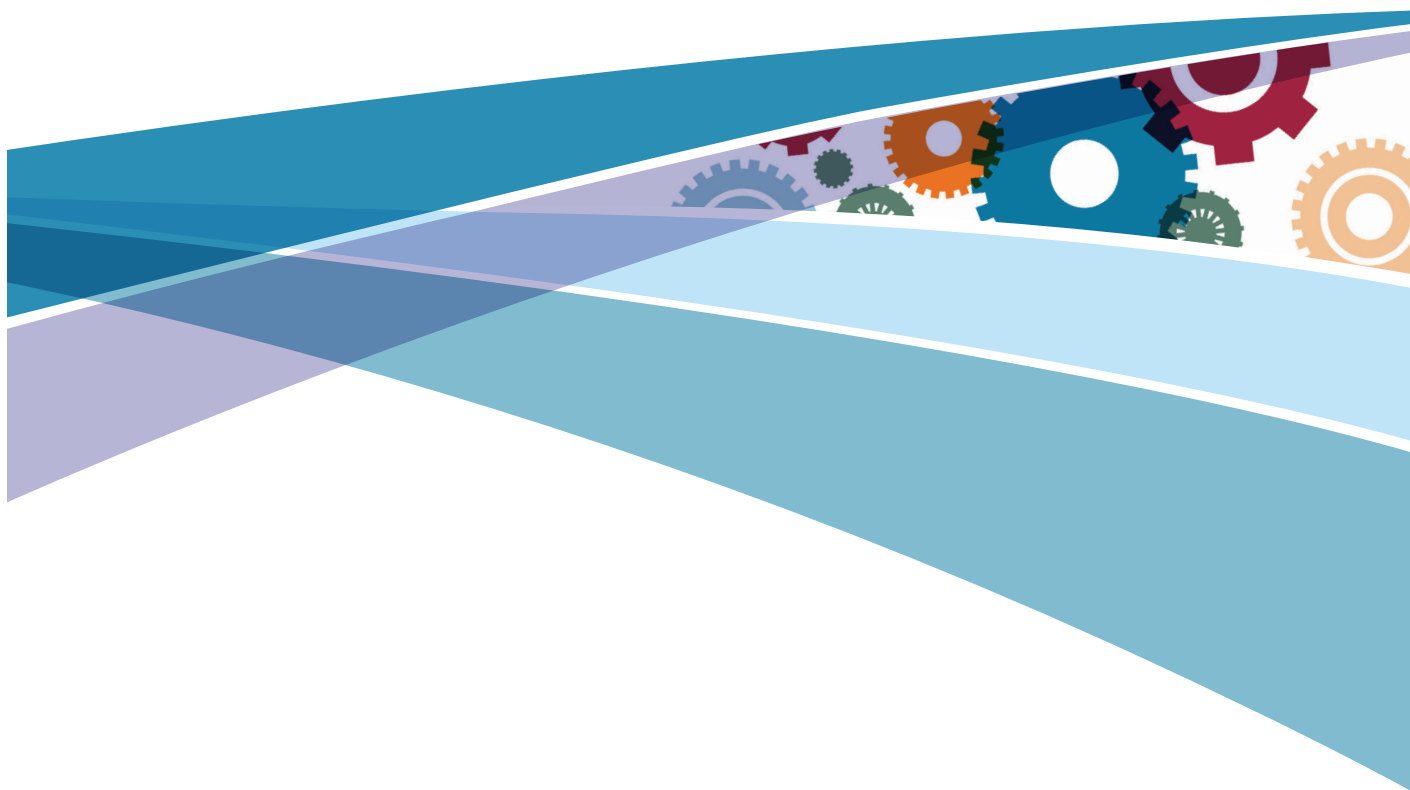




Intellectual
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Cluttering and Non-Use of Trade Marks in Europe



Research commissioned by the Intellectual Property Office and carried out by:

Georg von Graevenitz, Richard Ashmead, Christine Greenhalgh

August 2015

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Findings and opinions are those of the researchers, not necessarily the views of the IPO or the Government.

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GEORG VON GRAEVENITZ (g.v.graevenitz@qmul.ac.uk) works as Senior Lecturer in Quantitative Methods in the Business School of Queen Mary University of London. His research focuses on management and effects of intellectual property rights, the management of innovation and entrepreneurship. He has consulted on intellectual property rights for the European Commission, the World Intellectual Property Organization, the European Patent Office and IPO. He publishes his research on intellectual property in reputable international economics and management journals.

RICHARD ASHMEAD (richard@ashmead.eu) has practiced for 40 years as a patent and trade mark attorney in UK. His degree in chemistry led to a wide range of IP activities in the earlier part of those four decades, with a concentration latterly on trade marks. He sits on various professional committees, was founding editor of INTA's online "International Opposition Guide" publication, has contributed to both of ITMA/CIPA's "UK Trade Mark Handbook" and "Community Trade Mark Handbook" and has had noted professional trade mark involvement at the European Court of Justice.

CHRISTINE GREENHALGH (christine.greenhalgh@economics.ox.ac.uk), formerly Professor of Applied Economics, University of Oxford, is an Emeritus Fellow of St Peter's College. Her research interests include intellectual property and innovation, industrial and firm performance, technical and structural change, and vocational training. Her textbook (co-author Prof. Mark Rogers) - Innovation, Intellectual Property and Economic Growth was published by Princeton University Press in 2010.

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Copyright and the Value of the Public Domain: An empirical assessment

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Any enquiries regarding this publication should be sent to:

The Intellectual Property Office
Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000 Fax: 01633 817 777

e-mail: information@ipo.gov.uk

This publication is available from our website at www.ipo.gov.uk

Contents

Foreword by UK Intellectual Property Office	1
Executive Summary	2
Introduction	3
Clutter – Review of Previous Work	7
The Size of the Effective UK Register	7
Evidence of Clutter at the Level of Nice Classes	11
Evidence for Clutter in Goods/Services Lists	15
Legal Context	16
Reasons for Unused Goods/Services in Registrations	16
Use and Non-Use of Registrations	18
Methodology	21
Quantitative Research	21
Qualitative Research	30
Quantitative and Qualitative Findings	32
Empirical Results	32
Qualitative Results	66
Conclusion	70
References	72
APPENDIX 1: Sample letter sent to a selection of 29 attorneys	73
APPENDIX 2: Preparatory notes sent to five attorneys	77
APPENDIX 3: Sample email request sent to 20 attorneys	80
APPENDIX 4: Sample final attempt for attorney responses	82
APPENDIX 5: Code used to measure length of goods/services lists	86
APPENDIX 6: Extensive summaries of the 15 attorney responses	93

List of Figures

Figure 2.1	8
Figure 2.2	9
Figure 2.3	10
Figure 2.4	12
Figure 2.5	13
Figure 2.6	14
Figure 5.1	36
Figure 5.2	37
Figure 5.3	42
Figure 5.4	43
Figure 5.5	44
Figure 5.6	45
Figure 5.7	45
Figure 5.8	46
Figure 5.9	49
Figure 5.10	50
Figure 5.11	52
Figure 5.12	54
Figure 5.13	55
Figure 5.14	55
Figure 5.15	57
Figure 5.16	58
Figure 5.17	58
Figure 5.18	59
Figure 5.19	63
Figure 5.20	64
Figure 5.21	65

List of Tables

Table 5.1 Average growth rates and medians for applications and registrations, total Nice classes and median lengths of applications and registrations	40
Table 5.2 Main covariates of length of goods/services lists	61

Foreword by the UK Intellectual Property Office (IPO)

The 2011 “Study on the Overall Functioning of the European Trade Mark System”¹ by the Max Planck Institute was commissioned by the European Commission and presented survey-based evidence that UK trade mark attorneys/agents perceive the existence of marks on registers that are partly or wholly unused by their owners – so called “cluttering” - to be a problem.²

Following on from that study, the UK’s IPO was keen to better understand the extent of cluttering within the UK and European register. IPO therefore commissioned this report on cluttering and non-use of trade marks in Europe in late 2013 with the objective of building evidence to inform debate on the prevalence of trade marks that are partially or wholly unused by their owners.³

It is equally important to note what this study does not purport to do. This study does not investigate causal relationships to explain how non-use arises. It does not examine the monetised economic impacts (the costs and benefits) of the current systems for participants. Nor does this study aim to determine whether an ex officio requirement for submission of proof of use is cost-effective. Rather, it shows that there are noticeable differences between US and European registers in the number of goods claimed for the same mark.

Further research would be needed to examine whether unused trade mark registrations can increase search costs, and whether imposition of proof of use tests ex officio may be useful or unacceptably burdensome.

1 See at http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf

2 Survey was conducted by the Institut für Demoskopie Allensbach and the Max Planck Institute for Intellectual Property, Competition and Tax Law http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf

3 Previous work on cluttering commissioned by UK IPO can be found here https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/312092/ipresearch-tmcluttering.pdf

Executive Summary:

Cluttering and Non-Use of Trade Marks in Europe

This report provides evidence on trade mark clutter in the unified trade mark register of the European Union, managed by the Office for Harmonization of the Internal Market (OHIM), and in the national register of the United Kingdom, managed by the Intellectual Property Office (IPO UK). We define trade mark clutter as existence of marks on these registers that are partly or wholly unused by their owners.

There are currently over 1.25 million trade marks on the effective UK trade mark register, that is the aggregate of UK national and Community trade mark registers. Previous research shows that trade marks are sometimes created purely for purposes of insuring applicants against rejection of other trade marks, and where insurance proves unnecessary these marks remain registered and unused in Europe. This report extends previous work by focusing on the overall level of non-use of trade marks within the effective UK register and not just on marks created for the purpose of insurance. Our results suggest that non-use is far more extensive than previous work suggested. The findings in this report are based on descriptive analysis using indicators that have not previously been available for any jurisdiction. Due to the descriptive nature of the analysis we do not provide evidence on the causal mechanisms that explain how trade mark clutter arises. Rather the report strengthens the case for those arguing that clutter is pervasive in European trade mark registers. We complement the empirical work with a detailed legal analysis of the reasons for existence of clutter in the registers we study.

Non-use of registrations is a fundamental aspect of all EU trade mark systems. Recital 9 of the EU Trade Marks Directive requires that registered trade marks must actually be used or, if not used, be subject to revocation. The findings in this report indicate that the EU's legal revocation provisions are not effective as currently laid down and applied. Additionally, there are concerns over aspects of the EU trade mark registration systems, which encourage applicants to obtain goods/services registration scope significantly in excess of their likely market use.

To establish non-use or excessive breadth of applications we compare the length of goods/services lists of trade mark applications made at the Office for Harmonization in the Internal Market (OHIM), in the UK and in the US. The United States Patent and Trademark office's (USPTO) general requirement that applicants provide evidence of trade mark use allows us to determine with reasonable accuracy the real degree of short term use of marks registered simultaneously at USPTO, OHIM and or IPO UK. We find that marks registered at OHIM contain claims to 50% more goods and/or services than the identical marks registered at USPTO. We also find that the difference in length arises because USPTO require firms to prove use of marks after 6 and 10 years of registration.

The report also provides qualitative evidence on the degree and effects of clutter arising from non-use of marks. This evidence comes from interviews with leading trade mark practitioners in the UK. The evidence contains both critical and broadly supportive views of the current EU trademark system. Overall the critical voices are stronger.

This report has involved the integration of statistical research with legal input to develop and interpret the empirical and qualitative findings, and the team's members come from both fields.

1. Introduction

This report studies trade mark clutter in the effective UK trade mark register. The effective UK register consists of UK national registrations and Community trade mark (“CTM”) registrations^{4, 5}, whether obtained directly or as Madrid Protocol international registrations (“I/R”). This is the second report commissioned by the UK Intellectual Property Office (“IPO”)⁶ into clutter on trade mark registers⁷. The earlier report considered two main questions of possible concern on register clutter:

1. Whether and how the increasing volume of registered trade marks may affect businesses by increasing the costs of using and registering further new marks. Higher costs might result from increased effort required to search an ever growing registry of existing marks, or increased difficulty in finding new, distinctive yet compelling marks, or an increased likelihood of facing opposition, or even litigation.
2. Whether a consequence of the strong increase in demand for trade marks has been that registers around the world harbour trade marks that are not in use and are unlikely to be put into use, due to the lack of very effective mechanisms which would quickly remove such marks that are “cluttering” trade mark registers.

The earlier report focused on register clutter as a phenomenon creating costs for users of the trade mark systems, and this line of enquiry shall be developed further below. In the main though, this second report focuses on delineating the extent and likely effects of non-use of marks in the effective UK register.

The existence of register clutter in UK, and indeed more widely in the EU, is not universally accepted at present. Moreover, where it is believed to exist it is not wholly agreed whether it constitutes a serious problem, either to the adoption of new trade marks, or to the adoption of existing trade marks for new goods/services. Some academics (e.g. Landes and Posner, 1987) and also some EU IP offices believe the space for possible names or signs that can be registered as trade marks is infinite and that the costs of finding available new marks are negligible, despite the growing number of existing registrations. It is further argued that the use of modern computer technology facilitates easier searches of the growing registers for existing registrations that are problematic to a potential new mark. While this has some practical truth, many practitioners see such searches as just the first step in the process of clearing a new mark, to be followed by the more costly stages of legal analysis of search results and by further research into marketplace

4 The CTM registration system is operated by the Office for Harmonization in the Internal Market (OHIM).

5 These registers include not only registrations but also pending applications for which no right of infringement action exists until grant. In terms though of effects on 3rd parties seeking a new mark for a market-place product a pending application has to be considered as having the potential of becoming an enforceable right (backdated to its application date) to bring infringement action within a probably short but unpredictable time frame. We shall therefore in this report treat the term registration as including pending applications save where the context points otherwise.

6 The initialism “IPO” is also widely used as a generic term for other such offices around the world. We shall therefore on occasion in this report use UK IPO or the like for clarity, if not strict titular accuracy.

7 The first report of February 2012 was entitled “Trade Mark Cluttering: An Exploratory Report”.

use of conflicting registrations revealed by the search. These steps are much less amenable to automation, suggesting that clutter may have important cost implications for trade mark applicants in the long term.

The view that the potential infinity of available signs and the improving ease of register searching implies low costs of creating or adopting new trade marks does not align well with reports indicating that businesses routinely incur high costs and/or delays in finding new trade marks, nor with reports that these costs and delays are increasing as a result of cluttering⁸. These reports suggest it is useful to seek further evidence on the existence and extent of cluttering of the effective UK register. This report provides such evidence, both qualitative and quantitative.

This report focuses less on the volume of trade mark applications - question 1 above - and more on non-use of registered marks – question 2. The two questions are helpfully distinguished in a June 2011 paper entitled “Use and intention to use in EU trade mark law”⁹ of the Hon. Mrs. Justice Macken of the Irish Supreme Court, and erstwhile Judge at the European Court of Justice (as then known), who commented that cluttering of the trade mark register is of itself a fairly meaningless expression. She noted that it might mean no more than that it would take a bit longer to search for the existence of a conflicting trade mark - essentially a question 1. viewpoint. Then, Mrs. Justice Macken continued with a question 2. viewpoint that:

“It is really only if the cluttering of the trademark register whether at OHIM or nationally has, as its consequence, a detrimental effect that we have to be worried”

and then that:

“..... large numbers of unused trademarks constitute an anti-competitive element and a possible barrier to trade”.

These comments underscore the belief that clutter is not just a necessary evil in an otherwise well functioning system but may impose significant negative externalities on industry in Europe.

The February 2011 “Study on the Overall Functioning of the European Trade Mark System”¹⁰ of the Max Planck Institute (“MPI”), or “the MPI study” commissioned by the European Commission (to which Mrs. Justice Macken refers in her paper), is equivocal on the existence of register clutter as a system problem. Nevertheless it also refers to “congestion” seemingly to the same effect, and refers at paragraph 1.32 to arguments on different but overlapping aspects of clutter in terms of increasing register volumes, and within that of unused registrations, as follows:

8 von Graevenitz (2013) lists a number of such reports giving examples of such costs.

9 Delivered as the Annual Sir Hugh Laddie Lecture on 22 June 2011 at University College London – see at http://www.ucl.ac.uk/laws/ibil/docs/Laddie_Lecture_2011_paper.pdf.

10 See at http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf

“The topic is the focus of discussions about the congestion, or “cluttering”, of registers. One position advanced in the debates holds that by attracting too many registrations, the CTM system tends to obstruct registration of marks under the national regimes. That argument is frequently linked with the issue of genuine use of CTMs, as the barring of access to new signs under national law is considered as particularly aggravating where it results from a CTM which is not used and has no factual effect on the domestic market. Apart from that, cluttering is also perceived as an internal problem for the CTM system, as the access to new CTMs is likewise impacted by the rising number of existing CTM applications and registrations. The problem – if it exists – is even exacerbated by the fact that applicants for CTMs are confronted with an aggregated number of prior rights existing on the Community level as well as under national law.”

An increase of the number of trade mark registrations will itself be of interest for further research as an aspect of register clutter, but short reflection raises the question of what structural remedies to the UK and CTM legal systems could be considered to address user difficulties attributable simply to the increasing number of registrations. One mechanism to balance the interests of existing and of prospective new users, if there were sufficiently great levels of congestion, would be to change the price of a trade mark registration. The current study is though not concerned with either the question of whether the number of registered and genuinely used marks is so great that consumers and producers would benefit in aggregate, if the costs of trade mark registration were higher, nor with the question of how the correct price of trade mark registration could be arrived at. Accordingly, we have in this report largely treated the numerical volume question, i.e. Question 1, as background¹¹, consistent with the IPO’s primary briefing concern of clutter arising:

“...where the trademark registry contains trademarks that are overly broad or unused, which can raise search costs for later applicants.”

Over breadth of a trade mark is not currently a statutorily defined concept nor apparently a term defined by legal or commercial usage, but seems best to address applications and registrations for marks not used nor likely to be used for some or all of their claimed goods/services. The harmonisation of EU trade mark law has not addressed whether an applicant for registration of a trade mark is, and should be, allowed to seek and obtain registration rights covering goods/services beyond its actual or realistic user plans for the mark concerned. In UK and Ireland the national law requires a claim to goods/services in an application to reflect use or a bona fide intention to use the mark concerned; but in most other European systems there is no such requirement and to varying degrees it is seen to be a matter of legitimate choice for an applicant to claim registration for goods/services as broadly as it wishes. The result is widely thought to be that the CTM system and many other EU national registration systems encourage applicants to claim goods/services in more classes than are needed commercially, and/or for a wider range of goods/services in each class claimed.

11 There is a further aspect of trade mark volume to be kept in mind, and possibly researched further, i.e. that of the aggregate volume of goods/services on the effective UK register, rather than just the number of registrations it contains. It will be seen later in this report that we have paid some attention to this aggregate volume of goods/services in relation to the prospect of the increasing number of registrations claiming an increasing average number of classes of goods/services and an increasing average number of listed goods/services per class.

We see in this regard in effect two stages to the work leading to this report, whether there can be shown to be increasing numbers of:

- i. registrations with *prima facie* legal rights to goods/services for which the owner has made no use of the mark concerned, and
- ii. applications for registration (and registrations less than 5 years post-grant) which have not been used (in whole or in part) and cover goods/services unlikely to be used as they are well outside its owner's usual commercial field.

In that sense we take it that over-breadth refers to applications and registrations not yet vulnerable to action for non-use revocation, but which claim goods/services likely to be unused in due course in whole or in part.

As a matter of principle non-use of registrations is not permitted within the UK and CTM trade mark systems. Recital 9 of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks¹² ("the Trade Marks Directive"), reads thus:

"In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation."

The UK and CTM systems both provide legal revocation provisions as a structural remedy to address 3rd party user difficulties attributable to full or partial non-use¹³ of existing registrations. These provisions are widely viewed as insufficient for purpose as currently laid down and applied. The UK and CTM revocation provisions could be considered for refinement if non-use clutter can be shown to exist and exists as a significant problem. This has led us to frame the primary research question for this report as:

"What evidence can be found of an increasing proportion of registrations on the effective UK register that are unused, or are overly broad in terms of being unlikely to be used (in whole or in part)?"

This question is addressed in the following analysis. The next section, Section 2, provides a review of our own and previous work on cluttering derived from the volume of applications. This review is needed as there is little extant research on the topic and some of the existing work is previously unpublished. In Section 3 we provide a careful discussion of the legal context of register clutter. This section compares the legal basis for trade mark registration in Europe, the UK and the United States. Following on from this, Section 4 discusses the methodologies adopted in this report. Section 5 sets out results of our quantitative and qualitative research. The report concludes with a discussion of the implications of our research findings in Section 6.

¹² See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:299:0025:0033:en:PDF>

¹³ Partial non use arises where the owner makes no use of the registered mark for parts of a registration, say for some goods/services or some Nice classes is unused, while there is use of the mark for other registered goods/services.

2. Clutter – Review of Previous Work

This section summarizes evidence from previous research on clutter derived from data on the volume of trade mark registrations. This evidence speaks mainly to the first question from the earlier IPO report outlined in the introduction, on the effects of an increasing volume of registered trade marks. It also provides the context for the new evidence on clutter outlined in Section 5.

We begin by reviewing data on the size of the effective UK trademark register. Next we look at evidence for clutter in terms of the volume of applications at OHIM and at IPO.

2.1 The Size of the Effective UK Register

On 31 December 2011 OHIM's database listed over 1 million trade marks, of which 682,851 were listed as active registrations. A further 72,285 were pending and 19,507 were listed as opposed, with smaller numbers in various stages of appeals and cancellation proceedings. The size of OHIM's active register at the time consisted of approximately 750,000 marks. This takes into account that not all pending marks and not all opposed marks end up being registered.

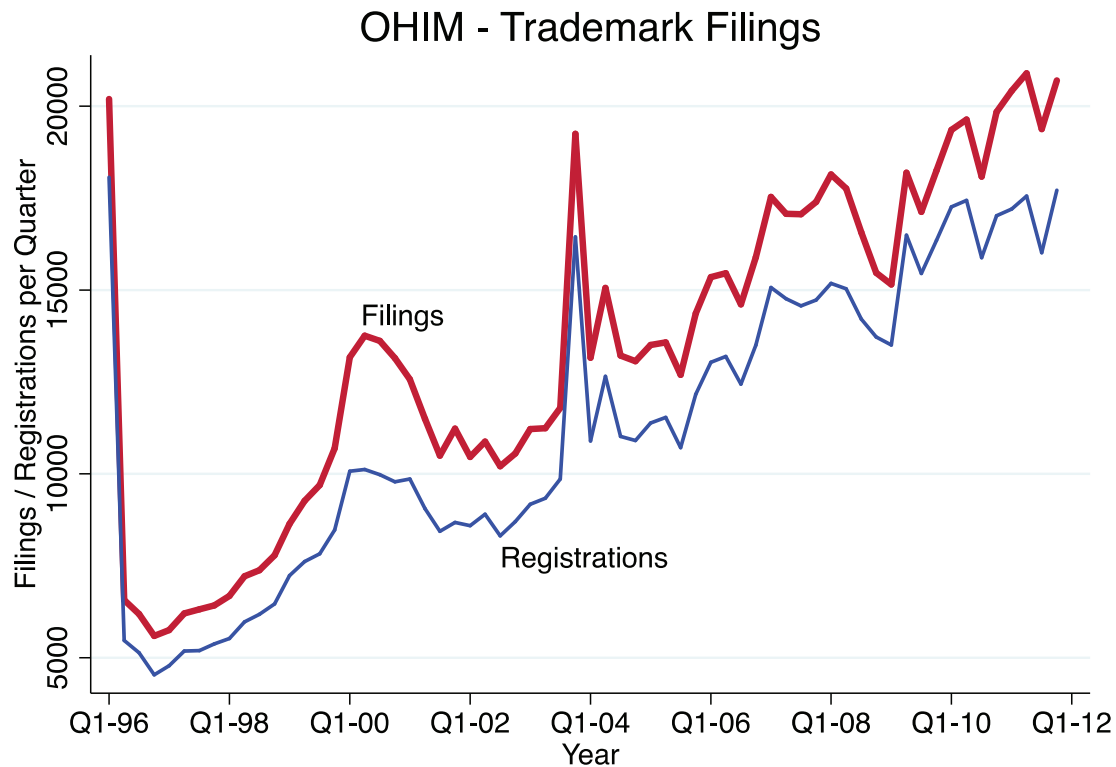
IPO's register at the same time contained 506,867 marks that had registration or renewal dates after 2002 and were filed on or after 1 January 1990¹⁴. This suggests that 3rd party users must take into account an aggregate effective UK register comprising well over 1.25 million trade marks having force or potential force in the UK market-place.

Of course, UK firms active in other markets in the EU and elsewhere must also take into account the national registers in those markets. As a point of comparison, the register of the USPTO on 31 December 2011 contained 1,819,084 marks with registration or renewal dates after 2001 and application dates before 1 January 2012.

The absolute size of these three trade mark registers provides some indication of the size of the search task a prospective 3rd party trade mark user may face in each particular jurisdiction.

14 Oppositions are comparatively rare in the UK, but we have no data on pending applications for the UK.

Figure 2.1

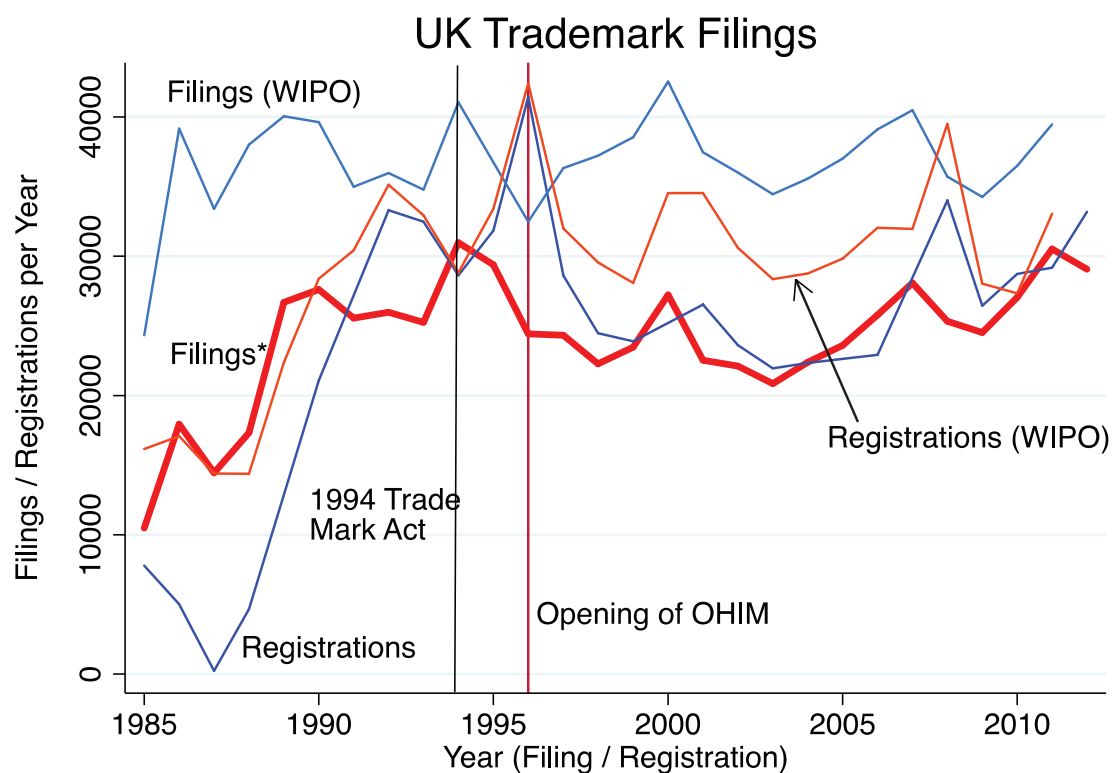


Source: Own calculations based on data supplied by OHIM.

In currently unpublished work for WIPO some of the authors and others have found that the trade mark registers of OHIM and USPTO have grown faster than the size of each economy as measured by GDP. GDP captures the overall level of goods and services bought and sold in the economy every year. A need for more marks per unit of GDP over time raises the question about the change in firms' behaviour leading to this increased demand for trade marks per unit of GDP. Growth of the ratio of marks per unit of GDP over time indicates that either firms added large volumes of new marks to the register relating to new economic activity or that they replaced existing marks with multiple new marks. This is consistent with creation of excess trade marks. Non-use is more likely to arise in Europe than the United States as we explain in Section 3 below.

In Europe the growth rate of filings at OHIM relative to EU GDP has been significantly higher than the growth rate of filings at USPTO relative to US GDP. Perhaps surprisingly the world wide economic crisis that began in 2008 had no effect on the growth of the trade marks to GDP ratio in Europe (OHIM), while demand for marks at USPTO decreased dramatically after the crisis, relative to GDP. At the same time the registers of IPO and the German Patent and Trade Mark Office ("DPMA") did not grow relative to GDP. This also suggests that the growth of trade mark applications at OHIM may be unrelated to change in the European economy in this period. It should be noted that IPO's register growth outpaced UK GDP growth after 2008.

Figure 2.2



* UK Filing data do not contain counts of filed but not registered marks at present.

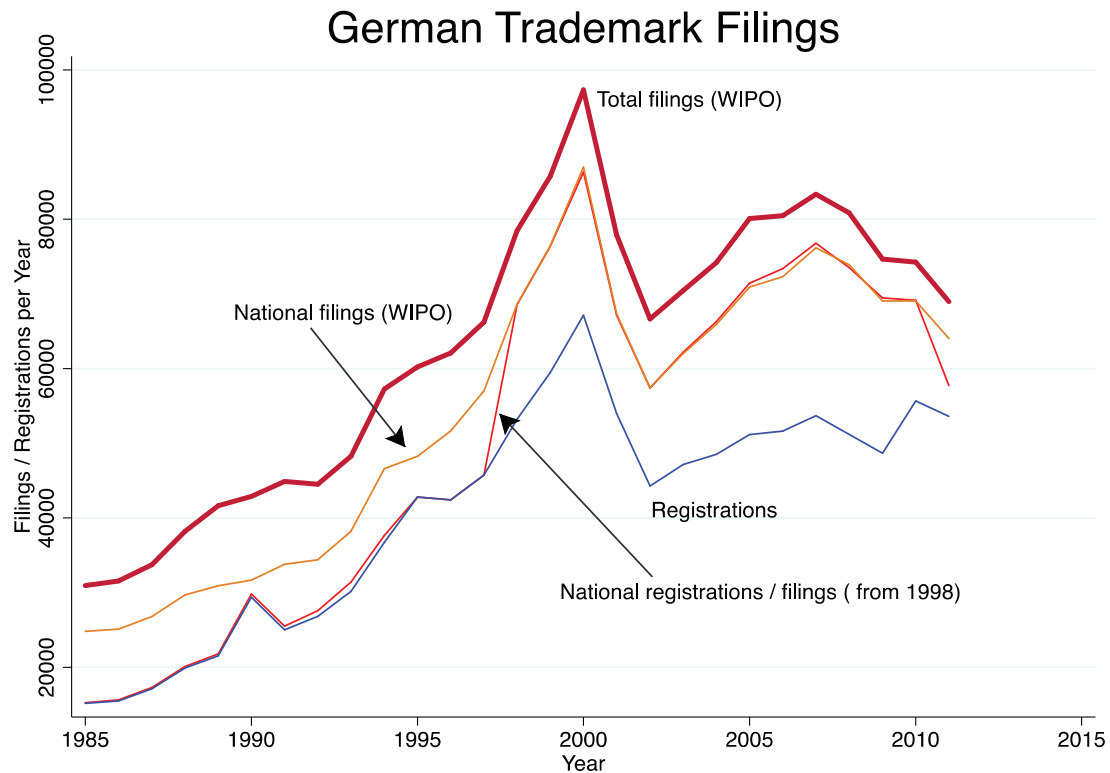
Source: Own calculations based on data supplied by IPO and data from WIPO.

Figures 2.1, 2.2 and 2.3 show the growth trends of the number of trade marks registered on the trade mark registers of OHIM, IPO and DPMA in the last two decades, and illustrate the contrasts between the trend of filings at OHIM and at IPO and DPMA. As the graphs indicate the growth of filings at OHIM seems to be the primary cause of overall growth in filings and registrations within the EU¹⁵. National filings at IPO and DPMA have been fairly stable since OHIM started registering marks in 1996, following earlier upward national office trends.

We turn next to the role of trade mark lapses. Clearly the creation of many new marks does not necessarily indicate that many of these new marks remain unused. One possible explanation for high rates of new trade mark applications can be a high rate of lapses of older marks which are then replaced with multiple newer marks. We have not found evidence for this alternative explanation for high growth rates in OHIM trade mark applications in the data we study.

¹⁵ It is worth noting that CTM filings exceed those of nearly all EU national IP offices, and that each CTM application or registration is effectively duplicated in each EU national register. This means that most EU national effective registers are dominated by CTMs having full effect as if they were national rights.

Figure 2.3



Source: Own calculations based on data supplied by DPMA and WIPO. This figure was created with help from Philipp Schautschick, which is gratefully acknowledged.

The overall number of UK national registrations extant in 2012 and due for renewal that year was 48,239. Of these 41.5% were renewed, so during 2012 there were about 28,000 UK lapses. For 2000 we found a slightly lower renewal rate of 38.5%. The corresponding OHIM reported figures for 2012 do not make clear the number of registrations due for renewal. Our data indicates that 35,957 applications from 2002 were on the register at OHIM at the start of 2012. Separately published OHIM figures show 20,600 registrations having been renewed that year, but our own data does not yet contain this information. This suggests that 15,357 marks from the 2002 cohort lapsed in 2012, indicating that the renewal rate for OHIM for that cohort was 57.3% of those due in 2012¹⁶. Our data shows that for the 2000 cohort the renewal rate was lower at 51.4%.

These renewal rates can be usefully compared to those reported by USPTO to WIPO in unpublished research. US registrations must be renewed, with a Proof of Use ("PoU") requirement, between nine and ten years from grant. There is also a PoU requirement (not technically a renewal, but failure to comply results in lapse) between five and six years from grant. The WIPO research found an average maintenance rate of 48% at six years and of 70% of the remaining marks at ten years. Overall the ten year renewal rate is therefore 33% at

¹⁶ This figure may be slightly inflated if OHIM also reported some late renewals for the 2001 cohort in 2012.

USPTO. Clearly this renewal figure is significantly lower than either the OHIM or the IPO renewal rates. It should also be borne in mind that this figure overstates the proportion of marks remaining on the register in the years 6-10 as many do not survive past the first maintenance date at six years.

We thus have in 2012 non-renewal lapses of about 28,000 at IPO and about 15,000 at OHIM. It is useful to compare new filings to IPO of about 30,000 in 2012 with 28,000 non-renewal lapses and new applications to OHIM of about 80,000 with 15,000 non-renewal lapses. This leads to about 110,000 new applications against 43,000 lapses for the effective UK register. This shows that the effective register has been growing significantly.

Lapse through non-renewal is undoubtedly a beneficial aspect of clearing unused registrations from the UK and CTM registers, but the number of marks lapsing in 2012 was lower than the number of new applications at IPO, and significantly lower at OHIM, contributing in each case to the growth in numbers of active marks on the effective UK register. This section shows that the growth of trade mark volumes on EU registers is noticeably stronger than in the United States. So far the evidence we have presented is consistent with a number of explanations. One of these is significant non-use of trade marks in Europe. Further evidence for that explanation is provided in Section 5 of this report.

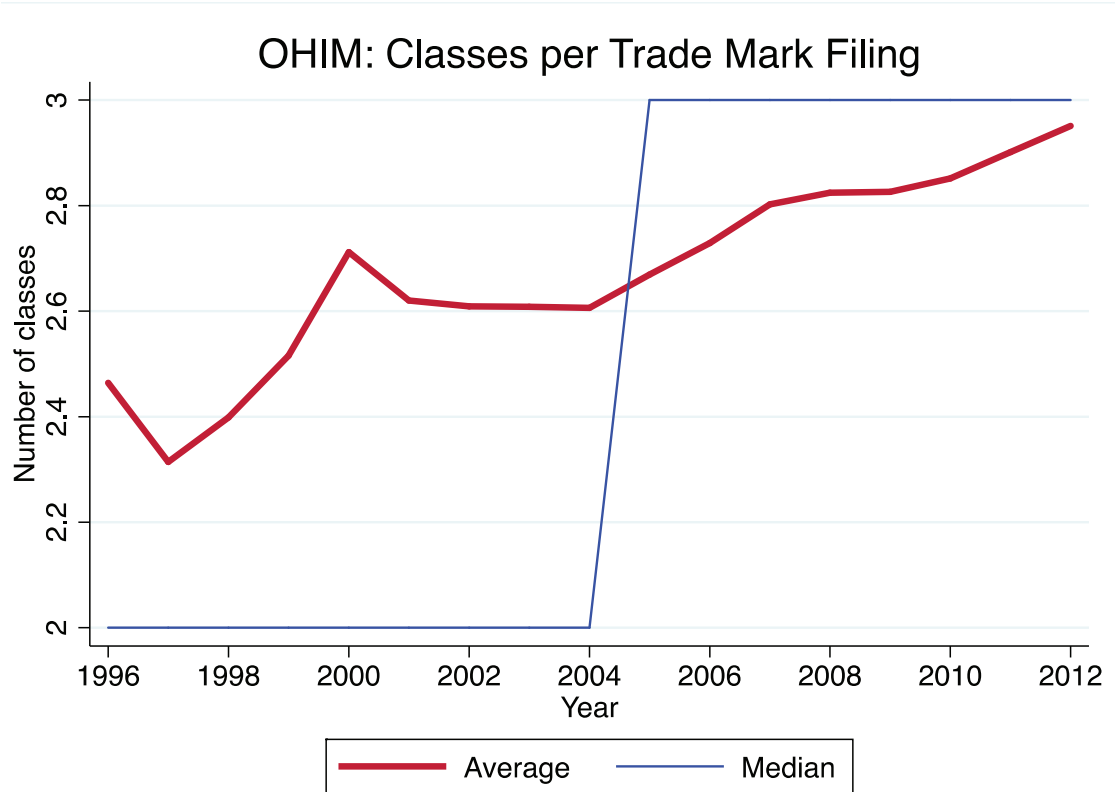
2.2 Evidence of Clutter at the Level of Nice Classes

Next we describe the number of Nice classes claimed per application at IPO, OHIM and USPTO. We use datasets provided to us by those three offices. One approach to measuring clutter is to establish how broad marks are at the time of application. This can be measured either on the basis of the number of Nice classes for which a mark is registered (as is done here) or on the basis of the number of goods and services for which the mark is registered within those classes (as is done in Section 5). As we establish in either case, marks registered at OHIM are significantly broader than those registered at USPTO. In some cases we can demonstrate this fact for identical applications. In conjunction with the stricter requirements to prove use at USPTO, these findings strongly suggest that many marks at OHIM are registered for goods and services which their owners do not provide to the market in the first years after registration. An applicant may apply to register their mark for goods/services listed in one or more of the 45 Nice classes at USPTO, OHIM and IPO. The official application fees reflect the number of classes claimed, but not the scope of goods/services in each class¹⁷.

The figures we report here (Figure 2.4) show the mean and the median number of classes claimed per application or registration. We analyse all applications/granted marks. The median is a measure of the average number of Nice classes chosen, that is not affected by outliers, i.e. the relatively small number of instances in which firms apply for all 45 Nice classes at once. The comparison of the number of classes applied for does not allow us to determine whether there is non-use beyond the simple observation that applications regularly claim more classes at OHIM than at IPO and USPTO.

17 It is the case in some jurisdictions around the world that official filing fees are affected by the scope of goods/services claimed in a class, often according to the number of descriptive terms claimed. See Section 3.1 for more detail on application fees.

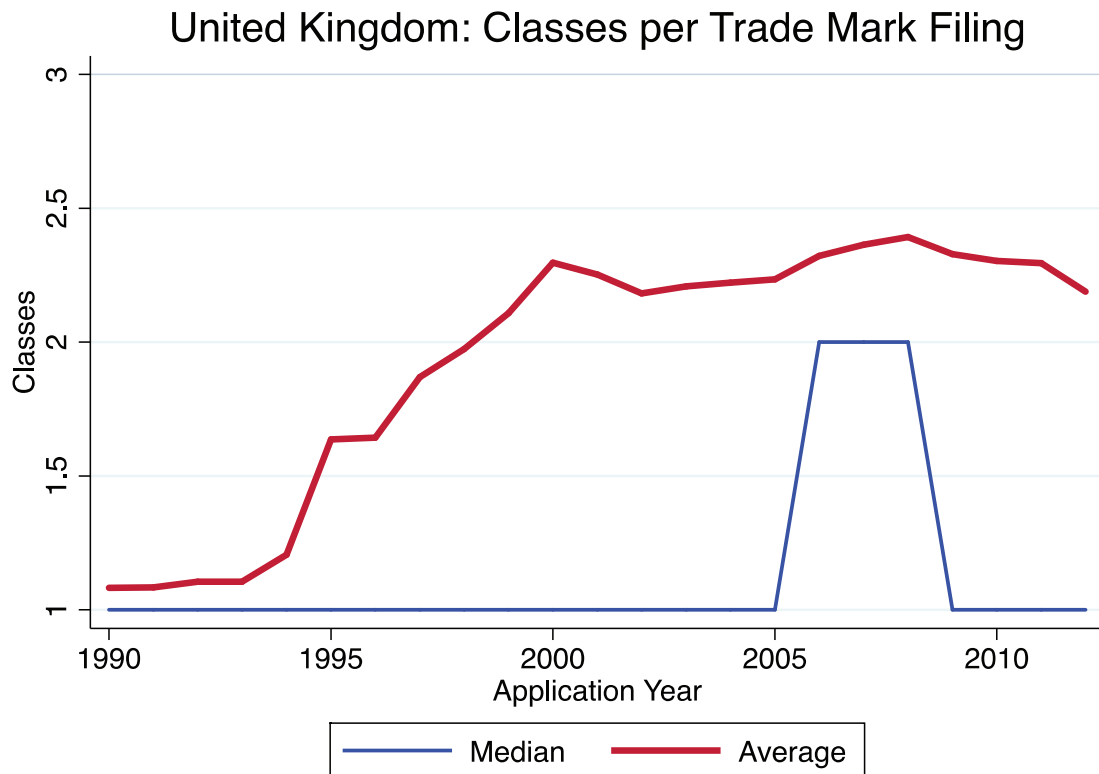
Figure 2.4



There is a key difference between the IPO and OHIM trade mark application fees in that the basic IPO filing fee covers only one Nice class of goods/services whereas the basic OHIM filing fee covers up to three Nice classes (the “3 for 1 policy”). In each case further classes lead to additional fees (for which see again Section 3.1 above for more detail). It is argued that the OHIM 3 for 1 policy creates incentives for applicants to register their marks in classes in which they are not likely to be used, and Figure 2.4 is consistent with that at OHIM showing the average number of classes applicants claim in their applications has increased over time from 2.5 to almost 3 classes per application. More significantly, the median number of classes jumped from 2 to 3 in 2004 and has remained there since, indicating that the majority of applicants have filed in three or more classes since then.

It should be noted that it is widely expected that the 3 for 1 policy at OHIM will be discontinued once the planned new EC Trade Mark Directive and CTM Regulation package has been implemented.

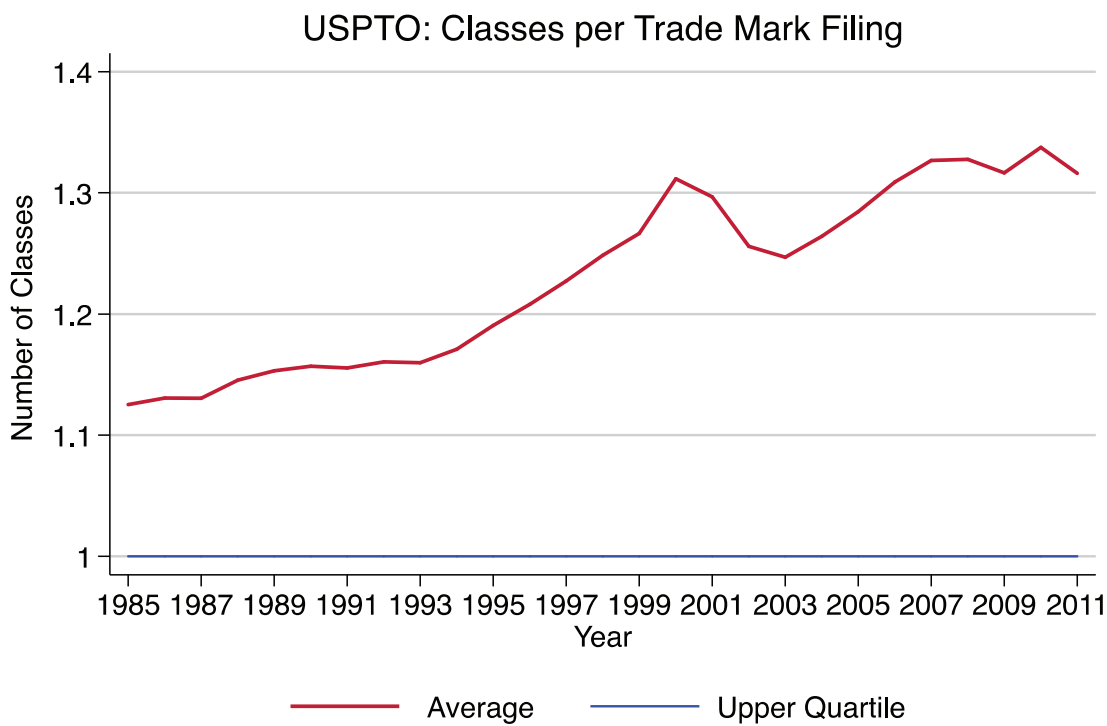
Figure 2.5



In the United Kingdom, as is shown in Figure 2.5, we would expect to see applicants to be filing in only one class per application before 1994 when multiple class UK filings were introduced. This is overwhelmingly the case as 88% of applicants filed their trade mark in only one class¹⁸. Of the remaining 12% of applications, where this was not the case, 65% originated outside the UK. After 1995, the UK average number of classes filed per trade mark rose to just less than 2.5 in 2008, while the median was two classes per application between 2006 and 2008. Since then the median has dropped to 1 class per application again. This is considerably less than Germany (data not shown) where the mean and the median number of classes has oscillated between 2 and 3 over the same period with peaks in 2000 and 2012 and a trough in between. The experience of the UK and Germany shows that even without the incentive of the 3 for 1 policy (which neither of these offices offers) applicants choose to register in more than one class quite frequently. Although single products and ranges of products not infrequently require filing in two or more classes, we should not discount the possibility that OHIM's 3 for 1 policy is influencing the behaviour of applicants at national offices in Europe.

¹⁸ We are not clear about the reason for the figure of 88% as only single class filings were allowed in UK before the Trade Marks Act 1994, but it may be the result of the later merger of two or more applications for the same mark into a single multi-class UK registration.

Figure 2.6



Graph supplied by USPTO in work for WIPO

Figure 2.6¹⁹ shows that at USPTO the increase in the mean number of classes per trade mark filing over the same period has been from 1.2 to less than 1.4²⁰. Given that trade mark owners are required to demonstrate actual use of their marks at USPTO it is questionable whether the much stronger upward trend in the number of Nice classes per application which we observe at OHIM and at EU national offices such as IPO is due to a real increase in the breadth of business models attached to specific trade marks. At OHIM it seems likely that at least some of this increase is the result of a lack of incentives for firms to limit themselves to less than three classes when registering their marks even when there is no intent to use the trade mark for goods/services in more than one or two classes.

von Graevenitz et al. (2012) investigated the patterns of trade mark filing by UK firms and found evidence to suggest that medium-sized and large firms were applying for more classes per trade mark over time. By itself this is not conclusive evidence of non-use clutter, as this upward trend might be due to increases in product variety. The authors also investigated registrations and oppositions to trade marks sought via OHIM and found results to support the view that the 3-for-1 policy was encouraging applications in multiple classes beyond the likelihood of use of the mark.

19 his figure was supplied by USPTO. The analyst chose to plot the upper quartile of the distribution of Nice classes rather than the median as we have done. The intent is the same, i.e. to provide a statistic unaffected by outliers. The median for the US must also be 1.

20 Multi-class CTM priority claims may perhaps be pushing up the number of classes claimed in US applications. The average number of classes on domestic US applications has not increased recently.

Key research findings:

1. Data for 2012 indicates that non-renewal lapses were exceeded by new filings at both IPO and OHIM, giving an overall effect for the effective UK register of about 110,000 new applications against 43,000 lapses.
2. The number of Nice classes claimed per application at OHIM is significantly higher than at USPTO. At IPO the number of Nice classes per application is lower than at OHIM but also significantly higher than at USPTO.

Authors' conclusions:

1. Lapse through non-renewal clears some unused registrations from the effective UK register but does not prevent register growth.
2. USPTO's PoU practice is a likely explanation for low class numbers per application at USPTO, while the 3 for 1 policy (expected soon to be abandoned) at OHIM probably explains the comparatively very high median number of classes per application at that office.

Authors' note:

1. On 2012 IPO and OHIM figures the much smaller numbers of revocation actions seem unlikely to significantly affect the above lapse/application ratio.
2. Results reported on classes per mark are purely descriptive while results on filing by pharmaceutical firms are based on econometric analysis supporting a causal effect of regulatory burden on filing behaviour.

2.3 Evidence for Clutter in Goods/Services Lists

von Graevenitz (2013) provides evidence of clutter arising from surplus trade marks at OHIM for a narrow group of firms in the pharmaceutical industry. The paper exploits the expansion of the EU in 2004 to provide evidence showing that incentives for cluttering by pharmaceutical firms increased in that year.

Expansion of the EU in 2004 increased the number of regulators that pharmaceutical firms faced when seeking approval for the names of pharmaceutical products. This additional regulatory hurdle created incentives to apply for more trade marks than needed for any given product. This insurance strategy results in 6% surplus marks in the Nice classes used by pharmaceutical firms. The surplus trade marks are rarely used by their owners, so this analysis shows one instance of non-use by applicants of whole CTM registrations. The number of surplus marks in this analysis is relatively small in comparison to the overall OHIM register as the work focused on the pharmaceutical industry in Europe. von Graevenitz (2013) notes that this form of clutter could be reduced with more coordination between OHIM and the agencies approving names for pharmaceutical products in Europe.

3. Legal Context

This section discusses the legal frameworks for trade mark registration in the United Kingdom, Europe and the US. It provides a careful discussion of when non-use may arise and why the mechanisms that exist to remove unused marks are ineffective in the trade mark registers of IPO UK and OHIM. It also sets out the probable practical effects of non-use clutter from the perspective of a practising trade mark attorney.

3.1 Reasons for Unused Goods/Services in Registrations

3.1.1. Considerations on Filing – The legal scope of UK and CTM registrations is determined by the mark and a list of goods/services for which protection is claimed. The mark of a registration for practical purposes cannot be changed post-filing, whereas its goods/services lists can be changed but only by way of restriction. Both systems require applicants for registration to arrange their lists of goods/services in one or more of the 45 classes of the Nice International Classification²¹, and to describe their goods/services within each class clearly and precisely²². There are on filing no restraints beyond cost on the number of classes of goods/services claimed in a UK or CTM application, and no restraints on the goods/services scope claimed in any given class provided this is clearly and precisely described.

The CTM Regulation provides no basis for OHIM to require from an applicant any declaration or evidence of actual use, nor of intent to make such use, which means that there is no formal reason not to file broad lists of goods/services in each class claimed in a CTM application, nor financial reason to limit the number of classes claimed unless the additional filing fee of €150 for each class beyond three is an issue (the “3-for-1” approach)²³. Wide CTM goods/services claims are therefore commonplace, not least through the adoption early on by OHIM of its class-heading practice²⁴ encouraging applicants to claim a maximum of goods/services per class. CTM registrations claiming all 45 classes, and a wide range of goods/services within each of those 45 classes, are costly (at an online filing fee of €7200) and unusual, but not unheard of.

21 See at <http://www.wipo.int/classifications/nice/en/classifications.html>

22 Until a 1986 amendment the UK statute allowed registration only for goods, not services, and until 1994 the IPO was able only to accept applications for a single Nice class of goods or services. The 1994 UK Trade marks Act then allowed applications to be filed for multiple classes of goods and/or services. From its inception in 1996 the CTM system has accepted applications for multiple classes of goods and/or services.

23 The base filing fee at OHIM covers up to 3 classes of Nice goods/services, but this so-called 3-for-1 approach is widely thought likely to be dispensed with in the EC's proposed new CTM Regulation.

24 Under this practice OHIM deemed Nice class headings in lists of goods/services in registrations to refer to all goods/services in that Nice class. This practice was ended by the CJEU in June 2012 in its IP TRANSLATOR judgment - see at <http://curia.europa.eu/juris/document/document>.

The UK statute does require an applicant for registration to state formally that its trade mark is being used in relation the claimed goods/services, or that it has a bona fide intention to make such use. A false declaration on filing of an applicant's use/intent to use is a ground of invalidity of a UK registration, at least for the false part of the declaration, but the veracity of these declarations is not commonly raised by IPO in the prosecution of UK applications, nor frequently raised by third parties post-grant²⁵. The 1994 introduction in UK of multi-class applications came with an official filing fee covering one class only (now £170 online), and a fee (now £50) for each class beyond the first²⁶.

It has been widely accepted as good practice by experienced UK attorneys, and for the general benefit of their clients in UK trade mark matters, to file applications with a somewhat broader goods/services claim than is consistent with a strictly true use/intent declaration. For example this may be done by adding a generic term to the species product description and by adding coverage for other likely line extensions, but with overall circumspection so as not to attract peripheral and commercially irrelevant oppositions through breadth²⁷. Of late though UK filings have shown signs of a more robust disregard of the formal use/intent to use requirement (cf. Figure 5.2 below), probably through familiarity with CTM practices, by claims in multiple classes of broad ranges of goods/services. Perhaps unsurprisingly, this seems unfettered by the modest additional UK filing fee of £50 for each class beyond the first and wide UK goods/services claims are becoming more commonplace, albeit usually somewhat short of the standard prevailing before OHIM.

The link between an applicant's claimed goods/services and its market-place activities and intentions has then never been a limiting factor relevant to CTM applications (save for practical concerns over attracting peripheral and irrelevant oppositions), and the equivalent link is thought to be lessening in terms of UK national filings.

25 A registration certificate from IPO or OHIM confirms to the owner the grant of a number of exclusive rights. This is usually referred to in UK as the grant point even though the owner technically acquires those rights back to the date of application. The term "issue date" may make more sense to define when the rights were confirmed by certificate but the term "grant" is nonetheless widely used to mean when UK or CTM registration took place, and we have abided by that loose convention in this report. In US trade mark matters it is usual to use "issue" as opposed to "grant" at this point on the rationale that the owner's trade mark rights arise from its use of the mark on goods and services, i.e. not from the government granting those rights. We here use the term grant to refer to point at the conclusion of the application process unless the context makes clear otherwise.

26 Before UK multi-class filings were introduced in 1994 an applicant's wish to cover goods/services in more than one class required the filing of multiple applications, one for each class required. Many resulting registrations have since been merged onto single multi-class registrations.

27 Trade mark lists in registrations are required to describe clearly and concisely the goods/services for which legal rights are sought. It can be argued that this requires a descriptive ("species") term for each product concerned, e.g. "ice cream and chocolates", but in many jurisdictions (including UK but not USA which has more strict descriptiveness requirements) it is at least tacitly accepted that the appropriate "generic" term, e.g. "Confectionery" may reasonably be used even if in UK terms that may strictly be somewhat broader than is consistent with a strictly true use/intent declaration. The basis for our use of the terminology is that a "species" term specifically describes a particular product and a "genus" term is that which contains the species product and related products, perhaps here "boiled sweets".

The additional class fees at OHIM (€150 for each class beyond three) and IPO (£50 fee for each class beyond the first) are modest in comparison with the base filing fees OHIM (€900 for three classes) and IPO (£170 for one class). In contrast the USPTO's online fee structure requires of an applicant the same payment of up to \$325 for each class claimed and \$275 for streamlined electronic filing using the TEAS Plus system. These fees for UK, CTM and US applications are all for applications filed on line, and are less than for paper filed applications.

3.1.2. Considerations Post-Filing – An applicant may lose interest in an application if its commercial circumstances change (e.g. the project is abandoned or proceeds with a different mark), but as many UK and CTM applications go through to registration at minimal post-filing cost there is often little incentive to withdraw or surrender. An unused, possibly redundant, registration may then remain extant (unless attacked by a 3rd party) up to the 10 year renewal date, and for an indefinite number of further 10 year periods if renewed (for which see at 2.2.3 below). There are no requirements during the prosecution of an application before IPO or OHIM for the applicant to provide any declaration or evidence of actual use, nor at any stage post-grant to renewal and beyond²⁸.

3.1.3. Renewal and Non-Renewal – The renewal of UK and CTM registrations at 10 years from their date of application²⁹ is achieved by a simple request and payment of an official fee. The renewal is for 10 years and thereafter a further renewal is due in the same way, in theory ad infinitum. The IPO and OHIM systems each allow late renewals up to 6 months from the actual renewal date, as of right but subject to an additional fee, and each have provisions to apply in some circumstances for restoration during the subsequent 6 months, that is to say within 6-12 months from the actual renewal date. An application made within that 6-12 months to restore a lapsed registration is though not granted as of right but is subject to provision of evidence of proper care to renew and a satisfactory explanation of the reasons why the mark was not renewed. Non-renewal therefore leaves an un-renewed registration potentially recoverable throughout its 11th year from application. There are no requirements before IPO or OHIM for proof of use ("PoU") or the like on renewal and the result of the request/fee is renewal of the registration in its entirety, or in respect of any requested part thereof³⁰.

3.2 Use and Non-Use of Registrations

3.2.1. Registrations – Both the UK and CTM trade mark registration systems have provisions for third parties to apply to revoke an unused registration, or the unused part of a registration, as required in Recital 9 of the Trade Marks Directive:

28 Both the UK and CTM systems enable applicants to try to counter official refusals on absolute grounds, e.g. descriptiveness of the mark, with evidence of pre-filing use, but failure of such an application to gain registration is a matter of failure to prove de facto distinctiveness resulting from such use. Both systems also have provisions to require a registrant to file evidence of use in proceedings (e.g. oppositions or invalidation actions) based on a registration, which has been granted for more than 5 years, failing which the proceeding will terminate. The base registration remains unaffected by such a failure unless a separate non-use cancellation action follows.

29 The date of application provides the deemed date of registration before IPO and OHIM, as distinct from the date on which the application procedure is concluded and a registration is granted.

30 This is in marked contrast to the requirement for renewal of US trade mark registrations to include a degree of PoU before renewal will be granted – discussed further at 4.1. below.

“.... to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them ...”

These revocation provisions can only be invoked against a registration by third parties, i.e. not by the IPO or by OHIM, and are only available after five years from grant of the registration³¹. A revocation action can also be expected to take some years to reach conclusion, more if appeals are filed, and revocation actions are relatively uncommon. OHIM in its 2012 Annual Report indicates that it received 1262 cancellation requests in the year, amounting to about 0.17% of the total number of CTM registrations. The IPO's published annual figures show in the region of 150 revocation actions commenced in each of the years 2010-12, on our estimates therefore less than 0.03% of the total of UK national registrations³².

Interesting in this regard is the typically trenchant view of Mr. Justice Jacob³³ in his decision in *MINERVA Trade Mark* [2000] FSR 734, repeated in the noted text book, Kerly's Law of Trade Marks and Trade Names 13th ed. 2000, Preface, pp. viii-ix, thus :

“Even more seriously these overbroad registrations are likely to hamper trade. And of course they may put up costs for anyone seeking registration of a mark or contemplating using it. The problem needs resolution. Sooner, rather than later, rules will have to be developed to stop this nonsense. It is not good enough to say that there can be later part-cancellation of wide specifications for non-use. Who would bother with the expense and time involved when they want to get on with their business?”

3.2.2. Effects on Third Parties – Informal discussions suggest that the belief of many IP attorneys is that non-use related register clutter is a problem, based on their experience of clearance searches for new, or new to UK, products, whether as goods or services. The following fictitious scenario is based on the authors' recollection of such informal discussions and is believed to be realistic:

- i. The client chooses a new mark for a product, and requests a register search and advice on possible problems with existing rights, notably on infringement and on the likelihood of obtaining registration.
- ii. The attorney conducts or obtains a register search from which he finds a registration of an identical/similar mark for, inter alia, identical goods to the proposed product, which registration he regards as a prima facie infringement risk.

31 For a UK or CTM application which passes without objection to registration this can mean it becomes liable to action for revocation for non-use within 6 years of filing, but for an application which faces official objections to registration and/or oppositions that period can be significantly longer, even years longer.

32 These percentages for IPO and OHIM revocations do not take into account that registrations are only vulnerable to no-use revocation after five years from grant of a registration. The actual percentages may then be larger in fact although we guess by less than a factor of two.

33 Mr Justice Jacob is now The Rt Hon. Professor Sir Robin Jacob, having been in the interim Lord Justice Jacob as a judge in the Court of Appeal of England and Wales.

- iii. The attorney observes that the registered goods/services are otherwise free of infringement risks etc., and finds online that the registered goods identical to the proposed product are remote commercially from the registrant's described market activities.
- iv. The attorney advises that the chosen mark is not available, as its use would infringe the registration, but only in respect of registered goods/services for which on-line enquiries show signs of non-use, i.e. the registration may prove unenforceable against the proposed goods.
- v. The client then has the choice of:
 - i. Ignoring the attorney's advice and pressing ahead with the chosen mark;
 - ii. Seeking the registrant's consent;
 - iii. Applying to revoke the registration at least in part, with or without more detailed enquiries into possible use by the registrant (and in 28 countries if a CTM registration);
 - iv. Abandoning its interest in the chosen mark and embarking on the work and cost of choosing and clearing a new mark, i.e. starting again.

All this arises in respect of a registration for goods/services in respect of which the registrant may well have no commercial interest and reflects the argument described in paragraph 1.32 of the MPI study³⁴ that:

"the barring of access to new signs under national law is considered as particularly aggravating where it results from a CTM which is not used and has no factual effect on the domestic market".

Attorney comments in this regard often indicate that the most common client decision in such circumstances is abandonment of the chosen mark and starting again, as the costs, uncertainty and delay of both the revocation and consent routes are unattractive or unacceptable commercially. Delay of course, in selecting an alternative mark and its legal clearance for launch, has a cost too for both for SME's and bigger, e.g. high tech, industries where time is of the essence.

So, in the UK and CTM registers directly affecting the UK market, marks can be registered without actual or intended use in respect of any of the goods/services claimed, registrations are only liable to non-use attack after at least five years post-grant and may be renewed indefinitely as of right. To quote again from the MPI study in paragraph 1.34:

³⁴ For source see footnote 7 above.

“The system therefore inevitably involves a certain amount of “cluttering” in the sense that unused trade marks are found in the registers and will show up in searches, even when they cannot be validly enforced”

The matter then is one of degree – how many of the approximately 1.25 million registrations on the effective UK register are vulnerable to revocation for non-use, in whole or in part, or are likely to become so once more than 5 years from grant?

4. Methodology

As indicated at the end of Section 1 above, the core question for this report is:

“What evidence can be found of an increasing proportion of registrations on the effective UK register that are unused, or are overly broad in terms of being unlikely to be used?”

We have looked for evidence of the existence and extent of cluttering and its effects on businesses in two main ways, the first quantitative and the second qualitative. Our quantitative research has largely involved analysing and comparing register data, which was generously supplied to us in 2013/4 by OHIM, USPTO and IPO from their internal systems. Due to differing lags in the processing of marks at these offices we restrict our analysis to the years before 2013.

This section provides a discussion of the basis for a comparison of the length of goods and services declarations between European and US registrations. We explain why this comparison clarifies the extent to which marks are not used in Europe. We also briefly touch upon the way in which we collected qualitative data from practicing trade mark attorneys in the UK.

4.1 Quantitative Research

The quantitative results reported below explore how the rules regarding trade mark filing at IPO, OHIM and USPTO affect the scope of goods/services claimed by applicants. Data analysis and results of this work are discussed in Section 5 below.

As discussed in section 3.1.1 above neither IPO nor OHIM has any effective requirement for a trade mark owner to demonstrate the use of a mark for the goods/services for which the mark is registered. This lack of any provision for IPO and OHIM to require PoU from a trade mark owner is in marked contrast to the PoU requirements in US filing, prosecution, grant and beyond. These different requirements are further discussed in Section 4.1.2 below. This difference between European and US registration rules is widely held to encourage the acquisition and maintenance of UK and CTM registrations covering goods/services beyond the commercial activities of the registrant, the “deadwood” issue also discussed below.

Non-use of registrations can manifest itself on three different levels:

1. the mark is not used at all in the market,
2. the mark is only used for some Nice classes for which it is registered or,
3. the mark is not used for some of the goods/services for which it is registered.

The analysis presented in Section 5 focuses on the last of these cases. Some evidence regarding the former cases has already been discussed in Section 2 above.

4.1.1. Direct Research Approaches – Looking directly for evidence of use and non-use, of each registration in the roughly 1.25 million marks on the effective UK register would have been beyond the time and budget for this report. The same is true of a survey approach such as that taken by MPI for their study.

Furthermore the UK and CTM registers, and published related official data such as legal decisions, contain little evidence against a background of 1.25 million marks of how and to what degree registered marks are used or not used. There are relatively small numbers of cancellation/revocation actions filed each year (in 2012 about 1300 at OHIM and about 150 at IPO) and we have no data on how many of those are based on claims of non-use. We also have no data on the numbers of surrendered registrations (as opposed to lapsed by non-renewal), but we suspect those numbers will be few. There will be some PoU information on file as a prerequisite for oppositions and IPO invalidity actions, and the equivalent as part of substantiation of court infringement actions, although it seems likely that few such actions will be brought in respect of unused marks because of the requirement to prove use of the existing registration(s) relied upon.

At the moment then we can see no realistic and cost-effective way directly and reliably to detect or measure the used parts of goods/services of registrations, and thereby point to possible non-used parts. Ways reliably to detect or measure unused parts of goods/services of registrations appear even more problematic, so we have looked for other official register data which might show or point to areas of non-use in registrations. In this, the use of data on the scope of US registrations is promising.

4.1.2. Use of USPTO Data in Comparison with UK/CTM Data – The research project on which this report is based has concentrated on looking at quantitative data from the official registers of IPO, OHIM and USPTO for differences in listed goods/services scope of UK and CTM registrations and equivalent US registrations.

The enticement to this approach arises in the robust provisions in the US Federal trade mark registration statute, the 1946 Lanham Act as amended (15 U.S.C. §§1051 et seq.)³⁵, in terms of its requirements for:

1. a US applicant to supply PoU³⁶ before for a US registration can be granted,
2. the registrant between five and six years from grant³⁷ to file further PoU for the US registration to be maintained, and
3. the registrant before ten years from grant (and ten yearly thereafter) to pay a renewal fee supported by further PoU.

At each stage a US application or registration will only proceed in respect of goods/services for which satisfactory PoU is provided. This is in marked contrast to the essentially unrestricted goods/services filing, grant and maintenance practices before the IPO and OHIM and thereby offers, through comparison of the goods/services of UK/CTM registrations with those of corresponding US registrations, the prospect of locating US goods/services registration scope lost to the PoU requirements of USPTO as implied evidence of unused goods /services scope of UK/CTM registrations.

The result of the USPTO's programmed PoU requirements is that the listed goods/services scope of US registrations are perforce generally quite close to a description of the registrant's market-place goods/services, albeit lagging due to the five and then ten year intervals between PoU requirements. "Use it or lose it" is a commonly used adage in this regard and is consistent with the historic US legal position that registration of a trade mark is an officially confirmed user right rather than merely a right established by official grant, used or not.

In brief, a US trade mark application must be based on declared use (or a declared intention to use), rather as in UK, but at USPTO proof of actual use is required or a US registration will not result (or not result to the extent of its listed goods/services not adequately proven).

If a US registration does result then between five and six years following its grant US law requires further PoU to be filed at the USPTO, failing which the registration will be expunged (or expunged to the extent of the registered goods/services for which no PoU is filed). Note that this five to six year PoU requirement is not a renewal as such but failure to deal with it has much the same effect, on which see further below. A US trade mark renewal is then due between 9th and 10th

³⁵ The current text can be found at http://www.uspto.gov/trademarks/law/Trademark_Statutes.pdf

³⁶ Although the requirements for a declaration of use, and for evidential corroboration thereof, are in US practice rather different from UK/CTM requirements for PoU we shall use the initialism PoU for both in this report.

³⁷ It should be noted that a UK or CTM whenever registered/granted has a deemed registration date of its original application date, whereas for a US trade mark registration its registration date is what it says i.e. the date on which registration was actually granted/issued.

anniversaries from grant and a renewal is also required to be supported by the filing of PoU, failing which renewal will not take place, or the renewal will only take place to the extent of the registered goods/services for which acceptable PoU is filed. The renewal process is repeated at 10 yearly intervals after the first renewal.

Thus if a US application is made with an initial intent to use of a list of goods/services broader than the applicant's actually planned use, it will be narrowed at the pre-grant PoU stage, and if not used thereafter it will be lost or narrowed further through its life to match any reduction of US use of the claimed product range^{38, 39}.

The number of registrations on the USPTO register is slightly above 1.8 million (see Section 2.1 above). To analyse the degree to which applications at IPO and OHIM may be overly broad we initially compared the average breadth of all trade marks at USPTO with all marks at OHIM and IPO. Results of this analysis may be confounded by different compositions of the registers being compared. There is though a sub-set of US registrations at USPTO on the one hand and at UK or OHIM registrations on the other, which we have called "priority pairs". These arise under the Paris Convention, often referred to in IP circles simply as the "International Convention" or "IC"⁴⁰, and comprise pairs of registrations consisting of:

1. a US application filed at USPTO and an earlier UK or OHIM application from which the US application claims Paris Convention priority
2. a UK application filed at IPO and an earlier US application from which the UK application claims Paris Convention priority, or
3. a CTM application filed at OHIM and an earlier US application from which the CTM application claims Paris Convention priority.

The Paris Convention priority arrangements (operating between the majority of jurisdictions around the world that grant trade mark registrations, including UK, US and OHIM) require these priority pairs to be of the same mark, to have some or all goods/services in common, to be filed with less than 6 months between them, and to be in the same ownership (which can involve cases of intervening assignment). The benefit generally around the world is that the later application made with a valid earlier priority claim can rely for the goods/services in common on the less than 6 month earlier filing date of the foreign application if its later application encounters an intervening 3rd party conflicting trade mark right in respect of those goods/services in common.

38 There is another narrowing factor in practice before the USPTO in its requirement for the use of "common commercial or generic names" and "common names", often mis-referred to by UK practitioners as "ordinary commercial terms", which will be described further below at 4.1.3 below.

39 USPTO has for several years been considering amendments to enhance its already quite robust provisions to remove "deadwood" (a term it applies to unused registrations or unused parts thereof) from its register. This initiative posed for discussion a shortening of 5 year post grant period for PoU action to 3 years post grant, although informal enquiries have revealed criticism and no published progress to date on the proposal. See at <http://www.uspto.gov/trademarks/law/FedRegCommentRequests.jsp>.

40 See at http://www.wipo.int/treaties/en/text.jsp?file_id=288514 for the Paris Convention for the Protection of Industrial Property.

To illustrate this, an application filed in USA on 1st October 2014 to register XYZ as a trade mark for specified goods/services in Nice classes 3, 5 and 7 can claim IC priority from a UK or CTM application for XYZ filed, say, 15th April 2014 for the same goods/services. The US application date of 1st October 2014 does not change, but if the application encounters a prior conflicting US application with a filing or priority date no earlier than 15th April 2014 the 1st October 2014 US application prevails. The same applies vice versa with later UK or CTM applications claiming International Convention (IC) priority from an equivalent US application, in each case for the goods/services the pair have in common.

This priority benefit is sometimes critical to establishing trade mark registration rights in the later country (USA in this example) but that date-benefit is not really relevant to the clutter issue before us. The aspect of Paris Convention priority of assistance to our research is that of making available matched pairs of US/UK or US/CTM registrations for the same mark, filed less than 6 months apart and which the owners view as having enough commonality of claimed goods/services to justify a priority claim (for which there is a cost, at least in attorney fees, if not usually a great one).

With these priority pairs as a sample of a much larger US/UK/CTM registration data set we can compare the listed goods/services of US registrations with those listed in the corresponding UK or CTM registration from which it claims priority, and vice versa. The point of course is that each priority pair is likely to result from the same commercial product decision, with a likely small expectation of a change of commercial use or intent to use in the interim 6 months, as compared for example with marks refiled at greater time intervals when actual expansion of goods/services registration scope may be required for, say, market-place line extensions. From there the imposed aim of the USPTO to limit US registrations to the goods/services for which use has been made, as compared to the essentially unfettered IPO and OHIM goods/services registration practices, seems likely to reveal significant differences of goods/services scope.

4.1.3. US Requirement for “Ordinary Commercial Terms” – As touched upon in 4.1.2. above this term is not a US term of art with “common commercial or generic name” and “common name” being more appropriate. These US terms of art refer to the goods/services terms which the USPTO will allow in US trade mark applications essentially as a matter of clarity and precision. The term “ordinary commercial terms” is though a misnomer for the same thing widely used in UK, possibly as one also used in Canadian trade mark practice. We will therefore use “ordinary commercial terms” here as a familiar UK abbreviation for the proper US wording of “common commercial or generic name” and “common name”.

The USPTO will examine the applicant's goods/services wording and will require replacement of wording not considered to be in ordinary commercial terms. This should not result in a broadening of the applicant's claimed goods/services but it may or may not increase the length of the allowed goods/services wording of an application. Length of the wording of a goods/services list of an application/registration is not of substantive significance to legal goods/services scope, but as will be seen below in Section 5.1 we have focused in our research on analysis of measures of the length of goods/services wordings as applied for or registered as a pointer to legal goods/services scope. Short of comparing the actual content and meaning of these descriptive wordings registration by registration, which would at this stage be unjustifiably expensive, this approach provides an indication of differences between the goods/services scope of marks in UK and US.

The USPTO practice on PoU is intended at intervals in the life of an application and resulting registration to reduce its goods/services scope to the owners' market place use by excision of goods/services not supported by PoU. The USPTO's examination practice on ordinary commercial terms often results in objection to UK/CTM style genus (general) goods/services wordings and replacement with species (more specific) wording within the claimed genus⁴¹. This normally leads to a narrowing of the goods/services scope originally claimed. Notice though that if the species wording is longer than its genus wording a narrowing of scope may involve a lengthening of the goods/services word count, or sometimes vice versa. As an example amendment of the genus term "confectionery" to "chocolate ice cream" will increase the word count but still be a restriction of goods-scope. We have then in US practice restriction of scope both through ordinary commercial terms requirements and PoU requirements for excision of un-used goods/services, each presenting the prospect of increasing or diminishing the list of goods/services word count, a limiting feature of our comparative use of length of word count as an indicator of scope. We discuss this further in Section 5 below.

41 See Footnote 25 above

Key research information:

1. The USPTO generally requires PoU for a US registration to be granted and at five, then ten, yearly intervals thereafter for it to be maintained, in marked contrast to the essentially unrestricted goods/services filing, grant and maintenance practices before the IPO and OHIM.
2. The Paris Convention system of priority claiming offers the prospect of identifying applications, e.g. at USPTO, claiming up to 6 months date priority from an earlier UK or CTM application, and vice versa. These we have identified as “priority pairs” of e.g. UK and US applications filed within 6 months of each other for the same mark and for some (often full) commonality of goods/services lists.

Authors’ Conclusions:

1. Goods/services scope differences between priority pairs offer the prospect of identification of unused areas of goods/services lost from US registrations following USPTO PoU requirements as implied evidence of unused goods /services scope remaining in UK/CTM registrations.
2. Corresponding US and UK or CTM priority pair registrations are likely to result from the same commercial product decision, with only a small expectation of a change of commercial use or intent to use in the interim 6 months, and therefore provide a meaningful sample of trade marks to compare for implied areas of goods/services non-use.

Authors’ Notes:

1. It is of course possible that a trade mark owner may make and/or sell smaller ranges of goods/services in e.g. US than in UK, or vice versa, but significant differences of goods/services scope of US and UK or CTM trade marks seems at least to point to likely non-use of parts of the broader list.
2. We have no data to support the assumption of only a small expectation of a change of commercial use or intent to use of an owner in the interim 6 months between, say filing initially at USPTO and following that with a US priority based CTM application. There will no doubt be some examples of such changes within that six months, but no research to quantify that has been undertaken as a part of this report.

4.1.4. Priority Paired Applications Between UK and US, and CTM and US – We have analysed US/UK and US/OHIM⁴² priority pairs to see if later filed applications claim significantly broader goods/services scope than their earlier priority paired US applications. We expected that the earlier US filing of the pair would in many cases reflect the applicant's actual goods/services use or intended use, and that the later UK filing will claim additional classes and/or goods/services in view of the freedom to do so here. We also looked at US/OHIM priority pairs having later filed CTM applications to see if these too were claiming significantly broader goods/services scope than their earlier priority paired US applications.

If there are significant differences in the scopes of claimed goods/services lists, such that the US lists are systematically more concise than those in Europe, then this suggests that the US PoU requirement is affecting the degree to which firms are able to clutter the US register with overly broad registrations. Similarly, it suggests that there may be parts of broader claimed goods/services lists as registered at IPO and OHIM likely to be unused.

Clearly there are alternative explanations for such differences in the scope of goods/services lists within priority pairs. For instance, we might expect that some firms based in the United States may only export a part of their range of goods to Europe and vice versa for some firms manufacturing or headquartered in Europe. However, when basing the comparison on priority pairs with earlier US filings this explanation would suggest that filings at OHIM or IPO should be shorter than the original US filing, rather than longer, if the applicant or its UK or CTM filing agent is trying to reflect the true use of the mark. In contrast, where the comparison in a priority pair is based on earlier OHIM or IPO filings, shorter filings at USPTO could be the result of USPTO's PoU requirements and/or of the above noted restricted range of products being exported.

The importance of the “export effect” relative to the “PoU effect” will only emerge from an analysis of US/OHIM and US/UK priority pairs, and of OHIM/US and UK/US priority pairs together. For evidence of non-use clutter in the EU to emerge, we would expect to see the goods/services lists of OHIM and IPO applications claiming US priority to be longer than those of the original US applications and we would expect to see a significant shortening of the goods/services lists in applications to USPTO claiming OHIM or IPO priority at least at the 6 year PoU maintenance stage. In contrast, if there is a very strong export effect, then the applications at OHIM, IPO and USPTO based on priority filings at the other office should all be measurably shorter than the original applications.

4.1.5. Priority Claims as Between US and UK/CTM Applications – The general approach in UK and many other countries to filing later foreign applications with a Paris Convention priority claim to an earlier local application is thought to be to use the lists of goods/services of the local application for the foreign application. There can be reasons to file the foreign application with more narrowly describes goods/services, e.g. due to known rights conflicts in the foreign country, differing classification treatments, and costs (notably to reduce the prospect of US attorney costs by avoiding USPTO objections regarding “ordinary commercial terms”⁴³), or sometimes more broadly too. An example of the latter is in the commonplace broadening of UK

42 We use this US/UK indication in date sequence for a priority pair having the US application filed first and the later UK claiming priority from it. A UK/US pair will therefore indicate a later US application claiming an earlier UK priority.

43 See in Section 4.1.3 above.

and CTM applications claiming priority from earlier narrowly defined US applications, so raising a question whether the broadening is speculative as regard use or intent to use⁴⁴. Moreover if, for example, a later US application claims a narrower list of goods/services than its earlier CTM or UK priority base application there is also a question of whether the omitted goods/services reflect the CTM or UK applicant's real expectations of use.

We have discussed briefly in 4.1.2 above the USPTO requirement for a US trade mark application to be based on declared use or a declared intention to make such use and then, before registration can take place, to be supported by PoU (including specimen evidence of actual use) with registration being restricted to the goods/services in respect of which use is supported. The US system operated by USPTO has though a peculiarity in that its pre-grant PoU requirements differ (for reasons believed to originate from obligations the USA acquired with its membership of the Paris Convention) between:

1. US applications from non-domestic applicants (e.g. from UK) not claiming a Paris Convention priority, which are treated in PoU terms (and largely otherwise too) exactly as applications filed by US-domestic applicants, and
2. US applications from non-domestic applicants (e.g. from UK) with a claim for Paris Convention priority from a home UK/CTM application, for which an intention to use is presumed and the US application is exempted from the usual requirement for PoU before grant⁴⁵.

These latter US applications (e.g. from a UK applicant with a claim to priority from a UK application) may therefore proceed to grant with a broader list of goods/services than might an equivalent US originating US trade mark application. The USPTO examination for "ordinary commercial terms" discussed in Section 4.1.3 above will still usually cause restriction from UK/CTM style genus goods/services wordings, but such a non-domestic priority claiming applicant for US registration can often obtain registration of a quite broad scope list of species terms, broader than many a US applicant could expect to get registered through the pre-grant PoU stage.

The resulting US goods/services lists will often still be broader in scope than the UK or CTM applicant's likely use. We have therefore looked at these priority pairings expecting many US registrations within them to have their goods/services claims cut back considerably as a result of the 5 - 6 year US post-grant PoU requirement, with that as a strong suggestion of the extent of non-use of their originating UK or CTM, e.g. class heading goods/services claim.

44 Such broadening often being on the offered initiative of an instructed UK or other EU filing attorney.

45 The different legal bases for US applications are quite complicated. The basis for a US application to claim priority under the Paris Convention from a less than 6 month old foreign application is §44(d). There is a further provision at §44(e) claiming a registration basis from a granted foreign registration of any age but not involving a date priority under the Paris Convention. We have concentrated on Paris Convention priority pairs which being dated less than 6 months apart are more likely to flow from the same commercial filing decision.

It is of course possible in these circumstances that a US applicant may make or intend broader goods/services use in the EU than it is able to muster in US, but generally a broader UK or CTM list of goods/services than its base US priority claim is thought usually to be an indication of speculative goods/services content of the UK or CTM application concerned. As priorities must be filed within 6 months of the original application, it seems unlikely that very many US applicants will have grown their business sufficiently for the broadening of goods/services claims at that 6 month stage to be the result of an expansion of business activity connected to a specific brand.

4.2 Qualitative Research

This part of our research is based on reports from UK attorneys that problems of non-use related register clutter often arise during clearance searches for new marks, notably when a 3rd party has to abandon use/registration of an otherwise clear new mark when (in the words reported above in paragraph 1.32 of the MPI study):

“...the barring of access to new signs under national law is considered as particularly aggravating where it results from a CTM which is not used and has no factual effect on the domestic market”

The detail of attorney experience to that effect is usually going to be subject to client confidentiality, and moreover it is thought unlikely that attorneys and their firms routinely index or catalogue client cases by the nature of the legal/commercial issues involved, for example as “clearance searches abandoned on account of registered but unused goods/services scope”. In short, hard data to corroborate such attorney views are difficult to locate and publish save in terms of attorneys’ personal recollections expressed in a way to avoid breaches of confidentiality.

There is a helpful analogy in regard to the UK courts practice in respect of evidence of opinion from expert witnesses. The courts are prepared to hear and take account of statements of opinion from witnesses who, by virtue of their education, training, skill, or experience, are believed to have expertise and specialised knowledge in a particular subject beyond that of the average person, sufficient that others may officially and legally rely upon the witnesses’ specialised opinion within the scope of that expertise. Statements then from practicing trade marks attorneys on their experience in their professional work of the existence or otherwise of register clutter in UK, particularly non-use clutter, and their views of whether or not such clutter may constitute a serious problem for them and their clients, could therefore be accepted by a court in relevant circumstances to provide assistance to the court in construing evidence or fact issue before it.

The analogy is not complete of course as the fullness of provisions of the Civil Procedure Rules have not been applied in regard to this research, but it was agreed as a part of this project that such statements from experienced trade mark attorneys would provide helpful background to development of a structure to approach our quantitative research and our interpretation of its results. It was also agreed as a part of this project that experienced attorney views could assist in the development of further approaches to gathering evidence in subsequent research in order to seek factual proof of the scope of non-use in the effective UK register.

With this court analogy in mind, and in view of the problems discussed in Section 4.1 above in obtaining evidence through direct research approaches, we have, with the IPO's approval, sought the views of a number of trade mark attorneys on this question. Using convenience sampling, a non-probability sampling method, we conducted a survey using semi-structured interviews. We approached 28 UK-based practitioners and one based in the Republic of Ireland (where the trade mark law and practice in general, and on non-use clutter issues, are essentially the same) on their views in and around:

1. any actual events they may be able to recount showing the existence and effects of register clutter (or not), and
2. their personal views built on general experience as a specialist legal practitioner whether there is non-use register clutter, and if so, what effects it may have.

No remuneration or equivalent benefit has been sought by or made to any of the attorneys approached.

We view the responses of these experts as a significant complement to the statistical analysis provided in the sections below. They corroborate that the trends we identify in the data can be construed as the result of register clutter and are not caused by some alternative process of which we are currently not aware. The point here then is not to gather statistically robust evidence from random surveys of large numbers of attorneys, or related methods, but to seek the equivalent of expert witness statements based on the particular experience of the chosen attorneys. The main criterion for selection of any such witness is his or her education, training, skill, or experience, and of course probity, and the 29 attorneys we contacted are all fully qualified members of CIPA, ITMA and/or solicitors for whom trade mark legal work is (or was until recent retirement) a full time occupation or a significant part thereof. They were all approached in personal letters sent as email attachments.

We selected the 29 practitioners from the registers of UK patent and trade mark attorneys based on assessments of their individual degrees of involvement in trade mark work, of their seniority and repute, and to a degree on their accessibility for meetings in London and the south coast. Many of the 29 attorneys are personally known to the authors. Some are known to have expressed knowledge of and views upon on the current debate on cluttering of the registers, regardless of the direction of those views.

Of the 29 attorneys approached, 25 responded indicating a willingness to contribute to the project, and of those a preliminary five based in London were interviewed to pilot the project, to explain its nature and to answer any questions the five might have. From those five interviews it became apparent that we had chosen practitioners who understood the project's objectives and what was needed of them in the way of written expert opinion. We therefore concluded that personal interviews with the remaining 20 attorneys would not be necessary and that we would continue this part of the exercise by written correspondence only to request written opinions from the five interviewees and the remaining 20 attorneys. Follow up emails were sent at various times to the attorneys with a view to encouraging those who had not so far provided a written opinion, with the final number of written opinion responses standing at 15 out of 29.

This qualitative part of our research is therefore aimed primarily at determining whether there is a cogent view among practicing trade mark attorneys in the United Kingdom that there is an increasing proportion of registrations on the effective UK register that are unused (in whole or in part), or are overly broad in terms of being unlikely to be used (in whole or in part), the core question of this report. In order to seek such opinions we concluded that it was necessary not to try to predict the views of the selected attorneys, nor to request such corroboration as they may be able to provide, and accordingly accept as would a court hearing expert witness statements that expert opinion has weight to be assessed in context. We therefore explained openly to the attorney's contacted the issues we were investigating and expected responses giving genuine personal opinions unbiased by the particularities of our manner of approach. A different selection of attorneys may of course have produced a different balance of opinion, but that we believe in no way diminishes the guidance this section provides for further thought and possibly further research on our topic.

A brief summary is provided in Section 5.2 (page 62) of the opinions given in the 15 responses, and a more extensive summary of each written opinion is relegated to Appendix 6.

5. Quantitative and Qualitative Findings

In this section we present the results from our empirical quantitative work (Section 5.1) and from the correspondence and interviews we have conducted with expert attorneys (Section 5.2). We also summarize the overall implications of these findings in Section 5.3.

5.1. Empirical Results

This section provides a comparison of the length and characteristics of goods/services lists of trade mark applications submitted to USPTO, OHIM and IPO, comparing all applications/granted marks and not just priority pairs. As the composition of applications overall to each office is likely to be different, we will then move on to compare applications that are linked on the basis of a foreign priority claim, our so-called priority pairs, which allow us to compare pairs of applications/registrations of the same trade mark and usually (except in the case of an intervening assignment) the same owner. The set of priority pair applications is a small subset of all applications at the three offices. At USPTO the proportion of all marks on the register with any Paris Convention priority claim was 3.81% at the end of 2011. At OHIM the proportion of priority applications with USPTO priorities was higher at 8.95%. Therefore we also describe how these differ from the average applications/granted marks at the three offices.

5.1.1. Methodology – Existing data shows that the number of registrations in the effective UK register has been increasing for some time reaching about 1.25 million in early 2012, and that the average number of classes claimed per application is now in the region of 3 classes per application at OHIM, and approaching 2.5 for UK applications at IPO. None of this though provides data on which parts of the registrations of the effective UK register are used, in whole or in part. In this section we discuss data that has been collected and provides evidence indicative of non-use cluttering at the level of goods/services lists in the effective UK register.

We have explained above in Section 3.2 the USPTO approach under the 1946 Lanham Act (as amended) in terms of its requirements for PoU to obtain and maintain registered trade mark protection. The result of this is that the listed goods/services scope of US registrations is perforce generally kept quite close to a description of the registrant's market-place goods/services. A careful comparison of the goods/services of US registrations on the one hand and corresponding UK and CTM registrations on the other may point to unused goods/services⁴⁶.

For equivalency of marks in these different jurisdictions we have concentrated on what we have described above as priority pairs of UK and OHIM applications used as a basis for a Paris Convention priority claim in a US application filed less than 6 months later, and vice versa, in the expectation that these will be filings of the same mark (as they must be under the Paris Convention), have the same owner (mostly unless assigned) and probably be the result of the same marketing plans or decisions. Applications in priority pairs can be broader or narrower in claimed goods/services scope than their fellow, and sometimes the goods/services scope has to be reduced in one jurisdiction for reasons of 3rd party conflicts in one but not the other jurisdiction. Also the failure of e.g. a UK company to get some of its home goods/services onto the US market can explain a reduction of US registration scope. However, on average priority pairs offer an interesting prospect of pointing to non-use where they differ in goods/services scope.

This section looks at quantitative data from the official registers of IPO, OHIM and USPTO centring on the differences in listed goods/services scope of UK and CTM registrations on the one hand (filed with essentially no official requirement for PoU on filing or thereafter) and equivalent US registrations, which are mostly subject to quite strict official requirements for PoU for registration to be granted and at five, and then ten, yearly intervals thereafter.

The data we analyse for this is measures of the length of goods/services wordings as applied for or registered. Short of comparing the actual content and meaning of these descriptive wordings registration by registration, which would at this stage be unjustifiably expensive, this approach provides an indication of differences between the goods/services scope of marks in the two jurisdictions. Length of goods/services wordings is measured here in three different ways:

⁴⁶ This approach could be extended, for instance by investigating whether US registrations by European trade mark owners that are not maintained at the first maintenance stage (6 years) at USPTO remain on the OHIM register and fail to be maintained after 10 years. If this were very frequently the case, then it would provide additional evidence for non-use of marks on the OHIM register. For such an analysis it would be necessary to match applicant names on both registers, which remains for future research.

1. the number of characters in each string⁴⁷,
2. the number of words in each string, and
3. the number of concepts in each string.

Concepts are groups of words that are separated by commas or semi-colons in the goods/services lists, e.g. “aerogel manufacturing”, “low-density materials” or “apparatus for recording, transmission or reproduction of sound or images”.

Since these measures are not available in the datasets provided by the trade mark offices we have had to develop code to extract the measures from the data provided. In the case of OHIM, we received the data from the Chief Economist of OHIM as a flat text file. Since this data only records the present state of the goods/services wordings (e.g. as registered and not as originally filed) the data was comparatively easy to convert into the length measures needed for analysis. In case of USPTO, we used data that is available on the web site of USPTO⁴⁸. We used the .csv tables made available there as these contain full goods/services descriptions. IPO sent us data on the goods/services lists made on filing, which we used for this study and converted in the same way as the data from the other two offices.

Working with the USPTO data is complicated by the fact that the process of registration of a trade mark at USPTO frequently leads to the truncation of the original list of goods/services which the applicant submitted when filing the mark (e.g. through encountering conflicting prior rights, through failure of the applicant to submit adequate PoU and/or restrictions to address official objections to the mark applied for on absolute grounds). Such changes in the goods/services lists are indicated by the use of brackets as documented by Graham et al., (2013 pp. 700-701). We have developed code allowing us to measure both the initial length of the goods/services lists and their current lengths. Developing this code has been one of the most important contributions of this project and required far more effort than anticipated. This code is discussed in more detail in Appendix 5.

As a result of the shortening of goods/services wordings at USPTO maintenance events we compare both filings and registrations from USPTO (as provided in the 2013 version of the USPTO's data) to filings and registrations at OHIM. This ensures that we capture differences in initial lengths of the lists and differences in their current lengths. Of course many CTM applications are also truncated during examination and thereafter, e.g. as a result of opposition or the threat thereof, but the fact mentioned above of OHIM only recording the present state of the goods/services wordings means that we are not able to undertake the same comparisons as with the data supplied by USPTO.

A comparison of the length of goods/services wordings at USPTO and IPO/ OHIM can be undertaken using many different groups of trade marks, and initially it was useful to compare all applications at the three offices to identify differences in the average length of goods/services wordings across them. We had to bear in mind that this comparison is open to the criticism that

47 A string is defined as a sequence of characters in computer science.

48 See at http://www.uspto.gov/ip/officechiefecon/tm_casefiles.jsp

the way in which each office uses the Nice classification differs somewhat, that there is no uniformity of size of Nice classes (the class headings and alphabetical lists of each class differ considerably in length) and that an applicant can generally choose differing wordings to describe the goods/services it wishes to claim. Differences too in average lengths may be the result of a filing bias in one jurisdiction, perhaps for reasons of particular local commercial interests happening to fall in Nice classes with longer (or shorter) average goods/services wordings. Finally, it should be noted that we analysed only English language versions of these wordings.

We expect that the goods/services of earlier OHIM applications from which later US applications claim priority will in most cases be copied on filing at USPTO (but see above Footnote 30 regarding examination for “ordinary commercial terms” in this regard), and then become somewhat narrower post-examination by the USPTO.

We concluded that the most promising way to address this problem is to compare applications at two offices that are made by the same applicant for the same trade mark, focusing on the priority pairings. The problem of composition/filing bias that may affect the comparison of all US to all national or all CTM applications should not affect the comparison of applications in priority pairs. In the case of comparisons between OHIM and USPTO filings we can study whether applications at USPTO based on a CTM priority are broader or narrower than that CTM priority and also how USPTO's PoU requirement affects the scope of the goods/services that are finally registered, and then reach the 5 - 6 year PoU requirement. We can also study whether applications at OHIM based on a USPTO priority are broader of scope (as we expect will in most cases be the case) than the application or registration at USPTO. In case of comparisons between IPO and USPTO we can only study what happens to applications at USPTO based on an IPO priority as IPO did not supply data on priority claiming applications allowing us to study the case of UK applications filed at IPO with a claim to priority from an earlier US application.

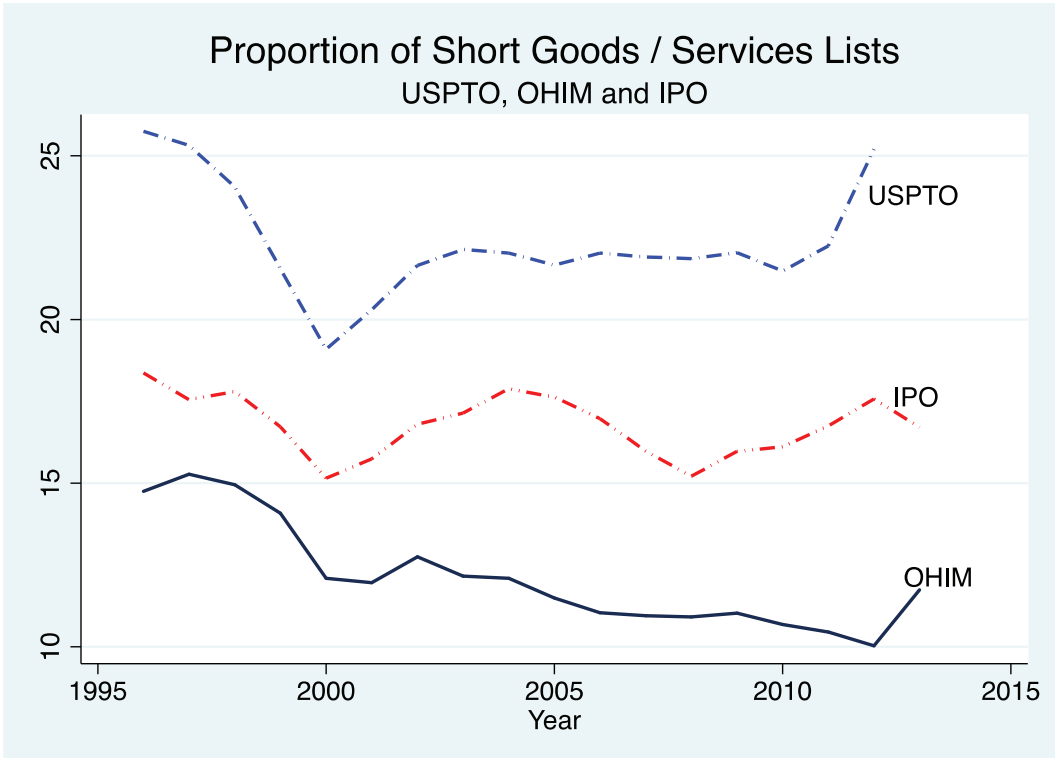
We expect that the goods/services of earlier OHIM applications from which later US applications claim priority will in most cases be copied on filing at USPTO (but see above in Section 4.1.3. regarding examination for “ordinary commercial terms” in this regard), and then become somewhat narrower post-examination by the USPTO. This in itself is an indication of non-use clutter as applicants are not usually keen to lose cover for goods/services they actually use or intend to use, so excised goods/services (e.g. replacement of genus terms by key species terms at the request of USPTO) probably indicate over breadth of the originating CTM filing. Moreover once the eventual US registrant has to make a PoU declaration of use to USPTO between 5 and 6 years post-grant any greater cutting down of the US goods/services scope of the registration may also be an indication of cluttering content of the originating CTM base application.

An analysis of the differences in the lengths of priority paired applications can be undertaken by looking at averages of lengths across all applications in a given year or by looking at the average of the difference of the lengths of each priority pair of applications. We provide graphical analysis of both types of differences, which involve different samples of trade marks from the registers of IPO, OHIM and USPTO. We rely more strongly on the latter type of comparison because it relies only on a comparison of like for like applications.

Finally, in this regard we are of course conscious that word-counting etc. a basis for comparison of goods/services scopes is not fool proof, for example (as discussed above) as short lists of goods/services (say, using generic terms) can be broader than long lists of species terms. We confront this problem in two ways: first we count not only words and characters but also concepts. Concepts are terms separated by commas or semi-colons in the Nice goods/services lists and many applicants follow that format to frame their own goods/services wordings. This indicates that the applicant is attempting to cover separate types of products within the same Nice-class. While a precise description within a concept may be longer in words than a general one, we expect that the more concepts there are in a registration the broader the goods/services scope of it will generally be. Secondly, the use of priority pairings also goes some way to dealing with this complication as USPTO will excise listed goods/services that are not likely to be used at the 5 - 6 year PoU stage, which will reduce the original word count. Where short general terms are regularly replaced with longer, more specific terms we would observe this as well. However as will become apparent below (Section 5.1.3), we do not in practice observe this.

5.1.2 Comparing all Applications at OHIM, IPO and USPTO - We begin with descriptive tables and a graphical analysis of time series to compare the lengths of all applications and registrations of trade marks at OHIM, USPTO and IPO, over the period 1976-2012 for the US, 1990-2012 for IPO and 1996-2012 for OHIM (i.e. from the start of OHIM's operation). The data we use covers all OHIM trade mark applications until 25.4.2012 for which we know the dates of filing (917,635) as well as all IPO registrations and USPTO trade mark applications until 31.12.2012. This aspect of our research does not focus upon priority pairs.

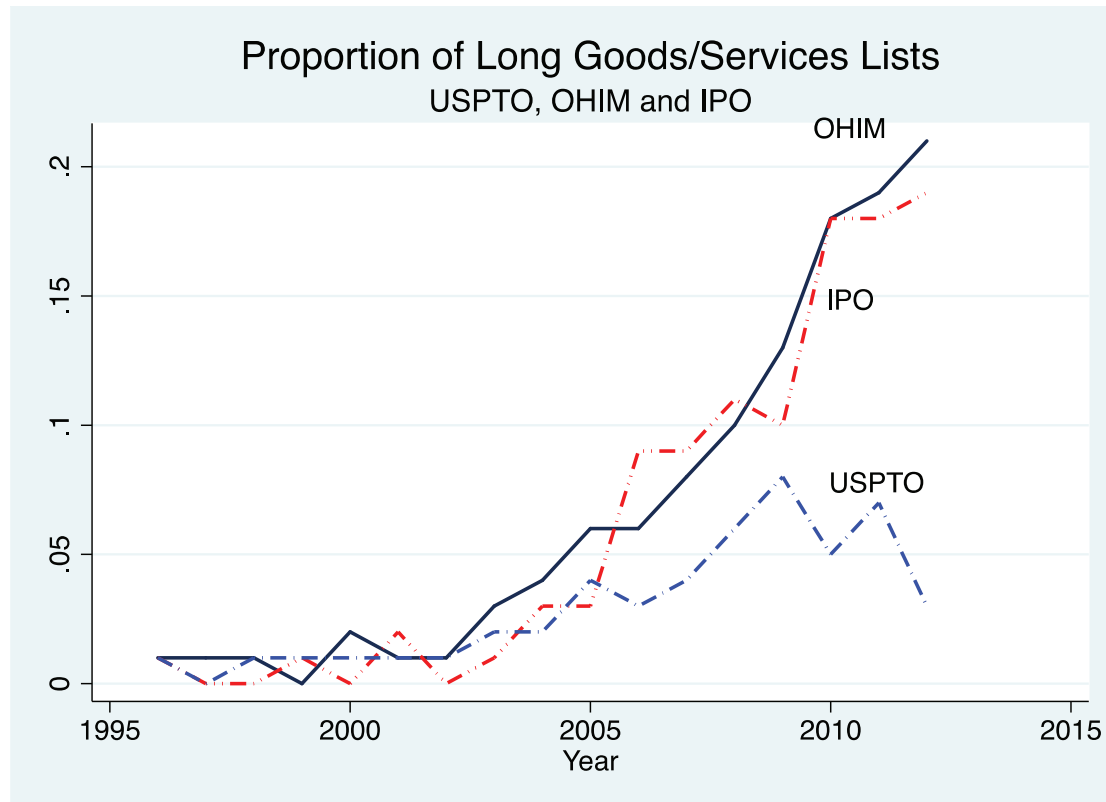
Figure 5.1



For each of the three length measures (concepts, words and characters) the raw data is extremely skewed, meaning there are lots of observations with low counts and very few with extremely high counts. These few outliers with high counts have a disproportionate effect on any means we could calculate, but by transforming the data with the help of a logarithm, the influence of such outliers is reduced. We therefore use the logarithmic transformation in most of the graphs that follow. Our tables provide separate information for the number of marks with goods/services lists of specific lengths, in order to show how these counts vary over time. We also focus on the medians of the transformed distributions to further limit the effects of outliers – the medians represent the values in each distribution separating the higher half from the lower half and are a robust measure of the length of the average application.

Figures 5.1 and 5.2 provide simple numerical information about goods/services lengths of applications for the proportion of short (Figure 5.1) and very long marks (Figure 5.2). Short marks are those with goods/services lists shorter than six words, while very long marks are those with a goods/ services lists longer than 1000 words. These word counts are provided at class-level: they are arrived at by counting each application/registration in a specific Nice class as a separate observation; this is done to avoid averaging the length of goods/services lists over multiple classes, where a mark is registered in several classes.

Figure 5.2



The choice of these cut-off values is to some extent arbitrary. Very long applications with a 1000 plus word count are rare but occur often enough that we can observe substantial differences in their frequency across the offices and within the offices over time. The short applications with word counts less than six arise more frequently, and can make up around 20% of all applications or more in a given year. In analysing the tables our main focus lies on how the proportion of applications in each column changes over time.

Figures 5.1 and 5.2 show how skewed the distribution of lengths of goods/services is: on average approximately 12% of lists of applications and 11% of the lists of registrations are short (less than six words) at OHIM, 17% of lists of registered marks are short at IPO and 22% of lists of registered marks are short at USPTO. On average only 0.08% of application lists are very long (more than 1000 words) at OHIM (0.07% of registration lists), 0.07% of registration lists are very long at IPO and only 0.03% of registration lists are very long at USPTO. Note that there are no significant differences between applications and registrations at OHIM in this respect. We are unable to comment on the equivalent differences between applications and registrations at IPO due to lack of data in this regard.

Due to the PoU requirements at USPTO the marks applied for but not registered are quite different from all those described above. Figures 5.1 and 5.2 only contain data on applications to USPTO for which we know the date of registration and provides information for lengths after registration. In this way we provide information on lengths of lists of goods/services actually on the register, rather than lengths of lists speculatively submitted to USPTO. More generally, we do not analyse marks that fail registration at USPTO any further to maintain a focus on what is registered.

At OHIM, the percentage applications with short lists in a class has been dropping steadily, while that of applications with long lists in a class has increased from 0.01% in 1996 to 0.19% in 2011. It is worth noting in this regard OHIM's now rescinded practice of "class-heading-covers-all", originally confirmed in OHIM's 2003 Presidential Communication No 4/03, which deemed class heading lists in applications and registrations as covering all goods/services within the class. Its effect was to encourage applicants to use the Nice class heading wordings as a sort of shorthand or abbreviation for what might otherwise have been much longer lists of goods/services, and may in consequence have reduced the number of very long goods/services lists which might have been used by applicants wishing to claim all goods/services in any class.

The 4/03 practice is no longer good law in the wake of the CJEU's 2012 IP TRANSLATOR judgement, but there are many pre-2012 class heading marks remaining on the CTM register. The owners of these may when filing have expected coverage of all goods/services within each class-heading class claimed. As a result there have been discussions that those owners should be allowed retroactively to expand their pre-2012 class heading CTMs at least to the Nice Alphabetical list for each relevant class, thereby possibly increasing the class word count of many CTM registrations to more than 1,000.

This post-grant expansion approach has been widely argued to be inadmissible in law as broadening of the goods/service scope actually claimed. The EU's proposals for a revised CTM regulation currently under development did for a while contain provisions for such owners to expand their registered class heading lists of goods/services to those of the Nice Alphabetical list for each relevant class. Those provisions have though been removed in the 4th July 2014 Council of the European Union Presidency's compromise proposal, suggesting that the scope of all CTM class heading registrations, whether pre- or post 2012, are to be construed by the literal meaning of their class heading wordings. On that basis the word count approach we have taken applies to pre-2012 class heading CTMs just as for any other CTM list of goods/services, so no accommodation of or correction to our extracted word count data is appropriate in this regard.

At IPO (Figure 5.2) the percentage of short applications is stable at around 17% since 1996, while the share of very long applications has increased steadily towards 0.19%. This makes IPO look like a hybrid of OHIM and USPTO. When we look at short applications, the UK picture is similar to that at USPTO, when we consider the very long applications it is quite similar to that at OHIM. At USPTO the percentage of applications with short lists of goods and services has been quite steady around 22% while the share of applications with long lists of goods/services peaked in 2009 at 0.08%.

As noted above these percentages are similar to those for registrations. This suggests that the stricter US use requirements are acting as a disincentive to apply for and register trade marks based on extensive goods/services lists. Most importantly, the proportion of registrations at USPTO with very short lists of goods/services (22% on average) is far higher than at OHIM (12%) and significantly higher than at IPO (17%).

Table 5.1, which we present next, shows that these differences are reflected in the lower median length of lists on registrations at USPTO relative to lists on applications and registrations at OHIM. The table provides information about the number of trade mark applications and registrations and the growth rates of trade mark applications and registrations for 1998-2002 and 2008-2012. We average this information over two four year windows to compensate for time series variation, e.g. application levels were very high everywhere in 2000 and quite low everywhere in 2008. Table 5.1 also sets out how the total number of Nice classes and the median length of goods/services lists on applications and registrations grew over these periods on average.

Table 5.1 Average growth rates and medians for applications and registrations, total Nice classes and median lengths of applications and registrations

		OHIM		IPO		USPTO	
		1998-2002	2008-2012	1998-2002	2008-2012	1998-2002	2008-2012
Applications	G	17.74%	6.18%			5.84%	1.75%
	M	43,877	75,468			241,164	287,899
Class applications	G	22.47%	7.13%			7.48%	2.42%
	M	114,482	217,370			321,380	365,308
Median length in words of applications	G	7.12%	2.72%			5.68%	2.22%
	M	20	25			14	16
Registrations	G	17.88%	5.18%	-2.78%	1.83%	12.52%	-2.20% ^{1A}
	M	32,962	88,765	23,872	26,938	92,545	178,726
Class registrations	G	24.62%	6.28%	1.35%	1.13%	4.99%	-5.71% ^{2A}
	M	80,278	250,208	51,676	62,702	154,146	202,150
Median length in words of registrations	G	5.66%	2.72%	2.70%	1.18%	6.36%	2.22%
	M	18	25	16	20	11	16

Note: G signifies growth rate, M signifies median. As we do not have separate data on applications and registrations for IPO, we can only report results for registrations.

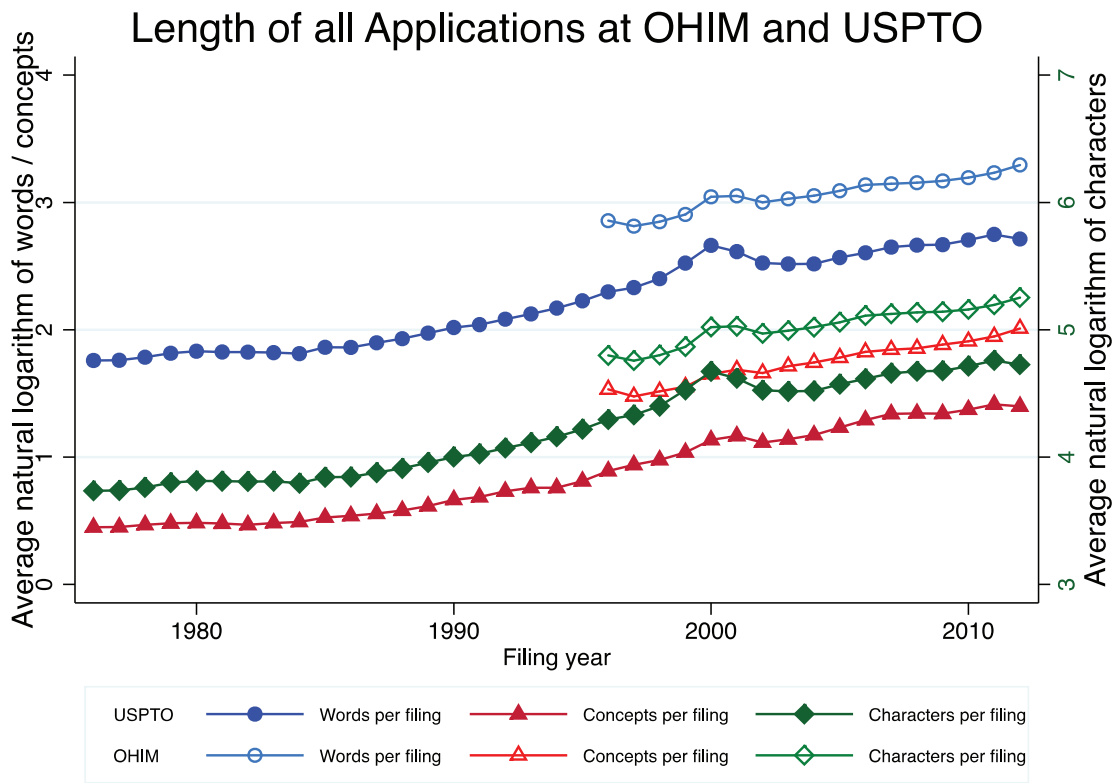
The numbers reported in Table 5.1 for OHIM are based on our database extracted from data supplied by OHIM. This departs from the statistics reported by OHIM, for instance our database contains 86,866 trade marks for which we do not know the filing year. Note that the growth rates of registrations for 1998-2002 at USPTO are based only on applications filed after 1995 at USPTO to allow for a better comparison with OHIM, which did not exist before 1996. We do not have data on applications for IPO, only for registrations, therefore several fields in Table 5.1 remain empty.

^A These numbers for USPTO may be affected by truncation bias. We have received information from USPTO that the growth rate there was around zero for this period for both measures.

Comparing the absolute figures in Table 5.1 it emerges that goods/services lists on applications (registrations) at OHIM are 50% (67%) longer in 1998-2002 and 57% (59%) longer in 2008-2012 than at USPTO. Comparing registrations at OHIM with those at IPO we can see that in the earlier period goods/services lists at OHIM are 10% longer than at IPO, while they are 28% longer in the later period. The average rate of growth in the median lengths of granted trade mark applications is 5.66% (2.72%) for OHIM and 6.36% (2.22%) for USPTO in the period 1998-2002 (2008-2012). It is interesting to note that in spite of the significantly lower numbers of annual applications and registrations at OHIM the number of application-classes being registered there was already higher than at USPTO in the period 2008-2012.

Overall, the table confirms that the OHIM trade mark system is expanding in terms of the goods/services of registrations far more quickly than that of USPTO and also increasingly more quickly than that of IPO, if we consider the application-classes and the extent of goods/services lists being registered annually. The table also shows that the UK's national trade mark system was expanding faster than that of the United States during 2008-12 having grown more slowly during 1998-2002 and that goods/services lists at IPO are longer than at USPTO on average in both periods.

Figure 5.3

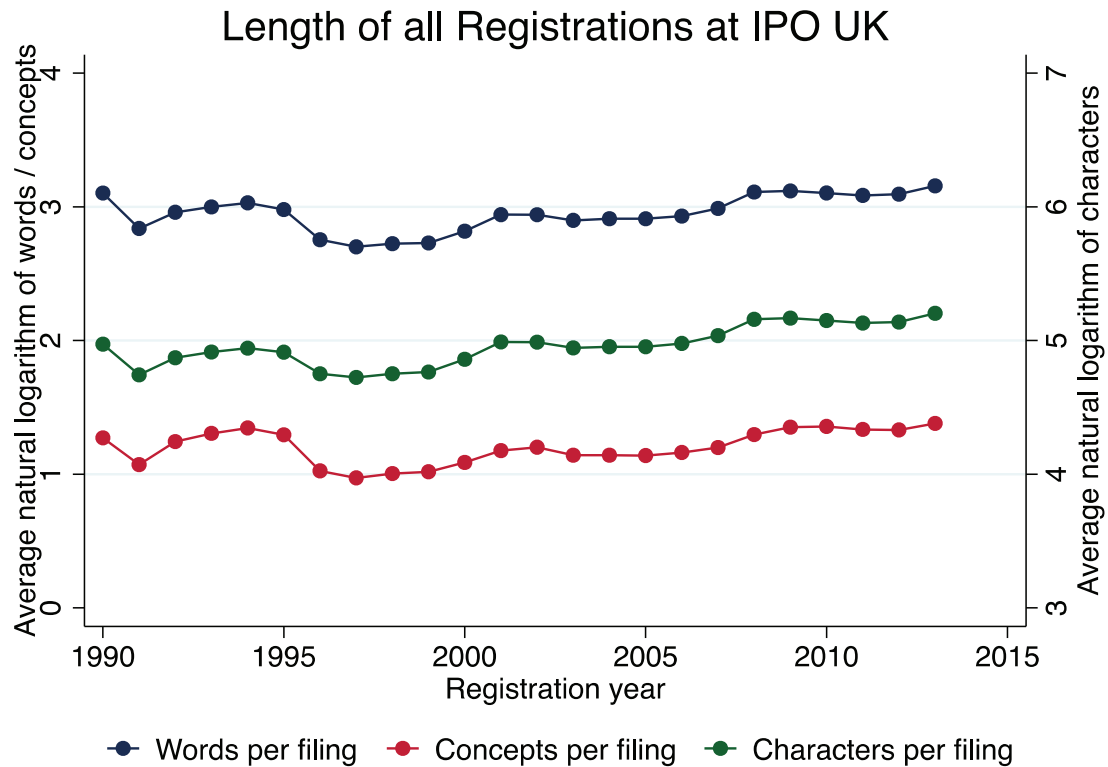


Next, Figure 5.3 provides the means of the logarithms of all goods/services lists at USPTO and OHIM by filing year for all trade-mark-class applications. As before we use three different measures: number of words in each filing, the number of characters per filing and the number of concepts per filing at class-level.

The figure shows that over time, the lengths of goods/services lists have tended to increase at both offices. To the naked eye the rate of growth seems similar at OHIM and USPTO. Comparing the periods 1998-2002 and 2008-2012 we can show that in fact the median length of applications at OHIM has been growing at a slightly faster rate than at USPTO. The exact numbers are presented in Table 5.1.

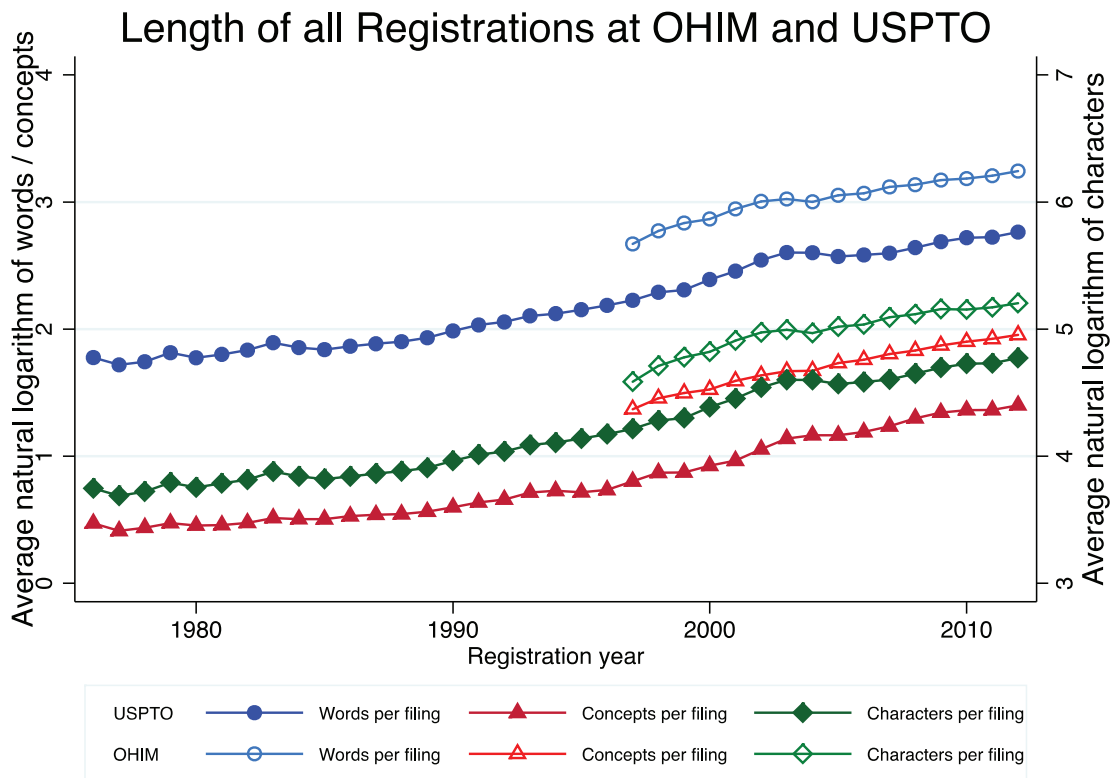
The most important result to emerge from Figure 5.3 is that irrespective of the measure used the length of goods/services lists at OHIM is greater than that at USPTO. It is important to note that the logarithmic scale masks the absolute level of difference.

Figure 5.4



As we only have data on registered marks for IPO we cannot provide a comparison with the analysis of application lengths at USPTO and OHIM for IPO. Figure 5.4, provides data on lengths of lists of goods/services for trade marks registered at IPO. This figure demonstrates that the average length of lists in registrations at IPO was reduced by the 1994 Trade Marks Act and by the 1996 opening of OHIM. It remains to be established whether this is the result of changes in the composition of applicants at IPO that has been documented (e.g. fewer applications by larger applicants), or may be due to other factors. Post 1996 the trends affecting the length of goods/services lists at OHIM and UPSTO also affect the length of goods/services lists registered at IPO.

Figure 5.5



The focus on applications in Figure 5.3 could mask the true extent of the difference in lengths of goods/services lists due to the PoU requirement at USPTO. Figure 5.5 compares granted trade marks by registration year. It confirms that there is also a substantial difference in the length of goods/services lists at OHIM and at USPTO for granted trade marks. This is true for each of the three measures of length.⁴⁹ A comparison of Figures 5.4 and 5.5 confirms that goods/services lists are shorter at IPO than at OHIM, but longer than at USPTO.

Figures 5.6, 5.7 and 5.8 provide breakdowns of the length of goods/services claimed in applications by Nice class for the years 1998 and 2008. These three figures are based on the median of the number of words in each individual class goods/services list. The Nice classes with the greatest median length of goods/services lists at OHIM are close to 75 words (Business Services in class 35 and Instruments in class 9) while the classes with the greatest length at USPTO are only 47 or 48 words long at the median (Knowledge-intensive services in class 42,

⁴⁹ Note that comparisons between Figures 5.1 and 5.3 are difficult to make because Figure 5.1 is based on filing years and Figure 5.3 is based on registration years with registration lags being on the order of one to two years at OHIM and USPTO. The registration lags at OHIM and USPTO are apparent if the peaks in the series for concepts (red) are compared between Figures 5.1 and 5.3. The peak for the number of concepts in trade mark applications occurs in 2000 for both offices, although the peak is more pronounced at USPTO. The peak for the number of concepts in granted trade marks occurs in 2003 and 2004. Therefore it is best to focus on Figure 5.3 without trying to make direct comparisons with Figure 5.1.

Telecommunications in class 38, Instruments in class 9) and Machines in class 7)). Similarly at IPO the highest median number of words per application arises in Business Services (class 35) and in Telecommunications (class 38) with around 40 words.

Figure 5.6

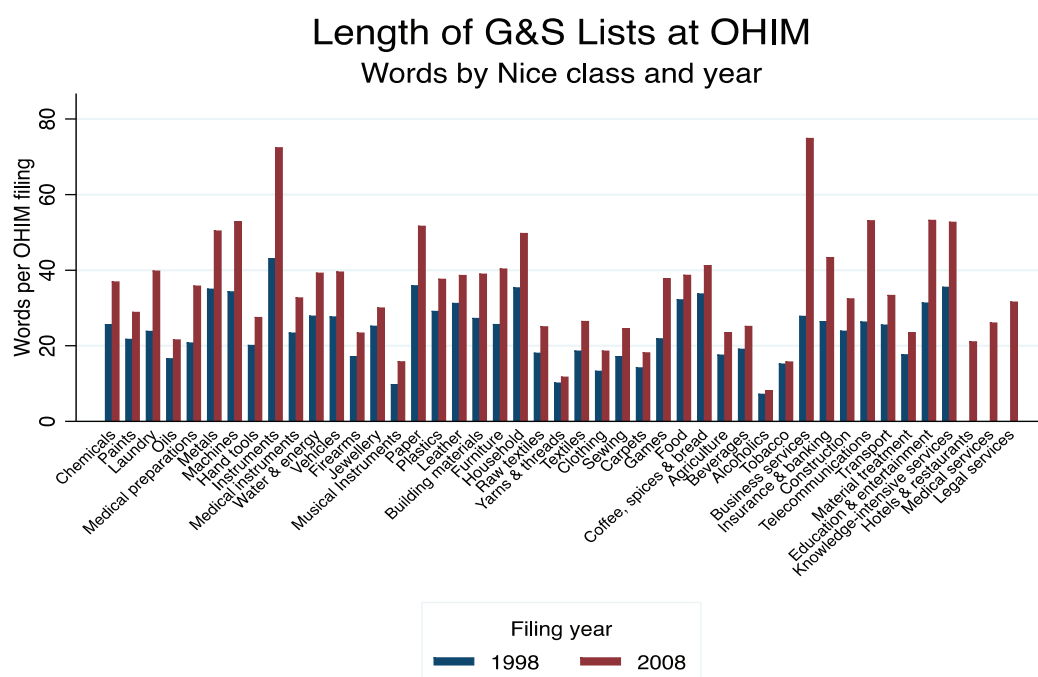


Figure 5.7

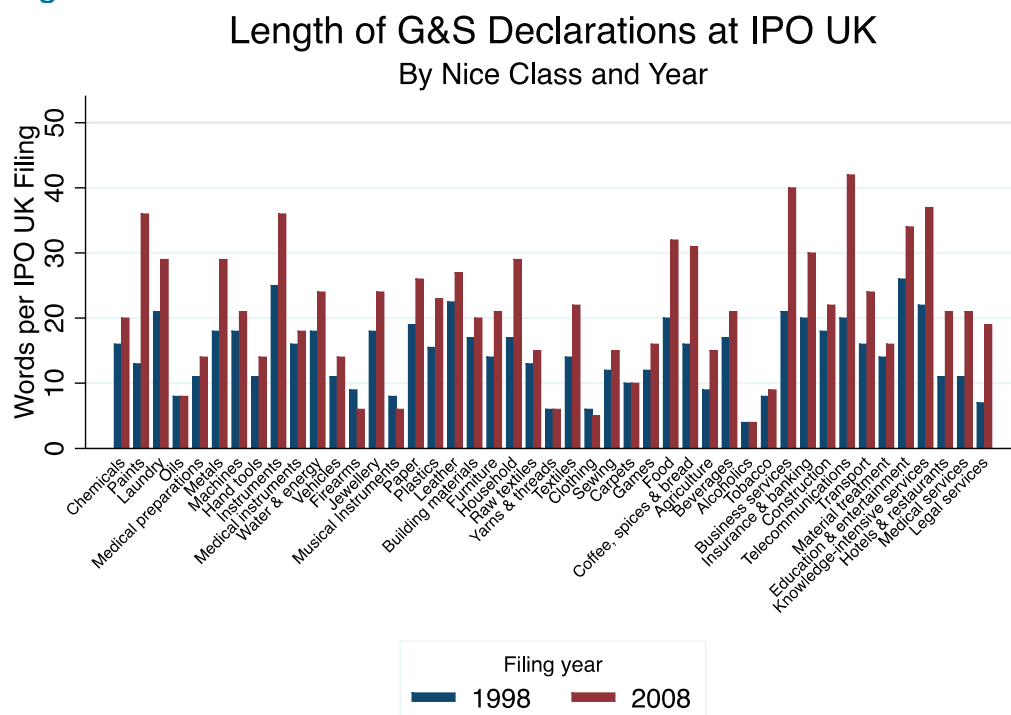
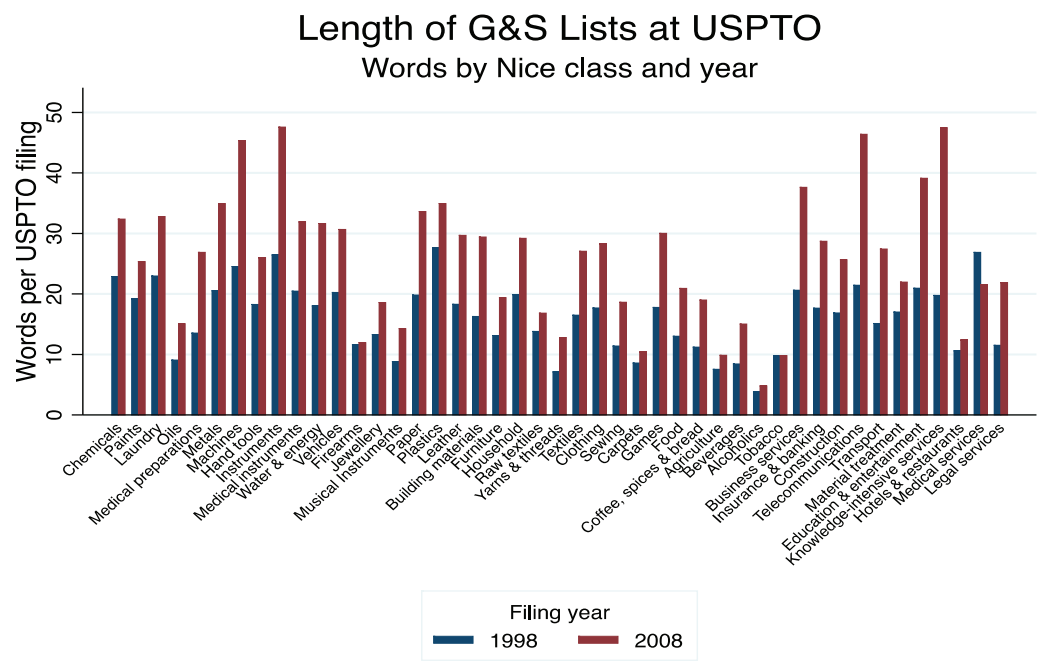


Figure 5.8



Another way to compare the three offices’ systems is to note that the median number of words per goods/services list was lower than 20 in 16 of the 45 classes at USPTO and in 21 classes at IPO in 2008. At OHIM this was the case for only 6 classes.

There is a lot of heterogeneity in the average length of goods/services lists across Nice classes filed at all three offices, but generally classes in which applicants use longer goods/services lists are the same. This indicates that variation in the length of goods/services lists is partly driven by industry specific factors. Some of the difference in lengths of the average goods/services list may result from differing distribution of applications/registrations across Nice classes at the different offices.

Key research findings:

1. From 1996 to 2012 percentages of short and long class lists in applications are:
 - i. OHIM short fell from 14.75 % to 10.03%, long rose from 0.01% to 0.21%;
 - ii. USPTO short was steady at 22% and long steady at 0.03%;
 - iii. IPO short was stable at 17% and long rose from 0.01% to 0.19%.

This indicates that only at OHIM was there a significant reduction in the proportion of short applications. Both OHIM and IPO see a very significant relative increase in very long applications. However, relative to total applications the numbers for these are very low.
2. Goods/services lists on applications (registrations) at OHIM are 50% (67%) longer in 1998-2002 and 57% (59%) longer in 2008-2012 than at USPTO.
3. Registrations at OHIM are 10% longer than at IPO in 1998-2002, while they are 28% longer in 2008-2012.
4. The average rates of growth in the median lengths of granted trade mark applications in the period 1998-2002 (2008-2012) are 5.66% (2.72%) for OHIM and 6.36% (2.22%) for USPTO.
5. In spite of the significantly lower numbers of annual applications and registrations at OHIM the number of application-classes being registered there was higher than at USPTO in the period 2008-2012.

Authors' Conclusions:

1. Differences in trends for length of goods/services lists between OHIM and USPTO are statistically and economically significant and becoming more pronounced over time. There are several possible explanations:
 - i. The intensity of trade mark use is higher in the EU than in the USA;
 - ii. The composition of applications and registrations at the three offices is very different and explains all or many of the differences we describe;
 - iii. Applicants in the EU are applying for trade marks with more speculative lists of goods/services. These cover uses of the trade mark that could not be protected in the USA due to stricter PoU requirements there.

2. We observe a trend for goods/services lists to become longer over time at USPTO, even given the PoU requirements imposed there. This suggests that both in the EU and in the United States firms use trade marks more broadly than was the case in the past. This is true within classes and across classes for the same application.
3. The percentages of short and long class lists make IPO look like a hybrid of OHIM and USPTO, similar to USPTO for short lists and to OHIM for long lists.

Authors' Note:

1. Without further detailed analysis we cannot distinguish between the three explanations advanced in 1.i. above.

5.1.3. Comparing Priority Applications at USPTO, OHIM and IPO – In this section we analyse priority pairs of applications in which the later application claims the priority date of the earlier under the Paris Convention. These pairs must have the same mark and often, but not always, are filed with the same lists of goods/services. They must also be filed less than 6 months apart and be in the same ownership in the absence of any intervening assignment.

The earlier application of a priority pair has usually been filed in an applicant's home country (or region in the case of CTMs). If subsequently the applicant submits an application in other jurisdictions having membership of the Paris Convention (which includes US, UK and the CTM system), it can benefit in its later applications from the home country date of filing if problems arise over intervening 3rd party rights. This creates a link between the initial and the subsequent applications, which we exploit in this section.

Due to the lack of data for foreign priorities linked to marks applied for at IPO we begin by comparing lengths of applications first submitted to USPTO with later submissions to OHIM, and vice versa. This allows us to address the possibility that the differences in the length of goods/services lists identified in Section 5.1.1 are solely or largely due to the different compositions of applications at OHIM and USPTO.

Figure 5.9 provides information on the average number of words for six different kinds of trade mark applications:

- i. trade marks submitted to either USPTO or OHIM without a priority claim,
- ii. trade marks submitted first to either USPTO or OHIM that are identified as the basis for a priority claim at OHIM or USPTO and finally,
- iii. the applications that are filed with these priority claims.

Therefore the figure contains data on both parts of each priority pair as well as on marks that are not part of such pairs. Figure 5.9 reports the median of the logarithm of the number of words

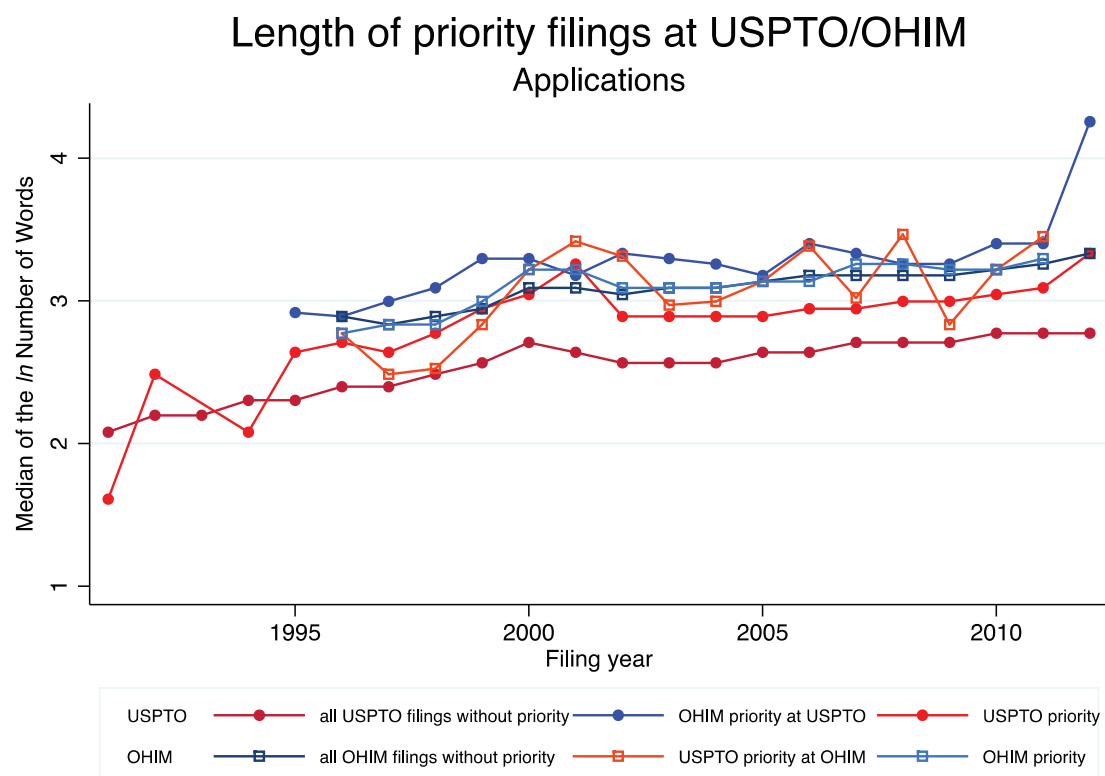
per filing. The data is presented by year of filing.

First, focus on those applications to USPTO that give rise to a later application at OHIM claiming US priority. These applications are represented in Figure 5.9 by the light red series (---). On average the goods/services lists of such US applications tend to be longer than those of applications to USPTO that are not used as the priority basis for further applications at OHIM, the dark red series (---). At present we can only speculate that this may be due to the fact that firms, which export products abroad, may:

- i. be larger on average
- ii. have broader, better established product ranges
- iii. be more likely to use the priority mechanism and
- iv. be more aware of the ability to claim goods/services more widely in the EU than in US

Further work linking trade mark portfolios to firm level data is needed to test this hypothesis.

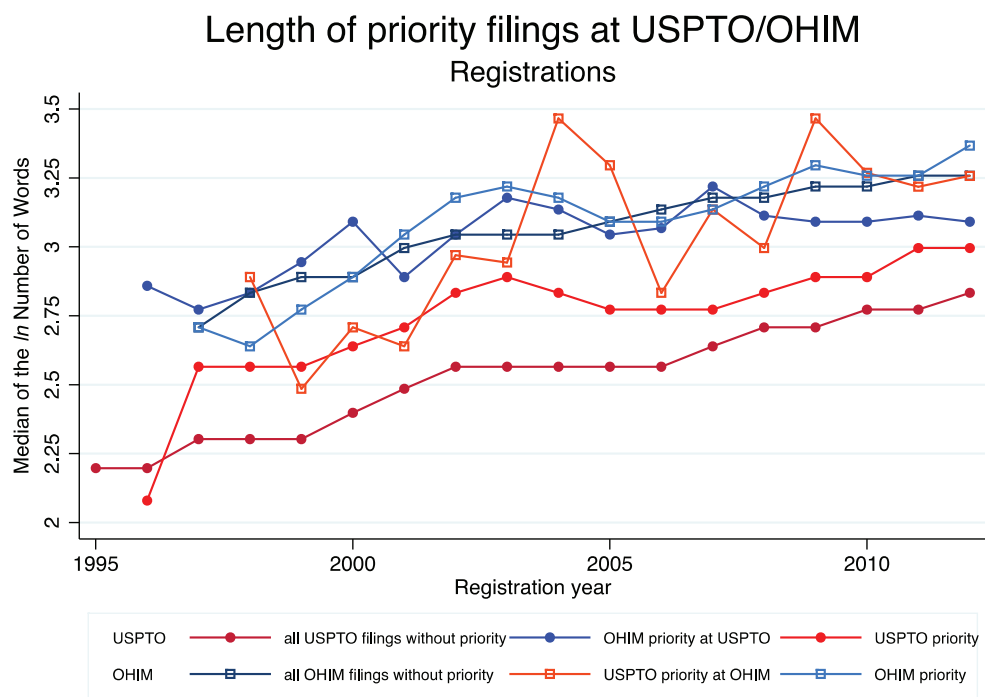
Figure 5.9



OHIM applications filed by US applicants claiming priority from earlier US applications are represented by the orange series (---). Figure 5.9 confirms that these OHIM applications are longer than the priority base US applications, as the orange line is generally above the light red line (---). There are two exceptions: the first arising between 1996 and 1998 just after OHIM had begun accepting applications (perhaps the result of lack of appreciation in US of the freedom to file broadly at OHIM and/or of concerns not to encounter EU-based oppositions), and the second arising during the financial crisis of 2008-2009.

Figure 5.9 also shows what happens to applications that originate with OHIM. Applications at OHIM that do not give rise to later US priority-claiming filings are represented by the dark blue line (---) and this line is significantly above the dark red series (---) representing applications to USPTO that are not used as a basis for OHIM priority-claiming applications. The comparison between these filings that are purely “domestic” confirms that applications at OHIM are generally longer than at USPTO as was suggested by the data presented in Figure 5.3 above. The light blue line (---) represents OHIM applications that are used as the basis for priority-claiming applications at USPTO. This line is very close to that of applications at OHIM that are not connected to a priority application, the dark blue line. Finally the mid blue line (---) captures the median length of later applications to USPTO claiming priority from earlier base applications to OHIM. These US applications are generally longer than the earlier CTM applications from which they claim priority. This result may be surprising given the stricter examination of marks by USPTO. We believe this reflects replacement of short generic terms by more lengthy words lists of species terms to address the USPTO requirement for “common commercial or generic names” – see Footnote 30 above.

Figure 5.10



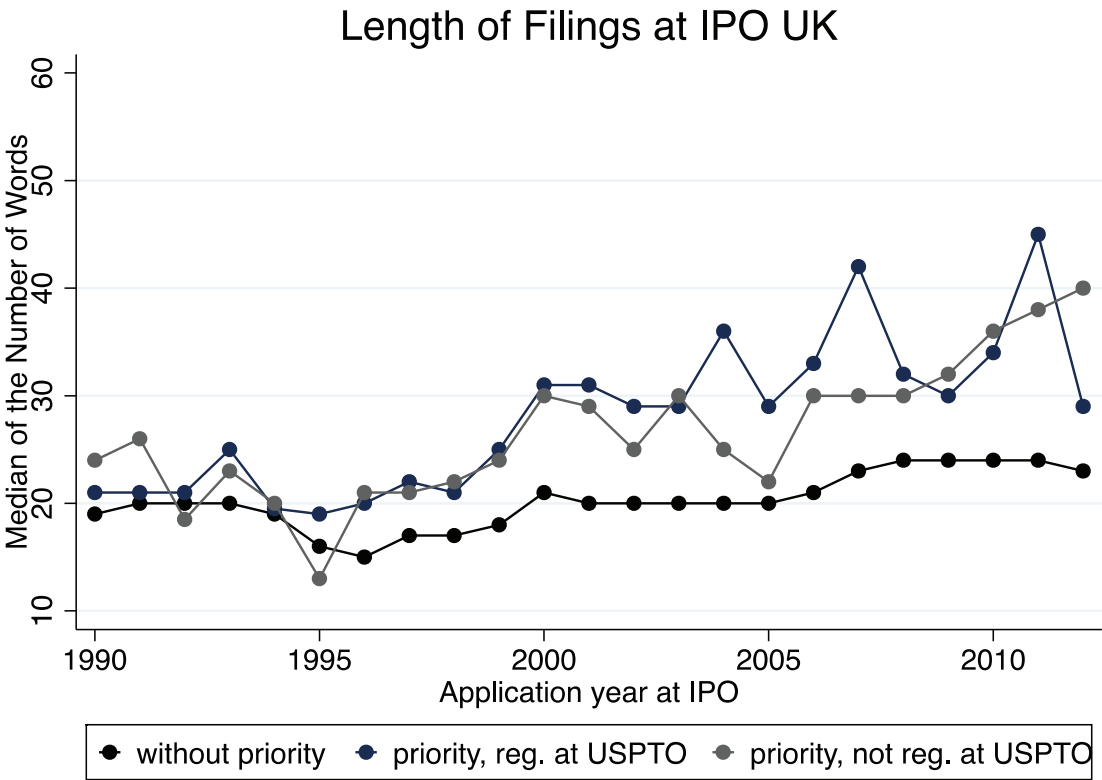
Next, we focus on the length of registered trade marks at OHIM and USPTO after the date of registration. For marks from USPTO this is the current length on the 31.12.2013. Now the data is listed relative to the year of registration. Figure 5.10 shows what happens to US applications claiming an earlier CTM priority upon registration at USPTO. The mid blue line (---), representing the US registration citing a priority at OHIM, is now largely below the light blue line (---), representing the corresponding OHIM base application. This shows that US registration generally reduces the length of goods/services lists of CTM-based marks as the mid blue line was generally above the light blue line in Figure 5.9 above, where we represented the applications. This demonstrates that the PoU requirement post-filing at USPTO is reducing the length of goods/services lists of applications claiming OHIM priorities. This is the first main finding from our analysis of priority pairs that was not available from the comparisons of all applications/registrations set out above.

Figure 5.10 also demonstrates that the median length of the goods/services lists of applications at USPTO based on an OHIM priority is greater in all years than the median length of goods/services lists of applications at USPTO that do or do not establish a US priority elsewhere. We cannot at present evaluate whether this reflects genuinely greater scope of production of EU based exporting firms than of US based exporting firms, but note this here as a finding that could be further analysed in future.

As with applications (Figure 5.9) the median length of goods/services lists of the OHIM registered marks that do not establish a priority claim at USPTO, the dark blue series (---) is much greater than the median length of goods/services lists of USPTO registered marks that do or do not establish a priority, the dark red (---) and the red series (---). In contrast, after 2003 the median length of goods and services lists of registrations at OHIM that are based on USPTO priority applications, the orange series (---) is often similar to or greater than the median length of goods/services lists of registrations at OHIM generally. This suggests that US-based applicants have learned over time to make use of the greater freedoms that registration at OHIM affords them.

Next we analyse the length of goods/services lists made in applications at IPO and establishing priority for a later application filed at USPTO. Figure 5.11 demonstrates what we have already observed for trade mark filings at USPTO and OHIM: that lists of goods/services in applications that are used as a priority claim for a later filing at another office, in this case USPTO, tend to be longer than lists of goods/services in UK applications which are not used as a basis for a later US application. Figure 5.11 separates out those priority-claiming applications at USPTO that are finally registered and those that are not, either because they are rejected or because they are abandoned. There are no significant, lasting differences in these two series.

Figure 5.11



Findings from Figures 5.9 to 5.11 are summarized in the textbox below.

Key research findings:

1. At USPTO the median lengths of goods/services lists for applications and registrations that originate with OHIM are greater than the median lengths of goods/services lists for applications and registrations of trade marks that are first filed in the United States.
2. At OHIM the median lengths of goods/services lists of applications and registrations that are based on earlier USPTO priorities have become more similar to the median lengths of goods/services lists of other CTM applications and registrations with the passage of time.
3. At USPTO the goods/services lists of registrations based on earlier OHIM priorities are shorter at the median than the originally filed goods/services lists of the base registrations at OHIM since 2000 and than the original filings at USPTO. The latter shows the effects of the PoU requirement.

4. The median length of the goods/services lists for all groups of trade marks is increasing over time, so that the median length of such lists for USPTO registrations that do not give rise to priorities (which have tended to be the shortest) is now the same or greater than the median length of such lists for registrations of trade marks at OHIM in the years 1996-1998.
5. The lists of goods/services for priority pair applications are generally longer than those for non-priority pair applications.

Authors' Conclusion:

1. The US PoU requirement is reducing the length of goods/services lists of applications claiming OHIM priorities.

Authors' Notes:

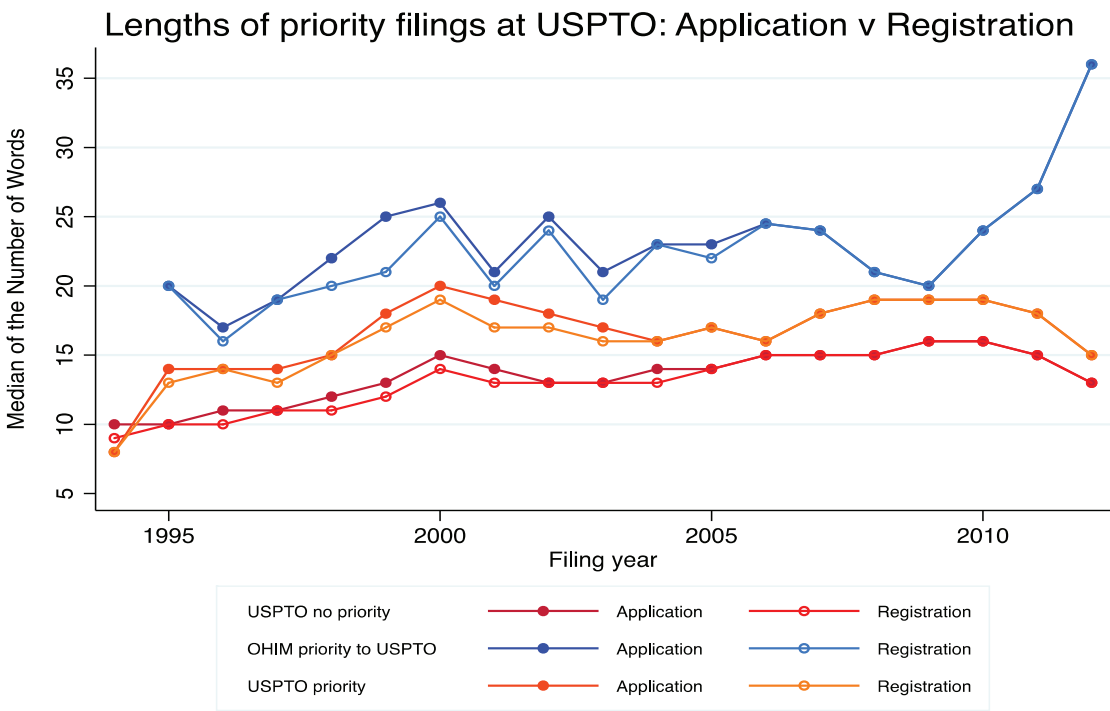
1. This could partly be attributable to excisions from US lists of goods/services to comply with USPTO requirements for the use of "ordinary commercial terms". However, we observed earlier that "ordinary commercial terms" objections can lead to longer US lists when shorter genus wordings are replaced by more and/or longer species wordings. Therefore such replacements are unlikely to be the whole explanation for the patterns we observe.
2. Reduction of US goods/services length post-grant will not normally involve "ordinary commercial terms" issues so will usually be indicative of non-use of claimed goods/services.

In order better to demonstrate how PoU at USPTO is affecting the lengths of trade marks registered there Figure 5.12 focuses directly on the comparison of applications and currently registered lengths at USPTO over time for three groups of applications:

- i. US applications not claiming an earlier foreign priority - dark red (---) and red series (---),
- ii. US applications claiming an earlier foreign priority - orange (---) and bright red series (---), and
- iii. OHIM applications from which priority has been claimed in a later US application - blue (---) and light blue series (---).

In all cases the US registered series are shorter after registration, presumably as a result of PoU. It should be noted that this figure only contains observations for which we know a registration has occurred, meaning we exclude applications that do not result in a registration from the analysis. This is in contrast to Figure 5.9 above, which also contained information about applications not leading to a registered trade mark.

Figure 5.12



Notice that after 2006 no differences between applications and registrations are apparent from the median number of words. This may be partly due to the long periods of time that USPTO affords foreign and domestic applicants to declare actual US use, but it is nonetheless a little puzzling where US applications are concerned. As discussed in Section 4.1 above, the rules for US applicants are stricter than those for foreign applicants claiming International Convention priority and so we might expect to observe length differences for the US series (red and dark red) arising more recently than for the other two comparisons. Note that the median registered observation has typically become shorter by one or two words, relative to the median application, which corresponds to the removal of one concept from the applications at the median for each group as Figure 5.13 demonstrates.

Figure 5.13

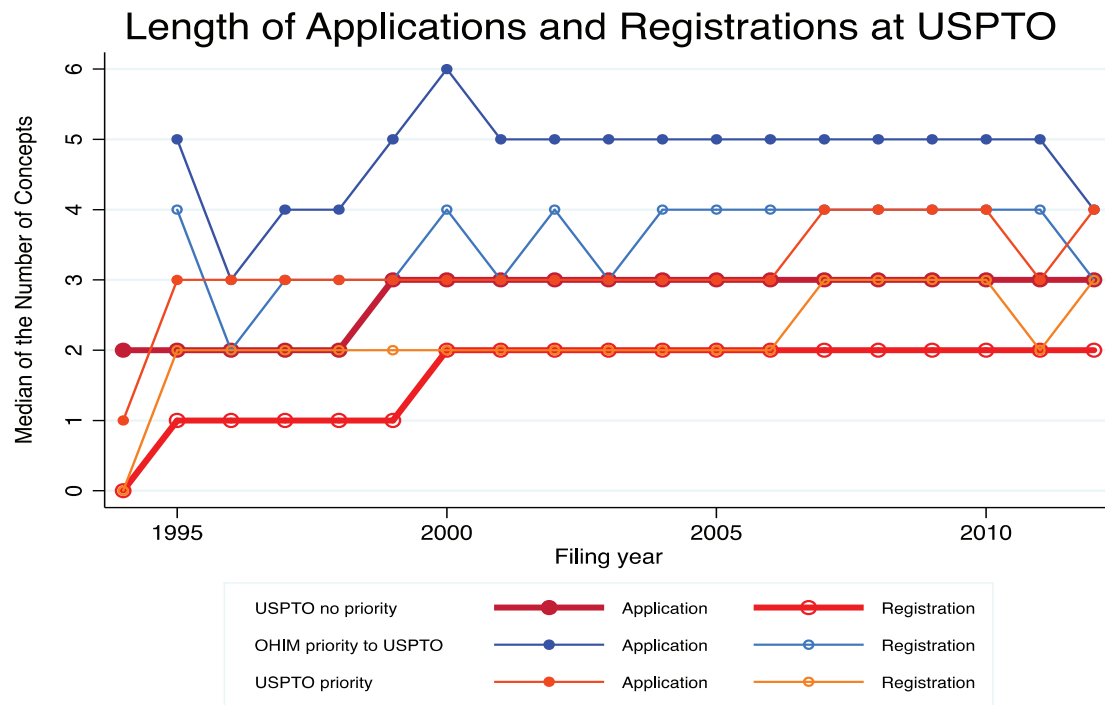
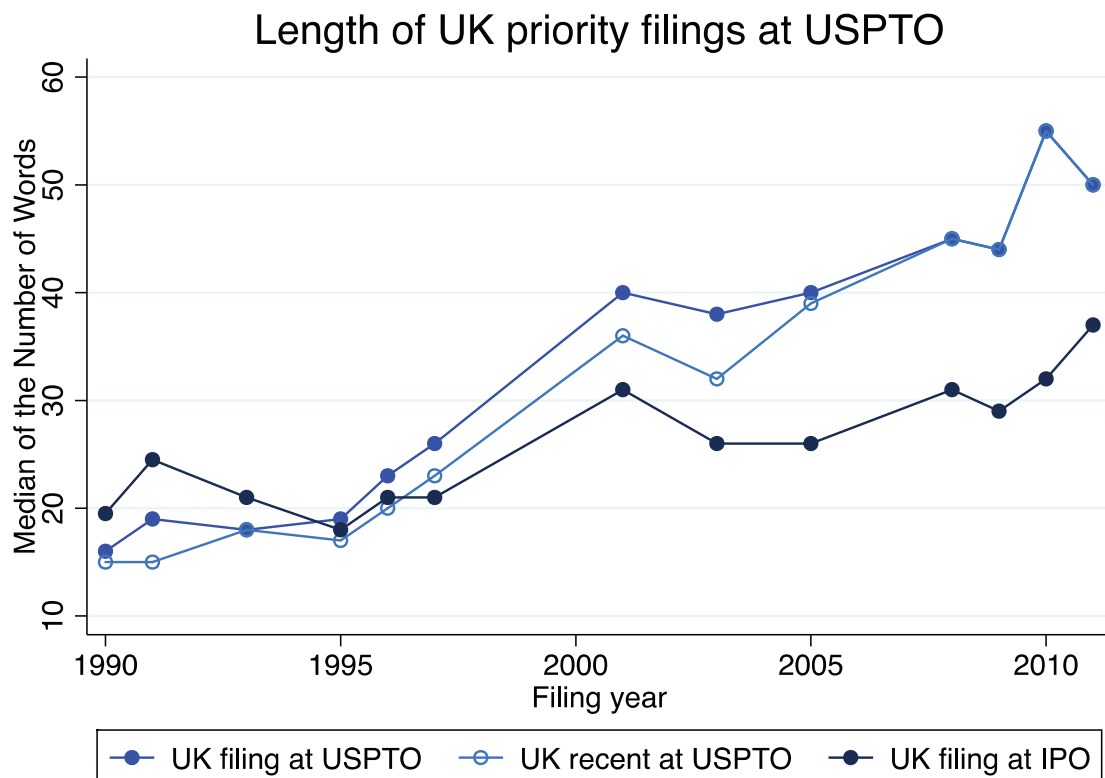


Figure 5.14



Next, Figure 5.14 provides information analogous to that of Figure 5.12 for the lists of goods/services of US trade mark registrations at USPTO that have priority claims based on UK filings. Figure 5.14 demonstrates two things:

1. on average UK applicants increase the length of the goods/services lists attached to their later filings at USPTO relative to the original filing at IPO⁵⁰ and
2. registration of the mark at USPTO leads to a shorter goods/services lists.

Over time it seems that the resulting goods/services lists at USPTO are becoming longer than the goods/services lists attached to the original marks at IPO.

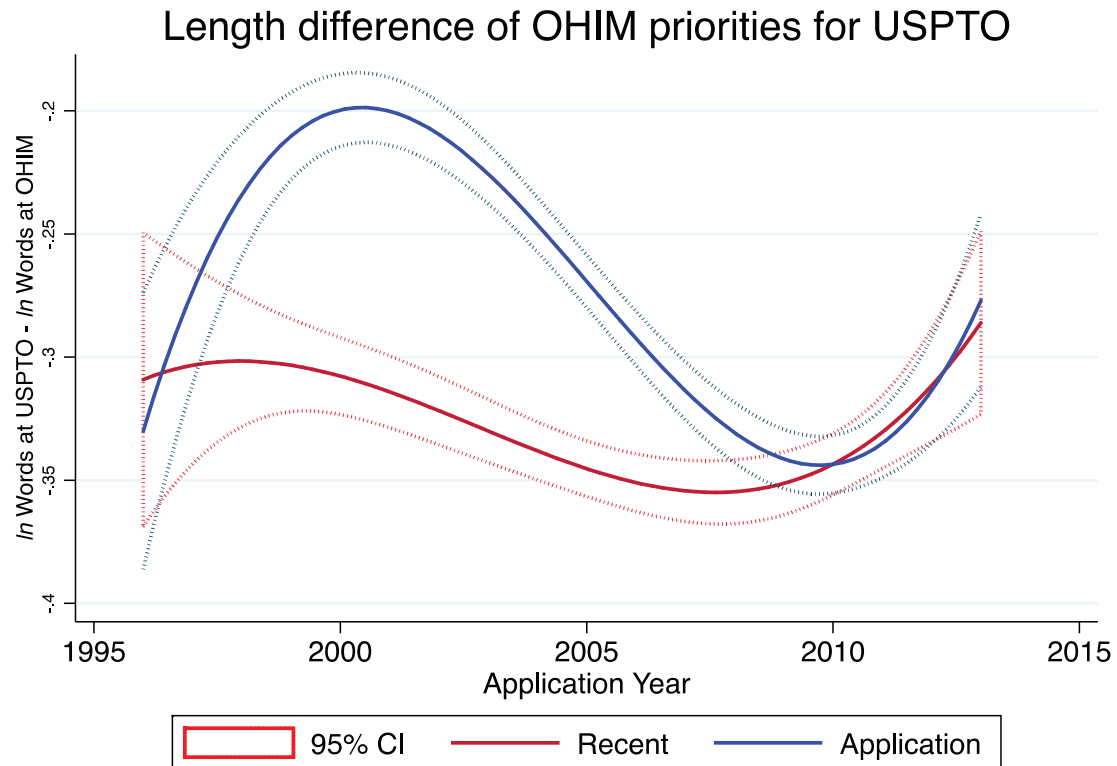
This finding differs from that for trade mark applications made at USPTO on the basis of OHIM priorities, compare Figure 5.10. A comparison of Figures 5.12 and 5.13 also reveals that the goods/services lists attached to those UK trade marks that form the basis for later priority-claiming filings at USPTO are quite significantly longer than the lists of any other group of trade marks we have analysed. This may be due to the specific composition of the group of firms that choose not to register their trade marks at OHIM and that use their UK trade marks as the basis for a priority claim at USPTO. It remains for future research to identify which groups of firms these are.

5.1.4 Priority Pairs – All previous graphs in this report are based on comparisons of annual averages: we have averaged the length of goods/services lists across all class-level applications or registrations in each particular group of trade marks. The graphs that follow below provide information on direct comparisons of the lengths of goods/services lists within each priority pair. They also provide information on the statistical significance of the changes we analyse.

Figure 5.15 focuses on trade marks registered at USPTO with a priority claim to an earlier OHIM application. The figure presents a Difference-in-Differences analysis of how PoU at USPTO affects the length of goods/services lists for priority pairs. Both series show the average difference between the length of goods/services list for the USPTO trade mark (application or registration) and the length of the goods/services list for the corresponding earlier CTM priority-base application filed at OHIM. The blue series (---) is based on the length of the US application at point of filing, whereas the red series (---) is based on the current length of the US application or registration. As can be seen, there is no difference in the two series for the period 2008-2013. This is presumably because applicants for US registrations claiming UK or CTM priorities have for the most part not yet been required by USPTO to disclose their actual use of the mark. However, for earlier applications (pre-2008) the recent length of these marks is below their length at the US date of registration, which documents that PoU is forcing applicants to shorten their goods/services lists. The confidence intervals (shaded lines) around both series demonstrate these changes in length are statistically significant.

50 It is again possible here that lists of goods/services for US filings are being redrafted to avoid the cost of dealing with USPTO requirements for the use of “ordinary commercial terms” with longer species wordings replacing shorter genus wordings.

Figure 5.15



Another way to analyse differences in the lengths of the earlier CTM applications and later US applications claiming priority from the CTM is provided in Figure 5.16. This figure presents a Box-Whisker plot, which captures the distribution of differences in length between the earlier CTM and the subsequent priority-claiming registration at USPTO, disaggregated by Nice class. Figure 5.16 shows that the median of these differences and often the interquartile range are negative for registered marks. This is evidence of the fact that PoU at USPTO forces most applicants with an OHIM priority to reduce the length of their goods/services lists for maintenance of the registered mark by USPTO. Note that we do not analyse cases in which marks fail to be maintained in their entirety. A large proportion of foreign applications at USPTO fall into this category.

Figure 5.17 shows that registrations at OHIM based on US priorities are significantly longer than the priority applications at USPTO. The median is always positive in this figure and frequently the entire interquartile range is positive. This indicates that 75% or more of US-originating applications at OHIM with US priority have goods/services lists that are longer at OHIM than at USPTO.

In Figure 5.18 we analyse the distribution of the lengths of goods/services lists at IPO, comparing the filing at IPO with the subsequent filing at USPTO. Figure 5.18 confirms what we had already seen in Figure 5.14: the priority filing is often shorter than the subsequent filing at USPTO. This is exactly the reverse to what we observe in Figure 5.16 for filings at USPTO that are based on OHIM priorities. The figure also shows more heterogeneity in lengths within and across Nice classes than was evident in Figures 5.16 and 5.17.

Figure 5.16

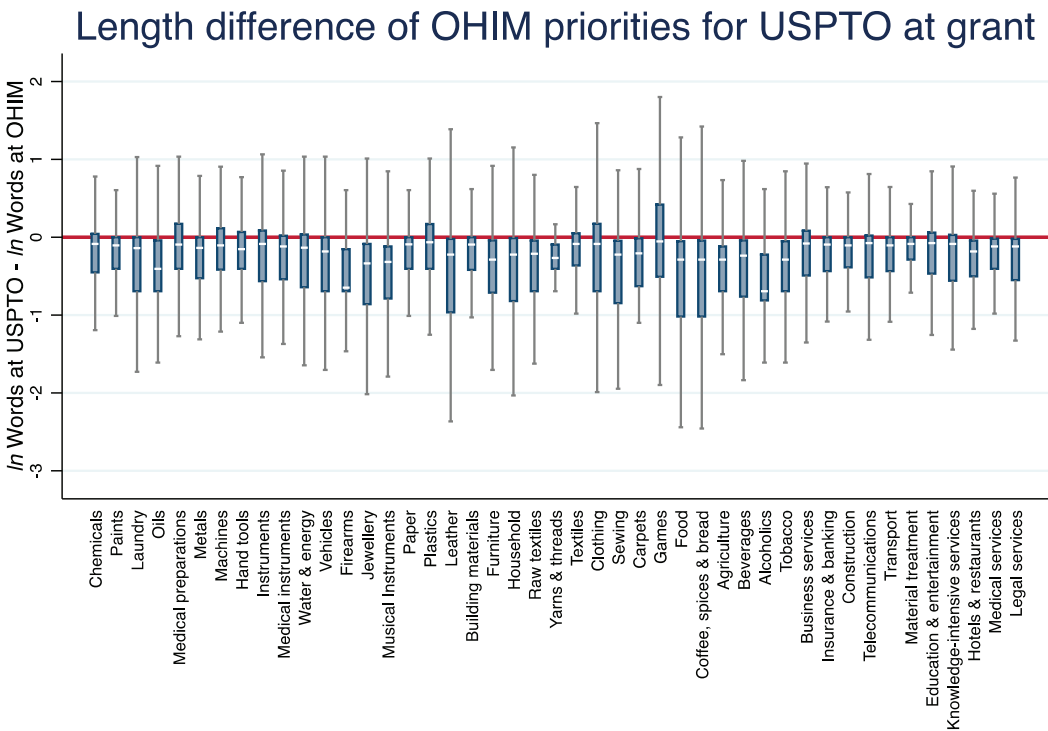


Figure 5.17

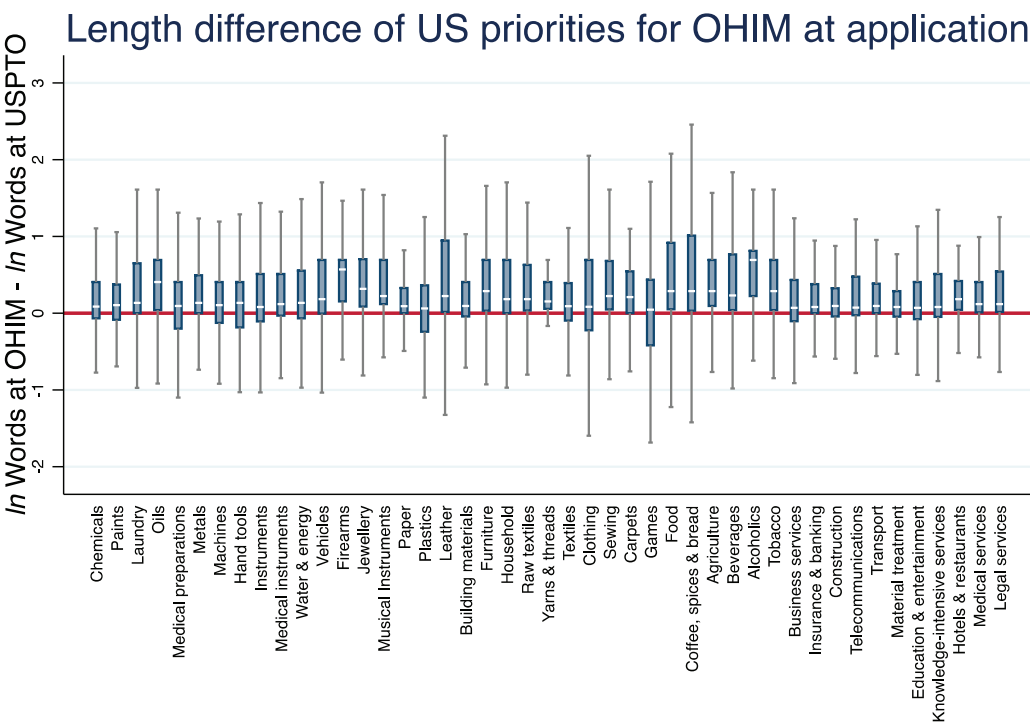
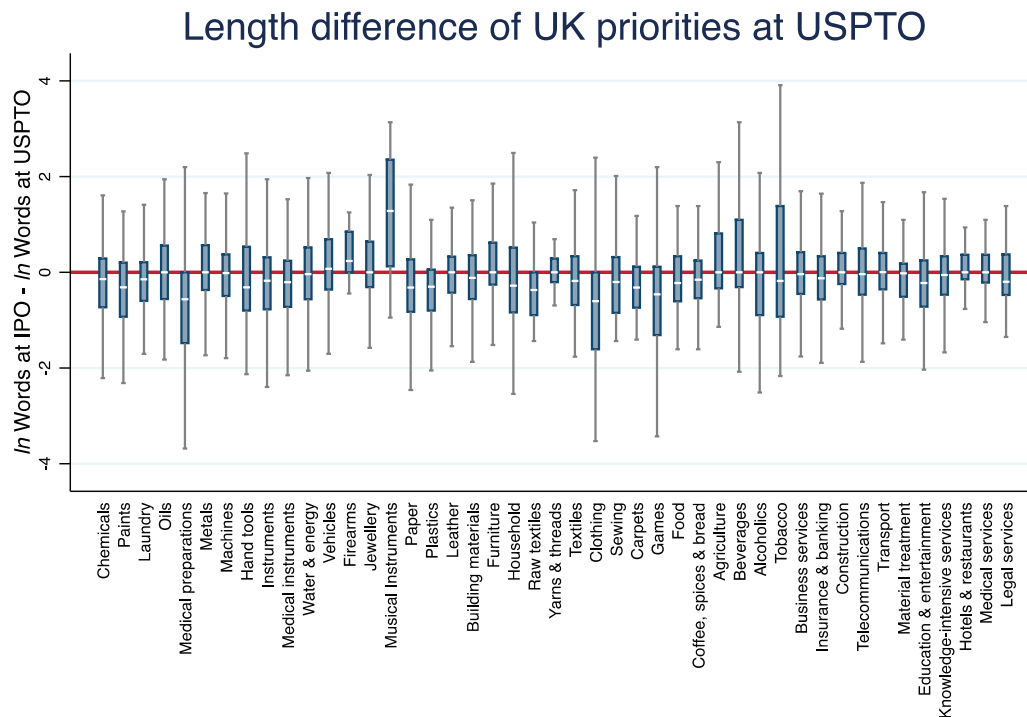


Figure 5.18



Key Research findings:

1. Analysis of priority paired applications shows registered marks at USPTO have shorter goods/services lists than the prior applications at USPTO.
2. Analysis of US priority-claiming applications made by UK applicants reveals increasingly longer goods/services lists submitted to USPTO than to IPO. These applications are then shortened post-registration, but the US registered marks still have longer goods/services lists than the original UK applications.
3. Analysis of priority pairs confirms statistically significant differences between the lists of goods/services in registered marks and the corresponding applications at USPTO.
4. Analysis of priority pairs at the Nice class level confirms that lists of goods/services are longer at OHIM than at USPTO for significant shares of all marks registered in most classes. The only exception to this across both offices is the Games class (28).
5. Analysis of priority pairs at the Nice class level shows that length differences of marks between IPO and USPTO are far more heterogeneous than length differences between OHIM and USPTO.

Authors' Conclusions:

1. The analysis here confirms that PoU and/or the redrafting of some terms in goods/services lists generally leads to narrower lists of goods/services at USPTO than at OHIM.
2. The analysis also shows that some UK applicants are making much more extensive later applications to USPTO than to IPO earlier for the same mark. This deserves further analysis.

Authors' Note:

1. The comparison of priority pairs provides the cleanest form of comparison between different trade marks systems as we are comparing the extent of protection afforded to closely related applications for the same mark filed at about the same time. This is also a very restrictive form of comparison in that only a small subset of all marks registered at either office is registered at both from such closely related applications. However, in this case comparisons between the trade marks on one or the other basis yield quite similar conclusions. This suggests that it does not matter much whether comparisons are made for the aggregate set of marks at both offices or just for marks in priority pairs.

5.1.5 Regression Results - In this subsection we summarise findings from the three data sets when analysed using regression analysis. This allows us to test whether the main differences in the length of trade mark filings at USPTO, OHIM and IPO are robust to controls for time effects, cyclical effects and variation across the Nice classes.

Table 5.2 Main covariates of length of goods/services lists

	(1)	(2)	(3)	(4)	(5)
Variables	IPO	OHIM	USPTOa	USPTOr	USPTOrs
Portfolio size	0.0556*** [0.001]	0.0181*** [0.000]	0.0052*** [0.000]	-0.0006 [0.000]	0.0043*** [0.001]
Portfolio size squared	-0.0000*** [0.000]	-0.0000*** [0.000]	-0.0000*** [0.000]	-0.0000*** [0.000]	-0.0000*** [0.000]
Portfolio in class size	-0.0487*** [0.003]	-0.0202*** [0.003]	-0.0067*** [0.000]	-0.0024*** [0.000]	-0.0062*** [0.001]
Portfolio in class squared	0.0000*** [0.000]	-0.0000*** [0.000]	0.0000*** [0.000]	0.0000*** [0.000]	0.0000*** [0.000]
First in class	-7.7418*** [0.132]	-6.2788*** [0.098]	-2.7475*** [0.050]	-1.3095*** [0.058]	-0.9168*** [0.052]
More than 21 in class	10.9097*** [0.323]	12.8366*** [0.304]	-1.7262*** [0.100]	-3.5325*** [0.118]	-2.3727*** [0.130]
Constant	23.1567*** [0.390]	24.6564*** [0.537]	16.0289*** [0.235]	13.4325*** [0.235]	14.4003*** [0.252]
Year dummies	1991-2012	1997-2012	1991-2012	1991-2012	1991-2006
Month dummies	YES	YES	YES	YES	YES
Nice class dummies	YES	YES	YES	YES	YES
Observations	1,140,250	2,506,008	6,469,027	3,300,445	2,226,989
R-squared	0.077	0.053	0.032	0.040	0.044
Robust standard errors in brackets *** p<0.001, ** p<0.01, * p<0.05					

The graphical analysis presented in the previous two sections suggests that the length of goods/services lists are affected by differences in the examination of filings at trade mark offices with the main differences being created by the PoU test applied by USPTO. That analysis also shows that the length of goods and service lists is increasing at each one of the three offices. One possible explanation of these trends is that goods/services lists are getting longer because applicants are filing more trade marks that are connected to brand extension efforts. These “derivative” marks could well be broader than the original applications, if applicants’ thriving business activity leads them to expand to new products and services not included in their earlier registrations. Alternatively the speed with which firms expand to new areas of business may be a factor leading to increasingly broader goods/services lists. Since we observe the trend at both USPTO, with its PoU test and at the other offices, this is likely to be at least a part of the explanation for the trend.

In the analysis reported here, we test the brand extension explanation by adding a variable that captures the size of a firm's overall trade mark portfolio and another that captures the size of the firm's portfolio within a Nice class. We also added a dummy capturing when a firm first enters a Nice class and when a firm's portfolio within a Nice class is larger than 21 marks. This last variable was included because 90% of portfolios within Nice classes at IPO comprise fewer than 21 trade marks. The dummy variable capturing entry into a new Nice class is a rough proxy for a new brand, while the dummy for more than 21 marks is a rough proxy for brand extension efforts.

Table 5.2 contains results for registrations at IPO (1) and OHIM (2) as well as for applications at USPTO (designated USPTOa) (3), registrations at USPTO (USPTOr) (4) and registrations at USPTO, which have already passed the first maintenance stage (USPTOrs) (5). All of the reported regressions contained covariates capturing year, month and Nice class effects. These covariate effects will be reported separately below. The results in Table 5.2 are based on an analysis in which we relied on the quality of the firm names as provided by each of the offices. We undertook no efforts to further clean these names, which means we are likely to underestimate the size of larger applicants' portfolios as single large firms often show in the databases with multiple slightly differing applicant/registrant names or addresses.

The results reported in Table 5.2 show that firms with larger portfolios tend to apply for or register trade marks based on longer goods/services lists at all offices. The coefficients of portfolio size are largest at IPO, and still much larger at OHIM than at USPTO. Firms with portfolios that are concentrated in fewer Nice classes (portfolio in class size coefficients are negative) apply for shorter marks, all else being equal and conditional on their portfolios not being too large. Once portfolios within a class grow beyond 21 marks there is a very significant increase in the average length of goods/services lists at OHIM and IPO. This is not the case at USPTO. This finding confirms our previous results and adds additional information. It suggests that some of the increases in the length of goods/services lists at IPO and at OHIM are due to firms with very large trade mark portfolios in a few classes.

Next, we note that at all three offices goods/services lists for applications listing a Nice class that is new for a particular applicant are significantly shorter on average than goods/services lists for applications not listing such a new Nice class. This result would fit with the brand extension hypothesis discussed above if the dummy variable is a reasonable proxy for the creation of a new brand. Further work in the future with better measures of brand extension (i.e. those based on trade mark names) will be needed to establish whether this result can be relied upon.

We also provide three further results derived from this regression analysis: first summarising the time trends, second summarising the cyclical effects and third summarising the differences across Nice classes, which are revealed by the regressions. Figure 5.19 summarises the coefficients for the year dummies from the regressions reported in Table 5.2 above. These coefficients are all increasing after 2000, indicating that there is a significant long run trend at work between 2000 and 2012 that has increased the average length in words of the goods/services lists at all three offices. While the US data seems to suggest that this trend is weakening more recently, a similar weakening of the trend is observable for the US data after 2000, only to be reversed after 2005. The 2012 data points should be interpreted with caution as the data for that year may be affected by reporting lags. Overall Figure 5.19 suggests that better measures of brand extension may be needed, or that a different explanation must be found for the increasing length of goods/services lists in the registers we study.

Figure 5.19

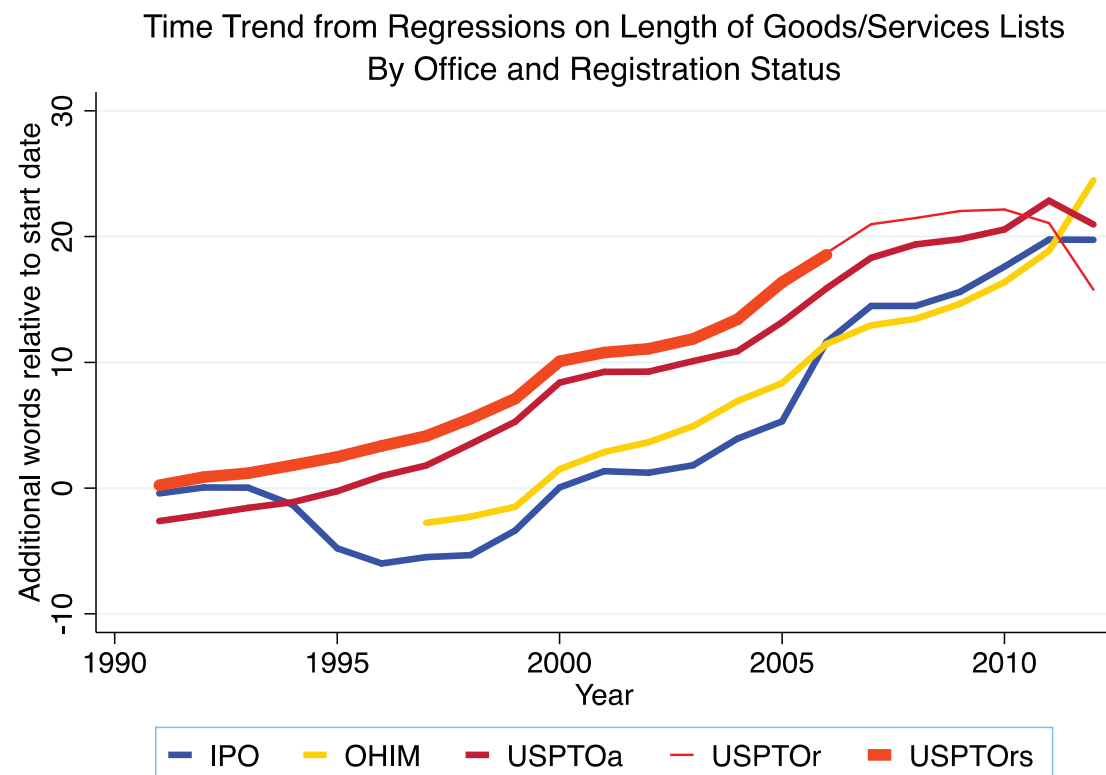


Figure 5.20

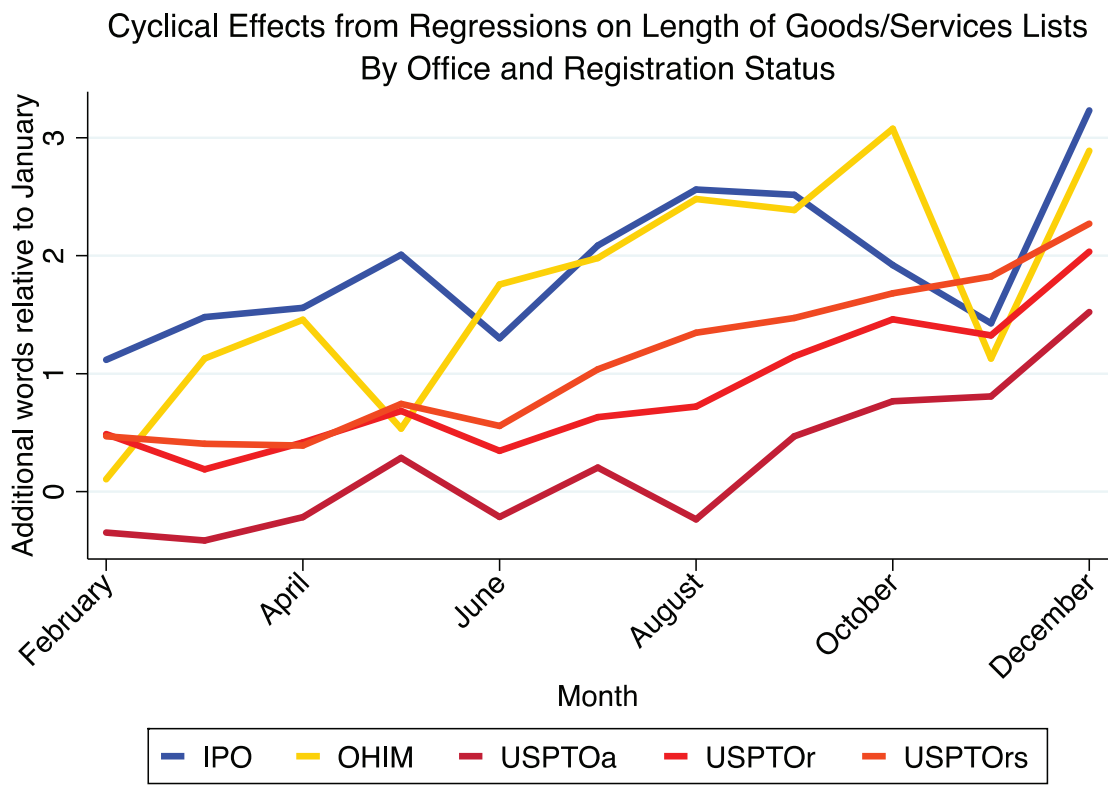
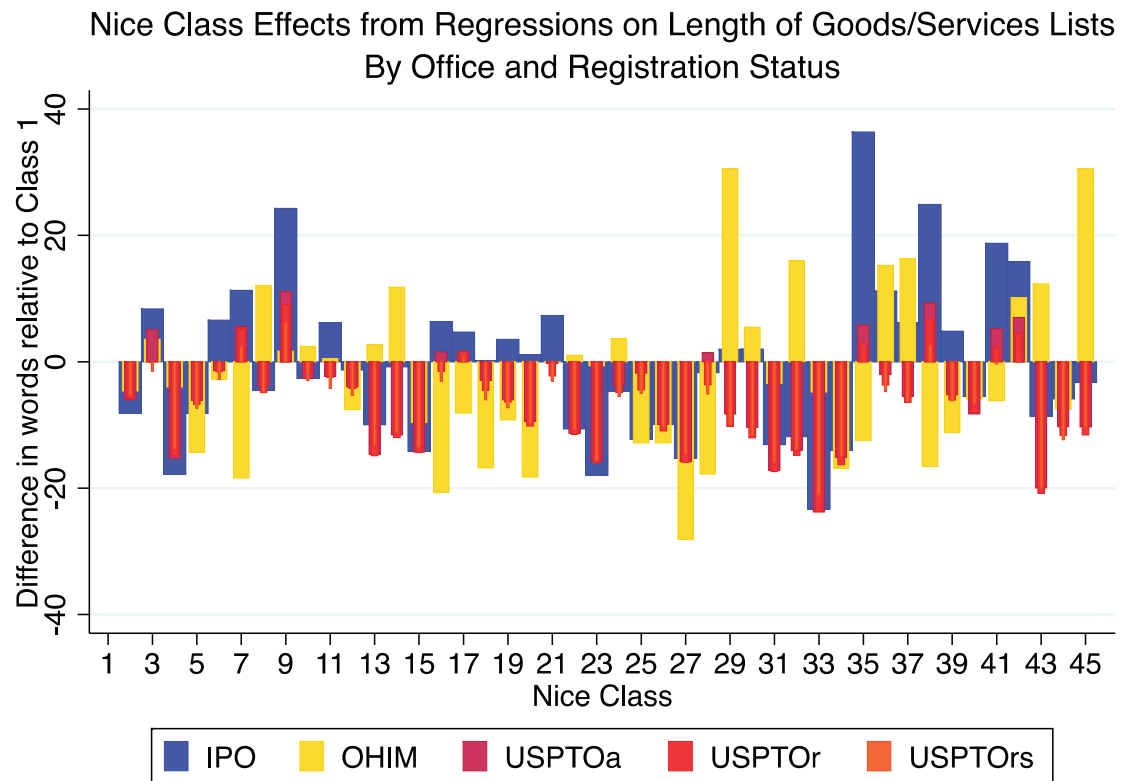


Figure 5.20 reveals that within each year there is significant cyclical variation in the length of the goods/services lists of trade marks applied for or registered at the three offices. Relative to January the length of these lists increases throughout the year, reaching a maximum in December and in some cases a previous maximum in the late summer or early autumn. We currently have no explanation for this finding, which is robust across offices. Measured over a year the effect is as strong as that picked up by the year dummies after 2000, suggesting that the overall trend may be twice as strong as that measured just by the annual dummies.

Finally, Figure 5.21 sets out whether the average length of goods/services lists in each of the Nice classes was greater or less than that in class 1 (used as the basis for the class dummies) at each of the offices, conditional on the other variables included in the regressions reported in Table 5.2. Figure 5.21 shows that for one third of the Nice classes the relative length of goods/services lists of class 1 and the given class is the same for all three offices. In 6 cases the lists in a class are shorter than class 1 in the US and longer in Europe and in 4 cases lists at IPO are longer, whilst being shorter at all other offices.

Figure 5.21



Only in classes 9 and 42 are lists consistently longer than in class 1 across all three offices and regardless of whether applications or registrations were analysed. Classes 35, 38 and 9 are those with the longest lists for IPO. Perhaps the fact that class 9 is also one of the broadest Nice classes, attracting the majority of applications at OHIM, USPTO and in Germany explains why applicants make use of longer lists for this class. Class 9 of course covers much variety in the way of high-tech based products. Similarly class 35 is the second largest class at these three offices, covering a wide variety of business services. The shortest lists are found in class 33 (alcoholic drinks) for USPTO and IPO, while at OHIM the shortest lists are found in class 27 (floor and wall coverings).

In summary, this section provides some support for the idea that firms, which are stretching existing brands into line extensions may be contributing to the observed increased length of goods/services lists over time⁵¹. It must be emphasized that this is an explanation for the general upward trend in the length of goods/services declarations that we observe at USPTO as well as at OHIM and IPO. It does not change the fact that goods/services declarations at USPTO are significantly shorter than at IPO UK and OHIM (see Figures 5.3 and 5.4) and that we have found that the PoU test at USPTO is leading to a significant reduction in the length of goods/services lists (see Figures 5.12 - 5.15).

51 It should be noted of course that the broader lists of goods/services at OHIM could reduce the number of filings needed for future line extensions. In theory in the US a firm would need new applications for each line extension, but can of course include in those applications existing products already covered in earlier registrations. Whether this is the case is beyond the current report, but deserves further investigation.

The regression analysis here also shows that the brand extension explanation for the steady increase in the length of goods/services lists over time is either not the whole story or that the variables used here are not precise enough to explain all of the trend observable in the data. Finally, this section shows that applicants at IPO and OHIM with very large portfolios rely on goods/services lists that are significantly longer than the lists of goods/services claimed by other firms, but that this is not the case at USPTO. This is likely to be the result of the PoU policy at USPTO.

5.2 Qualitative Results

The qualitative part of our research looks for corroborative evidence of non-use clutter following informal reports from practicing trade mark attorneys of increasing instances of legal clearance exercises for proposed new marks having to be abandoned on account of prior registrations containing unused goods/services scope. These reports are though generally such that their reporting attorneys are

1. unable to locate specific such instances, as their firms would generally not index or catalogue client cases by the nature of the legal/commercial issues involved, and
2. that the detail of such cases is almost always going to be subject to client confidentiality.

There is nonetheless probative value in experienced attorneys' personal recollections expressed in a way to avoid breaches of confidentiality, as demonstrated in the courts' willingness to rely officially and legally upon an expert witness' specialised opinion within the scope of his or her expertise. This could then be useable direct evidence of the existence or otherwise of register clutter in UK, particularly non-use clutter, and useable evidence of whether such clutter may constitute a significant problem. It could also suggest further areas of quantitative research which may provide more direct evidence of the existence and effects of non-use clutter.

We have explained in 4.2 above our selection of 28 UK-based practitioners (and one based in Ireland where the trade mark law and practice in general and on non-use clutter issues are essentially the same), mostly being in independent private practice, on their views and experience of non-use clutter, if any. The main criterion for selection of the 29 was our view that a court would be likely to accept them as expert witnesses having education, training, skill, or experience, and of course probity, with regard to the subject of our research.

5.2.1 The Conduct of the Research – As explained in more detail at section 4.2 above on “Qualitative research” following our selection of the 29 attorneys they were all first sent, on or about 28 November 2013, a personal letter usually by email as a PDF attachment with text as set out in Appendix 1. Of the 29 attorneys to whom that letter was sent, 25 responded in various ways to express willingness to talk about contributing to our research. We then selected five of the 25 to interview informally to explain the nature of the project and answer any questions they might have, and provided those five before the interviews with some preparatory notes as set out in Appendix 2.

From those five interviews it became apparent that we had chosen practitioners who understood the project's objectives and what was needed of them in the way of letters of expert opinion, and as a result no further interviews were undertaken and a further request was sent to the interviewed five requesting them to press ahead on preparation of their letters of opinion. An equivalent request as set out in Appendix 3 was to the remaining 20 of the 25 attorneys.

The first 11 responses were collected within about six weeks of these requests. Follow-up contact was made at various times to non-responsive attorneys with a view to encouraging them to provide a written opinion, and one last request for attorney responses was made in late May 2014 on a slightly different basis as set out in Appendix 4. The overall result was written substantive responses from 15 out of the 29 attorneys.

5.2.2 Responses to Survey – In summarizing the written opinions we received from the 15 attorneys we have focused on those questions that motivated this analysis:

1. Is there any evidence or experience to suggest that cluttering of trade mark registers affects UK firms?
2. Does such clutter have significant effects, e.g. costs, and if so, what is the nature of these effects and how important are they likely to be?
3. Can clutter be reduced?
4. Are there further aspects of clutter that are not captured by the above questions?

The responses from the attorneys contain a great deal more information than what can be summarized by these questions. More information is contained in the extensive summaries we provide in Appendix 6.

1. Evidence and experience of clutter

All 15 respondents recognised the description of non-use clutter as a phenomenon. The great majority of the respondents view it as resulting from the continued erosion of barriers that applicants would once have encountered when applying for marks. All regularly encounter aspects of clutter and the majority were able to set out effects in costs and/or time that clutter creates for various parties using the trade mark system.

One respondent stated that those seeking protection should specify with clarity what it is they seek validly to protect as part of a bargain in which this protection is then provided. A number of respondents viewed applications for overly extensive goods/services lists as acts of bad faith. An alternative view was provided by a respondent who very forcefully argued that businesses seek or should seek to “future proof” their trade marks’ protection and in so doing were rationally over claiming the extent of the use to which a mark would be put. Another respondent agreed broadly with that position while seeing from his own practice evidence of an increasing proportion of unused registrations working directly against the trade mark interests of SME’s. Several respondents pointed to the trade mark system operated by USPTO as being significantly ‘cleaner’ with respect to the actual uses to which trade marks were being put.

2. Costs

Many of the respondents point to the fact that the current levels of clutter experienced by them arose as a result of the rules (e.g. 3 for 1) and other practices adopted by OHIM, which have subsequently affected national offices within the EU. It should be noted that many of these practices and rules have significantly reduced the up-front costs of obtaining a trade mark for the applicant, i.e. the well documented and easily observed reductions on payments made to the offices for registration and the phasing out of examination on relative grounds⁵².

It is much harder to quantify the costs of clearing potential new marks and as pointed out by one respondent, the number of marks that fail during clearance remains undocumented. Several respondents point out that this has changed the nature of the process that applicants undergo when applying for marks. In those trade mark systems in which the registration of marks was, or is, officially policed by relative grounds examination, applicants focus on clearing their marks and can then rely on the resulting registration with a degree of confidence in the availability of the mark for use. In systems with no such official policing (now including those at UK and OHIM) respondents rely less on being able to clear marks and will more often “punt” on a given application not encountering opposition. The resulting uncertainty has a cost that is hard to quantify. Aspects of these costs are longer search times if abandonment and further searching is required, less certain outcomes and higher costs of enforcement. Several respondents noted that the current, more uncertain type of register applying in UK and at OHIM is less beneficial to SME’s for whom costs of clearance or costs of later negotiations with other right holders can be excessive.

Overall we can summarise the view of most respondents as follows: “it is easier now to get a registration certificate for something, but harder to assess exactly what that registration really confers”.

The respondent advocating future proofing above pointed to the large amount of information available on the internet about the market activities (and therefore non-use inactivity) of owners of conflicting registrations, allowing firms to reduce uncertainty about conflicting registrations presenting technical infringement risks. Another pointed to the poor quality of OHIM’s searches of their own database for potential conflicts between marks as the basing for OHIM notifying firms about potential conflicts between applications and existing marks.

All respondents’ comments show that assessing the true costs of a strict trade mark register against the current form existing in the UK will be extremely challenging as costs of search, costs of abandonment and costs of negotiations under both systems would need to be evaluated for different types of firms.

52 Relative grounds examination was undertaken by some trade mark offices to identify identical or similar marks to a new application. If such older marks were identified, the offices could refuse the new application. In the absence of relative grounds examination the owner of the previous mark is required to oppose the new application to prevent registration.

3. Reducing clutter

Respondents provided a number of suggestions as to how clutter could be reduced:

- i. A PoU system with some at least of the features of that existing in the US would overall keep registration goods/services scope closer to owners' market-place activities and intentions;
- ii. Charges for filing in each Nice class (likely to be addressed by the expected discontinuance of OHIM's 3 for 1 class fee practice).
- iii. PoU every five years (an aspect of the first US point immediately above);
- iv. Subsidies to national trade mark systems by OHIM so as to reduce costs of filing national marks (to encourage coverage of marks in countries of intended use rather than EU-wide CTMs);
- v. Filing fees for items beyond 10 in each class of the goods/services lists (to place a cost penalty on "dead wood" goods/services cover);
- vi. Adjusting renewal fees such that renewal of more extensive lists of goods/services is costlier (to place a cost penalty on "dead wood" goods/services cover).

These suggestions all indicate that the majority of our respondents view the current official costs of filing marks as providing poor incentives against the use of expansive lists of goods/services.

4. Further points

Several comments were made about the inadequacy of the currently existing system of Nice classes, some of which are extremely broad (e.g. class 9). These suggestions could though lead to an increase in the costs of filing, if more classes were created in the future.

6. Conclusion

We started this report with a statement that the existence of register clutter in UK is not wholly agreed upon, nor whether it may constitute a serious problem. The report provides a set of definitions of different dimensions of register clutter, some of which have been previously analysed. The published discussions of clutter focus on two dimensions: firstly, the increasing volume of the effective UK register, argued to create volume-clutter in terms both of numbers of registrations and of goods/services scope thereof, and secondly, non-use-clutter described in the IPO's briefing concerns as *"...where the trade mark registry contains trade marks that are overly broad or unused, which can raise search costs for later applicants."*

Although recognising that volume-clutter will itself be of interest for further research we have in this report focussed mainly on non-use of registered trade marks for some or all of their claimed goods/services. A review of the evidence on the number of classes per application/registration and the possibility that some marks are filed but not used shows that there are already suggestions of non-use clutter in previous work. However, these are either open to alternative interpretations (e.g. for growth of the number of classes per mark) or very narrowly focussed (e.g. non-use by pharmaceutical firms of fall-back "insurance" filings).

In this report we focus our analysis on clutter resulting from the scope of goods and services lists, which define the range of third party market activities that a registration may affect, or even stop. By comparing applications and registrations made at OHIM and IPO with those made at USPTO we uncover what is arguably much stronger evidence for the extent of probable non-use of marks that are registered in Europe.

The comparison between trade mark regimes arises because trade mark owners in the United States are required to furnish evidence that they are using a mark in relation to the goods/services claimed in an application before that mark can be registered. We note exceptions to this general principle where they arise, but a comparison of a mark applied for both under these rules in the United States and in Europe, specifically at IPO or OHIM, reveals how trade mark owners make fairly routine use of their ability to apply for a broader range of goods/services under the less stringent set of rules that apply to registration at IPO and OHIM. This is outlined in Section 5 of this report.

The same is true, but less so, of marks registered at IPO, where the length of goods/services and the number of applications or the number of application-class combinations has been increasing much more slowly than at OHIM. However, it must be borne in mind that UK firms are both using a combination of the IPO and OHIM to protect their marks, not infrequently both, and are exposed to others' uses of both offices as well. The general picture emerging from this report is then that trade marks are registered in a more expansive way, for broader goods/services, in Europe than at USPTO both by EU and by non-EU applicants. This notably holds true even at the level of priority pairs where we compare the linked filings of applications for the same marks in both EU and US trade mark systems, and find markedly differing goods/services scope. The evidence points to US requirements for PoU being a significant contributor to these differences of goods/services scope, suggesting that many UK or CTM registrations have unused goods/services scope cancelled as unused from their equivalent US registrations.

Our qualitative evidence sheds some light on how this difference is perceived by trade mark attorneys conversant with both systems, most of whom recognise the description of non-use clutter as a phenomenon which they encounter in practice as causing cost and/or delay to their clients. Many refer to overly extensive goods/services lists as acts of bad faith, although several espouse the benefits of unfettered goods/services registration for some clients, if perhaps not SMEs.

We are aware that non-use clutter may be a greater concern to UK attorney practitioners than may sometimes be the case elsewhere in the EU, perhaps as a product of differing historic views on the benefits (and costs) of a clean register or from long local experience of lower cost court systems than tends to be the case in UK. Our 15 responding expert attorneys confirm experience of a systemic increase in cases of unused registration scope impeding otherwise legitimate third party plans for trade mark use.

The aim of this report is to find evidence, indirect if needs be, that increasing numbers of registrations on the effective UK register are unused (in whole or in part). It is clear that the collective opinions of our 15 attorneys are not in themselves adequate evidence to prove that, but they do provide a degree of corroboration of the indications from our quantitative research that the unused goods/services scope of the effective UK register is growing. This arises not just from failed commercial interests in relation to registered good/services, but from systemic encouragement of registration, notably at OHIM, for speculative goods/services lists. These attorney opinions also show avenues for further research. The main impediment to obtaining more detail regarding costs created by clutter has been client confidentiality. Any future research would therefore have to address this issue directly.

Our quantitative research shows that CTM registrations have overall a significantly broader goods/services scope than US registrations, notably at the level of priority pairs. It also shows a similar but less pronounced situation pertaining to UK and US registrations. This points strongly to an existing and growing pattern of EU trade mark filing producing growing proportions of registration scope unlikely to be used. It further points to the distinct prospect that direct evidence of unused registration scope might be obtainable, and how. Notably though it provides strong pointers to the need for wider consideration of the reasons for all these indications of likely growth of unused registration scope.

Our research indicates the likely beneficial effects to trade mark users of proof of use in focusing trade mark goods/services scope onto the owner's market place use of a registered mark. The trade-off for that benefit is lesser scope for the owner to sue for third party infringement and additional costs for follow up applications to protect the mark concerned for market-place line extensions. The balance though seems likely to be tipped by Recital 9 of the Trade Marks Directive and its concerns to take unused registration scope, seen as "deadwood", out of the EU system.

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APPENDIX 1: Sample letter sent on or about 28 November 2013 to a selection of 29 attorneys

Richard Ashmead
International IP Consultant
& Trade Mark Specialist



richard@ashmead.eu
T / F +44 (0)1590 626 241
M +44 (0)7769 656 233
www.ashmead.eu
PO Box 360 Brockenhurst
Hampshire SO42 7PR England

28th November 2013



Dear [REDACTED]

UK IPO Research Project for Trade Mark Cluttering

The UK IPO has taken note of increasing concerns on the existence and effects of register clutter. Definitions of clutter vary but in essence arise from a combination of:

1. a demonstrably growing “effective” UK register of UK National, IR (UK) and CTM registrations, and
2. a perception that increasingly broad goods/services claims (e.g. multiple full class heading claims) are resulting in registered scopes significantly in excess of market use.

It is not universally accepted that clutter in those terms exists and is a significant problem, there being arguments that:

1. a cluttered register merely reflects a cluttered market place
2. the register in whatever form still leaves an infinity of available marks, and
3. unused marks are cleared out after five years (if challenged) or ten years (if not renewed), constantly refreshing the register.

Counter to such arguments though is comment in WIPO's November 2013 report on “*Brands: Reputation and Image in the Global Marketplace*” that:

“Cluttered registers impose a cost on society in that they reduce the space of names and

other eligible subject matter available for new trademarks. While the precise extent of cluttered registers and their costs are uncertain, there is some evidence that they negatively affect at least some market participants”

The UK IPO commissioned a preliminary report on register clutter, published in February 2011, and has now commissioned follow-up research concentrating on the scale of UK and CTM register clutter and its potential economic cost. The resulting research project is headed by Dr. Georg von Graevenitz of the University of East Anglia’s Business School, an economist with particular involvement in IP matters, who has invited me to join his team to provide some input on the practicalities of trade mark advisory work. The IPO team for this project is led by Dr Bill Trott, the IPO’s Head of Policy and Practice.

My reason for contacting you is to explore what evidence of the existence and effects of clutter you may be able to provide to the project. The team is working on a number of approaches to extract and collate what I think of as hard data on the statistics of UK and CTM registrations likely to be wholly or partly unused, but we and the UK IPO are very interested in related evidence which may flow from your professional experience, perhaps as:

1. data in your office systems which may show an increase in the need to search again when a client’s mark choice is blocked, possibly repeatedly, or show how the costs of clearance searches have changed over the last, say, ten years, and
2. professional opinion whether or not there is register clutter as described, and if so what effect that may be having on your clients’ objectives and bills when instructing you.

We recognise that this second, more qualitative, approach to evidence has an element of leading about it, but its inclusion in the project reflects that you, and other experienced practitioners whom I am contacting, are likely to have input in the way of expert evidence from your specialised knowledge of the trade mark system.

My first question is then whether you would be prepared to talk to me about contributing to the project, and if so how. By that I mean by any or all of:

1. Providing your own report of your professional views on the existence and effects of UK and CTM register clutter
 2. Meeting to talk through the issues
 3. Responding to a questionnaire on the issues
 4. other ways?
-

I am going to be out of the country for a few days next week, back on Friday 6th December, so if you could possibly email me by then on richard@ashmead.eu with at least a preliminary response I would be most pleased. An alternative would be to leave a message on my business land line, 01590 626 241, which defaults to voice mail in my absence.

Yours sincerely

Richard Ashmead

APPENDIX 2: Preparatory notes sent pre-interview to five of the 25 attorneys who responded expressing willingness to talk about contributing to our research.

Notes on clutter interview with attorney experts:

1. The IPO question at the root of this project is whether the trademark register(s) contain significant numbers of applications/registrations that are overly broad and/or unused, which can raise search costs for later applicants?
 2. There are increasing numbers of applications/registrations on the UK and CTM registers, probably with an increase in the average goods/services scope due e.g. to more multi-class filings and lengthier lists of goods/services per class.
 3. A register may become cluttered simply by becoming larger in terms of:
 - i. numbers of current applications/registrations
 - ii. an increasing average number of classes, and/or
 - iii. an increasing average scope of goods/services per class which may in itself add to the difficulty and cost of finding available marks.
 4. We are though looking primarily at a next stage of register clutter, increasing register size or not, of a perception that increasingly broad goods/services claims (e.g. in multiple full class heading claims) are resulting in registered scopes significantly in excess of market use i.e. in increasing amounts of unused registered goods/services scope.
 5. If that last perception is correct it seems likely that, increasing register size or not, there may be signs of an increase in “do not use” clearance opinions/decisions based on unused areas of registered goods/services scopes, notably in problem marks more than 5 years past registration.
 6. Data on register sizes can be mined relatively easily, but whether or not registrations are or have been used for some or all of their list of registered goods/services cannot. It is for that reason that the UK IPO has been willing to build into this project a more qualitative approach to evidence from experienced practitioners in personal reports of their own professional views and experience on the existence and effects (or otherwise) of UK and CTM register clutter.
 7. We are nonetheless interested in both:
 - i. any actual events you may be able to recount showing the existence and effects of register clutter (or not), and
 - ii. your personal views built on general experience as a busy practitioner whether there is register clutter and if so what effects it may have.
-

8. If after our discussion you feel able to contribute further I would be hoping for a statement of your thoughts and views, probably in a letter format, prefaced with a brief resume of your qualifications and experience to act, in essence, as an expert witness in this field.

RA/22nd January 2014

APPENDIX 3: Sample email request sent late March 2013 to the remaining 20 of the 25 attorneys who responded expressing willingness to talk about contributing to our research.

Email text:

I mentioned in an earlier email my discussions with my project colleagues on how best to follow up my “expert” enquiries to work with their main, largely statistical, approach, and I am pleased to report that we are now all content on how my selective, largely qualitative, approach for expert opinion fits in. The point of course is that, unlike in conventional survey exercises, the selection of providers of expert opinion requires essentially only adequacy of the experience and qualifications of experts, which I am confident that you all have. To add to that I believe that this manner of approach is what the IPO is expecting from this part of the project, as we are here seeking relevant information on register clutter which is beyond what can realistically come from verifiable statistical data.

I need now to press ahead with this part of the project and have started to do so in the last week with interviews with five of the now 25 attorneys who have indicated their willingness to contribute. The outcome, as I have to say I rather expected, was that those meetings were helpful to me but probably not really necessary for my interviewees to provide letters for use in the project to explain their views and experience.

Could I then follow a different approach with you and hold back from an interview unless you feel it would help you, over and above of course the possibility of a chat by phone? I prepared a set of pre-meeting notes as attached for those five interviewees, and when we met spoke a little first of how my project colleagues are approaching their statistical research. As it turned out each was content to press ahead with their opinion letter, and I wonder if you too might find that preferable. Could you let me know?

One thing which did emerge from those interviews was a developing concern over extremely long lists of goods/services using multiple full class alphabetical lists - one mentioned apparently ran to over 100 pages! I commented in the attached notes that we are looking primarily at the prospect of increasingly broad goods/services claims having scopes significantly in excess of likely or actual market use i.e. at increasing amounts of unused registered goods/services scope. Although I had not really considered these extreme length claims when the project started it looks like they bring into play a further cost factor of significantly increased time to review e.g. search print-outs. If you have any thoughts on that it would be good if you could include them, as with the new OHIM practice I suspect that this can only get worse.

If you do feel a meeting would be useful, that would of course be fine by. Needless to say time is marching on and we have to send a preliminary project report to the IPO by 24th February. Would you then be able to work towards letting me have your written opinion (sorry!) by 17th February?

With kind regards

Richard Ashmead

APPENDIX 4: Sample final attempt for attorney responses made in late May 2014 to those remaining unresponsive, comprising the email text sent and the attached “Anonymized notes of responses from 11 attorneys on trade mark cluttering”.

Email text:

You will recall some correspondence we had some months ago about a research project commissioned by the UK IPO on UK/CTM register clutter and its potential economic cost. The project has been centred on ways in which the registers can be analysed to show whether or not register clutter is a significant issue, but it was felt that opinion from practicing trade mark attorneys whether or not they see a problem with register clutter, and if so what effect that may be having on their clients' objectives (and bills), would be of added value. We recognised an element of leading innate in this approach to gathering evidence, but we see this as in the way of expert evidence from experienced practitioners having specialised knowledge of the trade mark system.

In case you wish to refer back my explanatory letter of 28th November 2013 (text as yours) is attached, as is a further set of notes of 22nd January 2014 I sent to prospective respondents following a decision that individual interviews would not be necessary. Also attached is a brief summary of the views of the 11 responses received.

The research project has made much progress and we are in the next week or so about to send our final draft to the IPO, an important part of which is a somewhat redirected core question of:

“What evidence can be found of an increasing proportion of registrations on the effective UK register (essentially UK national and CTM registrations) that are unused, or are overly broad in terms of being unlikely to be used, in whole or in part”

I well understand why you found it difficult earlier to find the time to respond, but I wonder if I could try at this late stage for a shorter answer from you than I previously envisaged, to increase the numbers of expert opinions from CIPA and ITMA members I can include in our report. Would you then be able, in the next week or so, to let me have your answers to either or both of the following questions for inclusion in our final response to the UK IPO?

1. Do you see from your own practice trade mark practice evidence of an increasing proportion of registrations on the effective UK register that are unused, or are overly broad in terms of being unlikely to be used, in whole or in part?
2. Could you comment, in the light of your answer above, which of any of the other attorneys' comments in the attached “Anonymised summary” your own experience leads you particularly to agree with or not?

If you are able to respond in this way, an email to me at richard@ashmead.eu would suffice, although I may need to follow up with a request for a scanned signed letter with your response text along with a few lines explaining your qualifications and scope of your trade mark experience.

I do hope that you will be able to help me on this and shall look forward to hearing from you as soon as possible.

With kind regards

Richard Ashmead

Anonymized notes of responses from 11 attorneys on trade mark cluttering

	Respondent numbers										
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11
1	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
2	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
3	Y	Y	Y	Y	Y	(Y)*	Y	Y	Y	Y	N
4	Y	Y	Y	Y	N	N	Y	N	N	N	Y

*But still very positive about the CTM system

Rows 1-4 relate to indication of yes Y (or no N) for the following hypotheses:

1. There is trademark register clutter that imposes significant costs on registrants.
2. Gives detail on the nature of the extra costs.
3. Cites CTM system as a contributory factor to rising clutter and costs.
4. Cites a detailed case or a TM class in order to illustrate views.

Useful points from letters:

R1 - notes that a client's interests are not served if the specification is so broad as to encompass goods and services that are of no real commercial importance, but registration on-line has made it easier to over-claim. Uncertainty about future oppositions has risen and costs of search have increased in parallel.

R2 - argues that the increase in clutter affects major retailers and multinational enterprises, particularly when an earlier overly broad mark had been registered for less than five years, causing them to drop otherwise viable marks. Clutter is also particularly damaging for SMEs who do not have the resources to face risks of later opposition.

R3 (and R1, R6 and R8) comment on the compounding effect (on top of 3-for-1) of CTM moving to allow use of class headings for registration of a particular item within that class. R3 recommends introduction of new Nice classes and subclasses, use requirements, and class by class charging (see also R6).

R4 (similar to R2) is concerned about the imbalance in resources and power to settle disputes between large firms and SMEs. In his view costs of conducting full clearance searches are now so high that search behaviour and clearance practice have changed to focus on assessing risks of being challenged (parallels R1). Re. CTM and use of class headings, R4 cites Classes 9 and 5 where class headings are implausibly broad for any single producer to span.

R5 – seems to be saying the risk of being challenged after registration had increased, but was hard to estimate precisely for particular clients and this is a source of rising uncertainty and costs.

R6 – several points mirror the above concerning increased uncertainty (R1), difficulty of estimating client risks (R5), and need for reforms to CTM system (see R3). Even so he is clearly enthusiastic about the CTM offering broad multi-country coverage at low cost, but is still keen to see it modified in respect of charging (similar to R3) and to have intention to use restated at renewal (see also R8).

R7 - Cites a number of problematical examples, including the excessive breadth of Class 9 (also cited by R1).

R8 – details client's reactions to increased clutter alongside a lack of any significant rise in oppositions; clients are increasingly likely to take a chance without searching. Supports introduction of declaration of intention to use at outset (as does R3) and a requirement to clear unused marks at renewal.

R9 – In addition to factors cited by others he includes absence of examination on 'relative grounds' as an important contributory factor to changes in cluttering. Also mirrors R8 on the rising practice of clients taking a chance with a trademark that is potentially infringing.

R10 – clutter begets more clutter and the old system has been turned on its head. Like R8 and R9, R10 confirms that clients are filing first, then considering the UK-IPO search report and later doing a commercial clearance search. Smaller firms find it hard to perform their own enforcement and face the rising costs for this activity. Even so R10 supports increasing renewal fees to choke off excess marks (even if staged through time to protect SMEs) and proof of use at renewal.

R11 - is the outsider but makes some telling points – yes, he admits to the practice of overly broad protection, but views this as necessary for 'future proofing the business'. He defends IP professionals that give advice to clients that is in their interest about extending their initial list of desired classes for protection. He gives several detailed examples where companies have protected marks in a very wide range of classes in which they clearly do not currently operate, to protect the opportunity to engage in future merchandising in a wide range of goods and services and geographical areas. For R11 the cost of such very broad trademark registration is miniscule in comparison with the current and potential value of a successful brand. He is not supportive of a proof of use requirement as he thinks it can be easily circumvented. However he is critical of the present system of 45 classes which he believes should be revised to reflect today's technology and the changes in product groupings it has brought in train.

RA/25.5.14

APPENDIX 5: Discussion of code allowing us to measure both the initial lengths of the goods/services lists and their current lengths.

Methods for the extraction of string lengths from the goods and services data provided by USPTO, OHIM and IPO.

Our analysis of the extent of register clutter focused on comparisons of the length of goods and services lists attached to trade mark applications and registrations recorded on the registers of USPTO, OHIM and IPO.

Goods and services lists can contain many thousands of characters as we document in Tables 6-1, 6-2 and 6-3. This creates a challenge for researchers using data analysis software such as STATA that doesn't allow string fields to be longer than 244 characters. For instance, USPTO provide their trade mark data in two formats for researchers: as a set of ".csv" (comma separated text files) files and as a set of ".dta" (STATA) files. In the ".dta" files the goods and services lists are currently (2013 data) truncated at 244 characters. This restriction may be removed in the future, as newer versions of STATA may be able to deal with longer strings.

In this text we document how we used the ".csv" files supplied by USPTO and similar files supplied by OHIM and IPO to extract information on the length of strings and some of their characteristics (e.g. number of concepts, number of words in them) using a number of simple tools that are available for all major computing platforms. These tools are packaged with any Unix system (e.g. all versions of Linux) and therefore also available for MAC OS X. They can be easily installed on windows with a set of add on tools.

This appendix assumes that these tools or programs called "sed", "awk/gawk" and "tr" are installed. They are accessed via the command line in a terminal. It is easy to check whether the programs are installed by typing the names of each of the programs at the command prompt. If the programs are installed, then the user should find a short help text is printed in the terminal as a response to entry of the program name. There is also extensive online discussion of the use of these programs with many examples being provided and discussed by users.

The main benefit of these programs is that they only ever load one line of a given file into memory in order to manipulate the data. By working line by line, these programs are therefore able to manipulate extremely large files on computers with limited memory. sed and awk split up each line into fields which can be addressed. To do this the user must define the character used to separate the fields. The length of each field can vary, which is helpful when dealing with files that contain long text strings. Another important aspect of the Unix/Linux environment for which sed/awk and tr are provided is the possibility to use pipes. In a pipe the output of one command is passed on to a second command, which performs an additional manipulation. In this fashion many separate manipulation steps can be performed in sequence. We comment on this further below.

Given the length of some of the strings in the goods and services lists sed, awk/gawk and tr have proven to be very valuable.

The remainder of this appendix documents the commands we used to manipulate the files supplied by USPTO and IPO. The commands we used for OHIM were very similar to those used for IPO.

USPTO

In what follows all lines with comments begin with “##”. In this fashion the entire text below can be copied into a file and executed.

STEP 1:

extract and replace “;” with “,” so as to simplify counting of concepts

We begin with the file “statement.csv” which contains information on goods and

services as well as other events. The lines containing the goods and services

lists begins with the characters “GS”. The first awk command below extracts these

lines using “O” as a field separator and sends the extracted lines to the sed

command through a pipe “|”. sed then replaces each instance of “;” with “,” and

writes all resulting files to the file “statement_gs.csv”. The final command removes

the file “statement.csv” to conserve disk space.

```
awk -F 'O' '{ if ($1=="GS") print $0 }' statement.csv | sed 's/;/,/g' > statement_gs.csv && rm statement.csv
```

STEP 2:

The first awk now operates on the file “statement_gs.csv” using the “,” character

as a field separator. The awk command counts the total number of fields “NF”

thus defined and subtracts 2 to arrive at the number of concepts contained in the

goods and services list when the trade mark is filed at USPTO. The resulting

number is prepended to the line “\$0” and both are sent to a pipe.

In the USPTO data goods and services lists containing more than one concept

begin and end with quotation marks: “ “ “. The sed statement following the first awk ## replaces multiple instances of these quotation marks with one in the text passed ## by awk.

The final awk uses quotation marks as a field separator and prepends either the ## number of fields minus 1 to the text passed by sed , if there are quotation marks ## or prepends 0. Then it prints everything to the file "statement_gs2.csv". Finally,

the file "statement_gs2.csv" is renamed "statement_gs.csv to conserve disk

space.

```
awk -F',' '{ print NF-2"," , $0 }' statement_gs.csv | sed 's/"\+/"' | awk -F'"' '{print NF-1"," , $0}'
> statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 3:

The first sed command operates only on those lines starting with "0," , which are ## those for which the original USPTO file contained only one concept and no

quotation marks around the text describing that concept. The third instance of a ## comma " ," is replaced with the sequence of comma and quotation: " ," .

The second sed identifies instances of a comma followed by an arbitrary

sequence of 5 numbers and prepends this with a quotation mark to close the

quotation opened by the first sed command. Now all goods and services lists in

the file are delimited by the quotation mark: " " . Finally the command cleans up ## files as before.

```
sed '/0,/ {s/,/,/3}' statement_gs.csv | sed '/0,/ s,\([0-9][0-9][0-9][0-9]\)/",\1/1' > statement_
gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 4:

The first sed replaces " ," with " ,## " at the start of the goods and services list ## and " , " with " ## " , " at the end of this list using a second sed.

The first awk uses " ## " as a field separator and prepends the length of the

goods and services list in characters, which is field number 2, to the line before

cleaning up as before.

```
sed 's/,/,##/1' statement_gs.csv | sed 's/,,\([0-9][0-9][0-9][0-9]\)/##,\1/1' | awk -F'##'
'{ print length($2)"," , $0 }' > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 5:

The following awk sets a space as the field delimiter and then subtracts 3 from the ## field count to identify the number of words in the goods and services list.

```
awk -F ' ' '{print NF-3"," , $0}' statement_gs.csv > statement_gs2.csv
```

STEP 6:

The following awks count number of open and closed square brackets to ensure ## that these always match. They then clean up as above.

```
awk -F'[ ' '{print NF-1"," , $0}' statement_gs.csv | awk -F']' '{print NF-1"," , $0}' > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 7:

This sed substitutes out all of the terms contained in square brackets and cleans ## up.

```
sed 's/\[.*\]/g' statement_gs.csv > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 8:

The following awks count concepts (using commas as field delimiters), words

(using spaces as field delimiters) and length of the goods and services list (using " ## #" as a field delimiter). This information is prepended to each line as before.

Finally, the command cleans up as above.

```
awk -F',' '{ print NF-8"," , $0 }' statement_gs.csv | awk -F' ' '{print NF-6"," , $0}' | awk -F'###' '{ print length($2)"," , $0 }' > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 9:

This sed substitutes out all of the terms in round brackets and cleans up.

```
sed 's/((.*)),*/g' statement_gs.csv > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 10:

The following awks count concepts (using commas as field delimiters), words

(using spaces as field delimiters) and length of the goods and services list (using " ## #" as a field delimiter). This information is prepended to each line as before.

Finally, the command cleans up as above.

```
awk -F',' '{ print NF-12",", $0 }' statement_gs.csv | awk -F' '{print NF-10",", $0}' | awk -F'###' '{ print length($2)",", $0 }' > statement_gs2.csv && mv statement_gs2.csv statement_gs.csv
```

STEP 11:

This awk uses "###" as field delimiters and keeps everything apart from the

goods and service list on each line. This final step significantly reduces the length ## of the file.

```
awk -F'###' '{print $1 ",", $3}' statement_gs.csv > statement_gs2.csv
```

IPO

The file provided by IPO contains only information on the current goods and services lists and only for trade marks actively on the register. This makes cleaning the data much simpler and therefore the following commands are fewer than above. IPO use ";" to separate concepts and "," for lists within concepts.

STEP 1:

This command removes all newline commands from the file and cleans up.

```
tr -d '\n' < TMdescriptors.csv > TMdescriptors2.csv && mv TMdescriptors2.csv TMdescriptors.csv
```

STEP 2:

This command replaces the newline commands before each new mark and

cleans up.

```
sed 's/UK000/\n UK000/g' TMdescriptors.csv > TMdescriptors2.csv && mv TMdescriptors2.csv TMdescriptors.csv
```

STEP 3:

The first sed command strips out all quotation marks, the second and third insert ## quotation marks before and after the comma's that surround the Nice class

number. The fourth sed command adds a quotation mark at the end of the line

and the final awk command prepends the length of the goods and services list to ## the line. Note that we do not count the full stop at the end of each goods and

services list in order to ensure comparability with the length measures of USPTO.

```
sed 's//g' TMdescriptors.csv | sed 's/^(,)\([0-9][0-9]\)\(,)\([a-zA-Z]\)"/1\2\3"/1' | sed 's/^(,)\([0-9]\)\(,)\([a-zA-Z]\)"/1\2\3"/ 1' | sed 's/.$"/| awk -F'"' '{ print length($3),"", "\" $0 }' > TMdescriptors2.csv
```

STEP 4:

This sed command adds in a quotation mark after the application ID and the awk ## command prepends the count of the number of concepts to the line.

```
sed 's/ ,/,/1' TMdescriptors2.csv | awk -F';' '{ print NF " , " , $0 }' > TMdescriptors3.csv
```

STEP 5:

This command retains everything but the firm names, using quotation marks as

the field separator.

```
awk -F'"' '{ print $1""$2""$4""$5 }' TMdescriptors3.csv > TMdescriptors2.csv
```

STEP 6:

This command writes the firm names to a separate file.

```
awk -F'"' '{ print $2""$3 }' TMdescriptors3.csv > firmnames.csv
```

STEP 7:

This command prepends the word count to each line.

```
awk -F' ' '{ print NF-3", " , $0 }' TMdescriptors2.csv > TMdescriptors3.csv
```

STEP 8:

This command removes the goods and services list from the file.

```
awk -F',' '{ print $1","$2","$3","$4","$5 }' TMdescriptors3.csv > TMdescriptors2.csv
```

APPENDIX 6: More extensive summaries of the 15 attorney responses

Attorney Response No. 1

We have taken from his emailed opinion the following précised notes:

1. In order to unclutter the OHIM register (and the national trade mark registers) he suggests that:
 - i. Class headings should no longer be accepted as descriptors.
 - ii. Applicants should be requested to limit their specification of goods/services to those items for which they have a bona fide intent to use as in the UK, but without going into a proof of use based system as in the US.
 - iii. He emphasises that as OHIM is not the only office accepting class headings in the EU all national offices should also stop this practice.
2. He continues that to reduce cluttering and OHIM's budget surplus the basic fee should no longer cover up to three classes, the same being applicable to all national offices that currently have a basic fee including up to three classes.
3. He further suggest that high renewal fees should not be seen as a mechanism to unclutter registers as that would penalise owners of older registrations.

Attorney Response No. 2

We have taken from her letter of opinion the following précised notes:

1. She observes that UK IPO and OHIM accept very wide terms like computer software and pharmaceuticals which are unacceptable in the US, and points to over-wide "French style" wordings directed to everything in the class(es) claimed having created particular problems in her recent experience.
 2. She explains the concept of "hollow-centred marks", filed with a wide ranging initial specification and being cut down following absolute grounds objections by excising of the key goods for which the marks are descriptive, resulting in registration for only a peripheral and unused part of the initial specification.
 3. She comments that the OHIM three class fee structure, the absence of any intent to use requirement before OHIM, and the lax attitude of the UK IPO to intention to use issues, all encourage wide peripheries of goods/services claims.
 4. She discusses how cancellations for non-use can be protracted creating considerable uncertainty on the registers, citing cancellation actions from 2006 and 2008 still unresolved through appeals. She regards the cancellation route as unsuitable for clearing a prospective trademark for use, and sees these concerns as discouraging many possible cancellation actions that might otherwise clean up the registers.
-

5. She concludes that unless the register can be relied upon to show valid trade marks which are in use across the whole of their specification, it ceases to be a useful tool for businesses to understand the scope of rights of others' registrations; and suggests that it becomes too easy for a party to believe that an infringement action will never happen to them since there seem to be so many invalid marks on the register.

Attorney Response No. 3

We have taken from his letter of opinion the following précised notes:

1. His view is that register clutter is a real and significant problem for trade mark practitioners and for their clients, and that there has been a step-change in the problem since the advent of the CTM system and its impact upon the UKIPO's approach to examination under the 1994 Act.
 2. Over-claiming of goods/services that are of no realistic commercial importance risks attracting unnecessary objections and threats of opposition; it may also introduce complications in terms of bad faith.
 3. He deplores the fact that online application procedures make it easy to over-claim and that trade mark offices are complicit in over-claiming by failing to question specifications that are substantially of class-heading scope.
 4. He comments that a registration system allowing such over-claiming without requirements for declarations of use with penalties for mis-statement leaves over-broad specifications as they stand, unless a third party assumes the burden, cost and risk of non-use proceedings
 5. He sees broad specifications as adding to uncertainty when assessing search results, and requiring the time and expense of off-register checks, more so with marks located which are too young to be challenged for partial non-use.
 6. He comments that applicants who over-claim may enjoy an advantage, e.g. in oppositions, that is not properly balanced by potential sanctions for blatant abuse of the system.
 7. He comments that longer and broader specifications are more costly to analyse, raising concerns on the consequences for less experienced trade mark owners opting for lower-cost or flat-fee advice.
 8. He refers to an increase of notifications of potentially conflicting later marks from the UKIPO and OHIM resulting from over-claiming by third parties, seeing it as an additional burden on attorneys and their clients to review and consider.
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9. He concludes as follows:

- i. Those seeking to adopt new trade marks should not have to guess, unreasonably, the intentions of other trade mark owners. Whilst the ideal is never achievable, trade mark registers should as far as possible reflect the market: specifically, the coverage of goods and services in registrations and applications should better accord with the degree to which marks are used or are likely to be used.
- ii. Register clutter imbalances the IP 'bargain' against the public interest, which requires those seeking protection to specify with clarity what it is they seek validly to protect.

Attorney Response No. 4

We have taken from his letter of opinion the following précised notes:

1. He reports that clearance searches and the reviewing of watch reports became more complex as the number of Community Trade Marks increased, examination on relative grounds disappeared and the requirement for an intention to use became less onerous.
 2. He observes that clients unwilling to accept an element of doubt in the clearance of a new mark often rejected what should have been a viable mark when the earlier rights holder had applied for protection for a much wider range of goods and services than they had used and /or was likely to have any real intention of exploiting.
 3. He found it generally true that the time scale to resolve such issues was too slow for commercial decision making, so that the rights holder was able to achieve a de facto broad monopoly without using the mark over the breadth of the specification, resulting in more expensive searching, a delayed launch and/or a suboptimal mark.
 4. He feels that these difficulties are encouraged by the reluctance of both national offices and OHIM to see the covetous use of specifications as an act of bad faith, exacerbated by the argument that, in this environment, an attorney could be acting negligently if he or she were not to recommend the use of overbroad specifications.
 5. He added that OHIM's policy of giving an ultra vires scope to class heading applications (under its now rescinded "class-heading-covers-all" practice) and its 3 for the price of 1 class filing policy had encouraged covetous lists of goods/services.
 6. He draws attention to a further difficulty arising from extremely lengthy, and often tautological, specifications which obscure the scope of the specification.
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7. He concludes as follows that:

- i. In general with lighter examination criteria and processes, the more has the number of applications and registrations increased that extend beyond their real market purpose.
- ii. The resultant clutter is damaging to industry, and in particular to SME's who do not have the resources to navigate these rapids or to take the risk of ignoring search results.

Attorney Response No. 5

We have taken from his letter of opinion the following précised notes:

- 1. He holds that the trade mark Register(s) contain significant numbers of applications/registrations that are overly broad and/or unused, which can raise search costs for later applicants, and that the Community Register particularly has become 'cluttered'.
 - 2. He refers to professional experience of a change in filing behaviour, traceable back to the introduction of the Community trade mark system, manifesting itself in a significant increase in workload for attorneys in attempting to clear new marks for use and registration both domestically in the UK and the EU more widely. He sees the same in the context of due diligence activity more generally.
 - 3. He attributes this to the OHIM application fee that catered for up to 3 classes and an absence of any requirement for use or a bona fide intention to use, compounded by OHIM Presidential Communication No.4/03, which allowed applicant's to claim Class headings as a paraphrase for "all goods/services" in the relevant class, leading to "supersize" goods/services claims.
 - 4. He continues to point to an issue with the International Classification system itself not having evolved quickly enough to provide for additional classes or sub-classes, for example in class 09 which includes goods as diverse as thermostats and protective clothing.
 - 5. He refers to recent WIPO concerns regarding the Madrid System of current inflation of terms used in specifications and the knock-on difficulty this brings.
 - 6. He comments that time (and associated cost) for trade mark clearances has increased as the result of the impact of the following:
 - i. Number of applications/registrations
 - ii. Increase in Classes
 - iii. Increase in specification sizes
-

- iv. The need for attorney led non-use investigations.
 - v. An increased number of searches in order to find a suitable candidate brand
7. He suggests that the following should be contemplated to resolve the clutter problem:
- i. An intention to use requirement (which may avoid lengthy alphabetical lists)
 - ii. Class by class fee charging
 - iii. A resolve to introduce new Nice Classes, or sub-classes
 - iv. Charging for renewals on a class by class basis
 - v. A 5-yearly Declaration of Use requirement
 - vi. Lower litigation costs and increased standard scale recovery fees
 - vii. Subsidies to the national fee system to make the national filing route more attractive to avoid the multi-jurisdictional impact of a CTM right

He concludes that the trade mark Register(s) do contain significant numbers of applications / registrations that are overly broad and/or unused, which can potentially raise search costs for later applicants. He adds that in his considered opinion the problem is getting worse.

Attorney Response No. 6

We have taken from his letter of opinion the following précised notes:

- 1. He starts by agreeing that Trade Mark Cluttering (i.e. the use of overly broad lists of goods and services, for which the Applicant has no real intention to use its mark) is a significant issue to trade mark owners, particularly SMEs, seeing two key issues which impact upon one another:
 - i. The use of broad generic terms which cover a multitude of subsets of products, for instance, “computer software”, “telecommunication apparatus”, etc.
 - ii. The lack of examination under relative grounds leaving it to third parties to raise objection/opposition together favouring large multi-national companies with the resources to fight oppositions and negotiate settlement and co-existence agreements, and seeing SMEs with more modest resources as more likely to drop a mark if there is a significant chance of an opposition or objection.
 - 2. His general impression is that the use of broad specifications and broad generic terms has had a significant impact not only in terms of the registration or adoption of marks but also to the practices adopted in clearance and searching.
-

3. He sees in consequence that the practice of conducting full availability searches is becoming much less common in favour of simply relying upon identical-only searches.
 4. He reports as a significant issue now that, when facing a *prima facie* block to proposed use and registration, he and the client have to try to assess whether the registered proprietor is likely to take action - a matter fraught with risks and hardly in the spirit of the Sieckmann criteria emphasising the importance of certainty.
 5. He sees the following as suggesting that trade mark cluttering is having an effect:
 - i. The abandonment of relative grounds examination suggests that the IPO was before concerned that applicants for UK trade mark applications were suffering;
 - ii. Simple comparison of national applications filed outside the EU and as CTMs for the same mark by the same applicant, suggests that in many cases the applicant files elsewhere in less than 3 classes but adopts 3 classes at OHIM.
 - iii. The existence of a large number of CTM registrations covering the class heading in class 9 or class 5 does casts doubt that the proprietor actually has an interest in all the goods covered.
 6. The facility for revocation of an unused mark after 5 years is at best only a partial solution as the procedure is
 - i. slow, taking at least 12 months,
 - ii. has a high degree of uncertainty as to the level of use or what criteria will be adopted in part cancelling a registration so that a client who needs to adopt a new mark for a launch will simply not have the time or be prepared to take the risk of awaiting the results of a revocation action.
 7. He avers that reducing the number of classes covered by OHIM's filing fee to one class would help in terms of Trade Mark Cluttering, and sees a number of additional options which could also assist, i.e.:
 - i. OHIM charging an additional class fee at renewal for each class.
 - ii. Dropping the CTM renewal period to 5 years to encourage proprietors to drop unwanted registrations
 - iii. Encouragement for applicants to consider the national route rather than CTM route;
 - iv. OHIM considering adopting the practice used by some Far Eastern national offices of charging an additional fee after the first 10 items listed within a specification in a particular class.
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Attorney Response No. 7

We have taken from his letter of opinion the following précised notes:

1. He has observed significant change in the UK legal framework from a “clean” UK register in which a mark had to be both sufficiently distinctive and sufficiently clear of earlier registered marks before registration could be achieved, and in which cancellation for non-use was difficult to achieve with the burden of proof of non-use being on the challenger.
 2. From its start in 1996 the Community Trade Mark System had no refusal at the examination stage based on earlier rights, it being left to owners of earlier rights to oppose or assert their earlier rights in invalidation proceedings after registration. Cancellation of a registration for non-use became easier with the onus shifting to the owner of the challenged mark to prove genuine use.
 3. A result has been that the number of trade mark registrations in force which extend to the UK has grown significantly.
 4. He sees the key indicator of whether there is register clutter or not is how difficult practitioners find it to advise clients on freedom to use a mark in the UK and on whether a new mark is likely to become registered, there having been a significant shift in balance between these two aspects of searching and clearance; in the earlier “clean” register environment (which the United States legal framework still essentially provides) the main challenge was to advise a client whether a new mark could be registered, and if registered, UK trade mark law provided that use of a registered trade mark would not infringe another UK registered trade mark. So freedom to use, in the context of prior UK registered marks, followed from freedom to register.
 5. He continues that to advise now involves the reverse of the above process in that freedom to use a mark without infringement is the key; the ability to register a new mark is secondary and involves an assessment about whether an earlier right owner is likely to oppose, rather than simply whether the earlier right is in legal conflict.
 6. Compounding the problem is the increased ability to register even in the face of conflicting earlier rights, and the following characteristics of the CTM system which encourage overly broad specifications of goods and services. These are that:
 - i. The Community trade mark system has no requirement for an applicant to intend to use the mark applied for the goods or services specified, and
 - ii. The official fee for a CTM application covers up to three classes of goods or services so there is no discouragement to an applicant for a Community trade mark from listing a broad range of goods or services in three classes when, in all likelihood, the real interest may be much more focused.
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7. These factors change the process of advising on the risks attached to using a new mark and the ability to register that new mark for particular goods or services to one of risk assessment involving the need increasingly to look behind registrations or prior applications which appear in the search, to see what the real interests of an earlier right owner are, assessing whether there is a commercial conflict as well as a legal one and how that conflict might play out.
8. In the context of clutter, this has two key outcomes
 - i. That costs for our clients have increased, as far as searching is concerned, because we have to do significantly more to look behind marks revealed in a search in order to advise our clients.
 - ii. There will be no statistical evidence of this problem; many trade marks have not been pursued as far as an application because of the risks and uncertainties involved, but such new marks will never have entered the measurable statistical environment.
9. He reports a recent US client's request for a UK clearance search for an already registered Community trade mark following realisation by the US attorney that its registration did not mean trade mark was free to use in the UK, seeing this as an example of ease of registration of a trade mark despite potential difficulty in using that registered mark, and that the current registration environment encourages of clutter.

Attorney Response No. 8

It should be noted that this attorney responded to our request in late May 2014 as shown in Appendix 4 and so was in receipt of the "Anonymised summary" of 11 previous attorney responses, giving her the option of simply annotating that "Anonymised summary" with her views on the précised opinions therein. She opted for that and provided a scan of the "Anonymised summary" with her comments thereon. Her annotated comments have been transposed from her manuscript into the **italicized & emboldened** form in the text below:

"Anonymized notes of responses from 11 attorneys on trade mark cluttering

	Respondent numbers										
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11
1	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
2	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
3	Y	Y	Y	Y	Y	(Y)*	Y	Y	Y	Y	N
4	Y	Y	Y	Y	N	N	Y	N	N	N	Y

*But still very positive about the CTM system

Rows 1-4 relate to indication of yes Y (or no N) for the following hypotheses:

1. There is trademark register clutter that imposes significant costs on registrants.
2. Gives detail on the nature of the extra costs.
3. Cites CTM system as a contributory factor to rising clutter and costs.
4. Cites a detailed case or a TM class in order to illustrate views.

Useful points from letters:

R1 - notes that a client's interests are not served if the specification is so broad as to encompass goods and services that are of no real commercial importance, but registration on-line has made it easier to over-claim. Uncertainty about future oppositions has risen and costs of search have increased in parallel. **[Attorney 9.6.14 comment: "Agreed"]**

R2 - argues that the increase in clutter affects major retailers and multinational enterprises, particularly when an earlier overly broad mark had been registered for less than five years, causing them to drop otherwise viable marks. Clutter is also particularly damaging for SMEs who do not have the resources to face risks of later opposition. **[Attorney 9.6.14 comment: "Agreed"]**

R3 (and R1, R6 and R8) comment on the compounding effect (on top of 3-for-1) of CTM moving to allow use of class headings for registration of a particular item within that class. R3 recommends introduction of new Nice classes and subclasses, use requirements, and class by class charging (see also R6). **[Attorney 9.6.14 comment: "Agreed"]**

R4 (similar to R2) is concerned about the imbalance in resources and power to settle disputes between large firms and SMEs. In his view costs of conducting full clearance searches are now so high that search behaviour and clearance practice have changed to focus on assessing risks of being challenged (parallels R1). Re. CTM and use of class headings, R4 cites Classes 9 and 5 where class headings are implausibly broad for any single producer to span. **[Attorney 9.6.14 comment: "Agreed"]**

R5 – seems to be saying the risk of being challenged after registration had increased, but was hard to estimate precisely for particular clients and this is a source of rising uncertainty and costs. **[Attorney 9.6.14 comment: "Agreed"]**

R6 – several points mirror the above concerning increased uncertainty (R1), difficulty of estimating client risks (R5), and need for reforms to CTM system (see R3). Even so he is clearly enthusiastic about the CTM offering broad multi-country coverage at low cost **[Attorney 9.6.14 comment: "I think needs to be more expensive so that if want only a few countries it works out cheaper to file nationally and only get CTM if want more than a few countries"]**, but is still keen to see it modified in respect of charging (similar to R3) and to have intention to use restated at renewal (see also R8).

R7 - Cites a number of problematical examples, including the excessive breadth of Class 9 (also cited by R1). **[Attorney 9.6.14 comment: “Agreed”]**

R8 – details client’s reactions to increased clutter alongside a lack of any significant rise in oppositions; clients are increasingly likely to take a chance without searching **[Attorney 9.6.14 comment: “Agreed”]**. Supports introduction of declaration of intention to use at outset (as does R3) and a requirement to clear unused marks at renewal.

R9 – In addition to factors cited by others he includes absence of examination on ‘relative grounds’ **[Attorney 9.6.14 comment: “Agreed”]** as an important contributory factor to changes in cluttering. Also mirrors R8 on the rising practice of clients taking a chance with a trademark that is potentially infringing.

R10 – clutter begets more clutter and the old system has been turned on its head. Like R8 and R9, R10 confirms that clients are filing first, then considering the UK-IPO search report and later doing a commercial clearance search. Smaller firms find it hard to perform their own enforcement and face the rising costs for this activity. Even so R10 supports increasing renewal fees to choke off excess marks (even if staged through time to protect SMEs) and proof of use at renewal **[Attorney 9.6.14 comment: “Agreed”]**.

R11 - is the outsider but makes some telling points – yes, he admits to the practice of overly broad protection, but views this as necessary for ‘future proofing the business’. He defends IP professionals that give advice to clients that is in their interest about extending their initial list of desired classes for protection. He gives several detailed examples where companies have protected marks in a very wide range of classes in which they clearly do not currently operate, to protect the opportunity to engage in future merchandising in a wide range of goods and services and geographical areas. For R11 the cost of such very broad trademark registration is miniscule in comparison with the current and potential value of a successful brand. He is not supportive of a proof of use requirement as he thinks it can be easily circumvented. However he is critical of the present system of 45 classes which he believes should be revised to reflect today’s technology and the changes in product groupings it has brought in train.

RA/25.5.14”

Attorney Response No. 9

We have taken from his letter of opinion the following précised notes:

1. He observes that the CTM system has fundamentally changed UK practice, in many ways positively but refers to the fact of many applications being in three classes and to the huge volume of the CTM register as leading to marked and increasing difficulty in providing a commercially definitive opinions in relation to clearance searches.
 2. This he feels is due to a large extent to the number of classes covered by CTMs whereby a CTM registration similar to the client’s new mark must still be flagged as a real infringement risk and a potential bar to proceeding with the proposed mark regardless of likely non-use.
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3. He adds that is not helped by OHIM's encouragement to applicants to file lists of goods/services which cover everything in a class when they may have no interest in many such goods/services.
4. He says that problems arise in inter partes disputes, particularly trade mark oppositions involving marks in the 5 year non-use grace period, itself in his view not inherently excessive or unreasonable, but which could be interpreted as such when faced with a very large specification and a very small or non-existent genuine conflict.
5. He concludes that all of this can and does lead to increased costs for companies in trying to clear marks for use and registration and having to consider risks when rebranding or creating a trade mark for a new product or service.
6. He suggests suggest that OHIM gives consideration to the following:
 - i. Reducing the number of classes covered by the basic application fee from three to one;
 - ii. Increasing the renewal fee so that the basic renewal fee covers only the first class;
 - iii. Removing from the application form the possibility to cover all goods or services in a class, at least as a "prompted" option; and
 - iv. Requiring a proprietor, perhaps on renewal, to provide a statement to the effect that the mark is still of interest for all goods and services.

Attorney Response No. 10

It should be noted that this attorney responded to our request in late May 2014 as shown in Appendix 4 and so was in receipt of the "Anonymised summary" of 11 previous attorney responses, giving him the option of simply annotating that "Anonymised summary" with his views on the précised opinions therein. He chose to respond by email and by a scan of the "Anonymised summary" with his typed comments thereon.

Our précised notes from his email are as follows:

1. He usefully sets out an historical review of how the burdens and obligations on obtaining UK registration rights changed over the decades, generally becoming less rigorous and making registration easier to obtain. He then points to the current position in which a UK application is made (as earlier) with a required for a declaration of actual or intended use, whereas a CTM (which gives almost exactly the same rights in UK as a UK national registration) requires no declaration of (intended) use.
 2. He continues that as an applicant in effect buys CTM rights regardless of its user intentions, the application can be for any breadth of its description of goods and services and there is nothing any third party can do about any unused breadth until five years from registration date has passed.
-

3. He comments that IPO and OHIM seem to see rising filings as an indication of a successful system, but that with hundreds of thousands of additional marks to contend with, that success is working directly against the trade mark interests of UK SME's.
4. He sees, despite non-renewal lapses, an expensive exponential increase in trademark clutter, further fuelled by OHIM's encouragement of applications listing each and every single item in the relevant Nice class alphabetical list leading sometimes to CTM registration certificates that are 100 pages long.
5. He confirms that there is very significant register clutter, and that this makes searching clearance more difficult, although this is balanced somewhat by Internet advances making the actual search process easier.
6. He continues to explain that even searches that contain a lot of potentially conflicting marks can usually be assessed for risks, for example by a simple check on the owners' websites for indications of any real commercial conflict and the degree of likelihood that legal proceedings may result.
7. He concludes by stating that:
 - i. He does see from his own practice evidence of an increasing proportion of registrations on the effective UK register that are unused, or are overly broad in terms of being unlikely to be used, in whole or in part, resoundingly so, and
 - ii. the question is to an extent a little banal because the answer has to be obvious, especially with the attitude of OHIM encouraging people to claim their rights over broadly.

His typed comments annotated on the "Anonymised summary" are as follows:

"Anonymized notes of responses from 11 attorneys on trade mark cluttering"

	Respondent numbers										
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11
1	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
2	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
3	Y	Y	Y	Y	Y	(Y)*	Y	Y	Y	Y	N
4	Y	Y	Y	Y	N	N	Y	N	N	N	Y

*But still very positive about the CTM system

Rows 1-4 relate to indication of yes Y (or no N) for the following hypotheses:

8. There is trademark register clutter that imposes significant costs on registrants.
9. Gives detail on the nature of the extra costs.
10. Cites CTM system as a contributory factor to rising clutter and costs.
11. Cites a detailed case or a TM class in order to illustrate views.

Useful points from letters:

R1 - notes that a client's interests are not served if the specification is so broad as to encompass goods and services that are of no real commercial importance, but registration on-line has made it easier to over-claim. Uncertainty about future oppositions has risen and costs of search have increased in parallel.

I do from time to time have debates with US law firm clients about this. Their position is that they prefer claims to be narrow in order to avoid unnecessary oppositions. My position is that we should file much more broadly in order to have surplus goods and services that we can jettison in the event of an opposition. This would be as a "trophy" to the other side.

I still like to have properly-drafted and logical nicely-reading specifications of goods and services, rather than going for the WIPO list, which is quite daft in many respects in any case.

R2 - argues that the increase in clutter affects major retailers and multinational enterprises, particularly when an earlier overly broad mark had been registered for less than five years, causing them to drop otherwise viable marks. Clutter is also particularly damaging for SMEs who do not have the resources to face risks of later opposition.

I agree with the respondent here, although I would not distinguish between major retailers, multinational enterprises and SME's. It goes without saying that clutter increases searching costs, and also increases the opportunity for disputes. The trouble is, what are you going to do about it? That's the way that many of our EU partners have been working for the last hundred years. Whilst in an ideal world, everyone might show some support for social responsibility, and only claim those goods or services which are of immediate interest, life is not like that.

R3 (and R1, R6 and R8) comment on the compounding effect (on top of 3-for-1) of CTM moving to allow use of class headings for registration of a particular item within that class. R3 recommends introduction of new Nice classes and subclasses, use requirements, and class by class charging (see also R6).

I agree. It seems absolutely daft that OHIM should encourage people to claim all goods or services in a particular class. Utter madness.

I think I would bring the non-use period from five years down to 3, and do away with the 3for1 system, which I understand is already on the cards.

R4 (similar to R2) is concerned about the imbalance in resources and power to settle disputes between large firms and SMEs. In his view costs of conducting full clearance searches are now so high that search behaviour and clearance practice have changed to focus on assessing risks of being challenged (parallels R1). Re. CTM and use of class headings, R4 cites Classes 9 and 5 where class headings are implausibly broad for any single producer to span.

I agree. In fact, it's self-evident. In the old days, your Trade Mark Attorney would tell you if the mark should not be used, or whether it was clear for use. We do not say that these days. We give the client the best risk analysis we can do, but the decision whether to proceed or not is their own.

R5 – seems to be saying the risk of being challenged after registration had increased, but was hard to estimate precisely for particular clients and this is a source of rising uncertainty and costs.

Think there is a certain truth in this, although from my perspective It is virtually a non-issue.

R6 – several points mirror the above concerning increased uncertainty (R1), difficulty of estimating client risks (R5), and need for reforms to CTM system (see R3). Even so he is clearly enthusiastic about the CTM offering broad multi-country coverage at low cost, but is still keen to see it modified in respect of charging (similar to R3) and to have intention to use restated at renewal (see also R8).

These are all good points too. It has always seemed to me to be a total paradox that community trademarks are so cheap. When you consider the awesome protection that a community trademark gives in 28 European states, the per capita cost of obtaining the protection is miniscule.

Also, you need never lose a community trademark dispute. If you lose an opposition, you simply withdraw the application and convert to nationals. It is rare for trademark fights to escalate into country by country fights, so unless there is some infringement proceeding looming over you, business can just go on as if nothing had happened.

R7 - Cites a number of problematical examples, including the excessive breadth of Class 9 (also cited by R1).

This has been discussed above.

R8 – details client's reactions to increased clutter alongside a lack of any significant rise in oppositions; clients are increasingly likely to take a chance without searching. Supports introduction of declaration of intention to use at outset (as does R3) and a requirement to clear unused marks at renewal.

Taking a chance without searching is foolhardy in the extreme, and also very bad for our business.

R9 – In addition to factors cited by others he includes absence of examination on ‘relative grounds’ as an important contributory factor to changes in cluttering. Also mirrors R8 on the rising practice of clients taking a chance with a trademark that is potentially infringing.

I don’t agree. I like the new systems of making an official search and telling the owners of cited marks about the new application. That helps people who don’t have trademark watching services in place. But the problem is that it does not help CTM owners in United Kingdom, because they have stopped sending notification letters. Also, the quality of CTM searching by OHIM is so poor, that the system to my mind has virtually no value. If there was more intelligent multi-lingual searching, it might work.

R10 – clutter begets more clutter and the old system has been turned on its head. Like R8 and R9, R10 confirms that clients are filing first, then considering the UK-IPO search report and later doing a commercial clearance search. Smaller firms find it hard to perform their own enforcement and face the rising costs for this activity. Even so R10 supports increasing renewal fees to choke off excess marks (even if staged through time to protect SMEs) and proof of use at renewal.

I think this person’s clients needs to be educated to search first. I think if you are going to have to you submit proof of use at renewal, then the registration should be incontestable for lack of use for the next five years.

R11 - is the outsider but makes some telling points – yes, he admits to the practice of overly broad protection, but views this as necessary for ‘future proofing the business’. He defends IP professionals that give advice to clients that is in their interest about extending their initial list of desired classes for protection. He gives several detailed examples where companies have protected marks in a very wide range of classes in which they clearly do not currently operate, to protect the opportunity to engage in future merchandising in a wide range of goods and services and geographical areas. For R11 the cost of such very broad trademark registration is miniscule in comparison with the current and potential value of a successful brand. He is not supportive of a proof of use requirement as he thinks it can be easily circumvented. However he is critical of the present system of 45 classes which he believes should be revised to reflect today’s technology and the changes in product groupings it has brought in train.

I think I have a lot in common with this person. I support everything he says. My goodness me, the International Classification of Goods and Services was out of date when I joined the profession in the 1970’s. It is vastly more out of date now, although I do applaud the OHIM initiative to make more sense out of it. In my opinion, they have done a very good job.

RA/25.5.14”

Attorney Response No. 11

We have taken from his letter of opinion the following précised notes:

1. He states that in his 30 years experience as a Trade Mark Attorney, one of the most substantive issues which he daily faces is the clutter of the Trade Mark Registers, notably before OHIM, making it a difficult and hence an expensive exercise to clear a Trade Mark for registration/use.
2. He regards clutter to be exacerbated because of OHIM's current three Classes for the price of one strategy and the lack of an intention to use criteria, as a result of which there is perceived to be very little disadvantage (potential of opposition aside) in effectively registering defensively by increasing the specification over and above an intent to use.
3. He sees as simplistic the view that the five years non-use grace period deals with that issue as the five years runs from the publication (grant) of registration which can be a considerable time after filing, and
4. He states that non use revocation proceedings are not an effective panacea as clients need to clear a Trade Mark for use in an environment of requiring urgency in adoption and cannot await the outcome of such revocation proceedings.
5. He provides a number of examples of excessive goods/service registrations from a brief perusal of a recent CTM Bulletin.
6. He concludes that clutter is a very serious problem and the current practice in OHIM is supportive of a position whereby Trade Mark owners regularly exercise an ability to register trade Marks defensively and with no use or intention to use, and with impunity .

Attorney Response No. 12

We have taken from his letter of opinion the following précised notes:

1. He states his perception that over the last several years he has been seeing increasingly cluttered registers for both UK and CTM, resulting from:
 - i. an increase in the number of applications and registrations on the registers,
 - ii. a large amount of "dead wood" on the register, i.e. of registrations which are no longer valid and enforceable, or at least are not used to their full extent, and
 - iii. the commonplace occurrence of trade mark applications and registrations, particularly CTMs, which contain overly broad specifications as a result of a large number of classes and/or a large number of goods or services listed within each class.
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- iv. As an example he refers to having encountered recently a CTM registration of a large supermarket retailer listing the all the entire alphabetical list of goods from the Nice Classification, beyond what anyone would find within a supermarket retail environment.
- 2. He refers to OHIM's electronic filing system:
 - i. having listed the international class heading as the default starting specification making it necessary for an applicant wishing to use its own wording to edit that default specification, and
 - ii. more recently allowing by use of a simple tick-box for an applicant to cover all goods/services within a Nice alphabetical list to supplement a full class heading.
- 3. He comments on the increasing difficulty in providing clients with straightforward advice with regard to the outcome of the searches because of the "messy background" of numbers of conflicting registrations and that this routinely results in clients' deciding to "take a punt" with their chosen mark.
- 4. He adds to that that trade mark searches are taking a lot longer to analyse professionally, with the need to sift through large specifications to identify conflicting goods/services within then, and assessing the risk based on OHIM practice regarding the use of international class headings before, and after, the IP TRANSLATOR judgment.
- 5. He refers to the stark contrast to the CTM system exhibited by the US trade mark system which he views as providing greater legal certainty, and conclude that:
 - i. an intention to use requirement for CTMs,
 - ii. a change to the system to make it less easy for applicants to file CTM applications covering very broad specifications, and
 - iii. an active requirement to clear registrations no longer in use e.g. by virtue of a declaration of use on renewal, together would be beneficial to cut down quite significantly the number of registrations on the register, in terms of sheer numbers as well as the number of classes and breadth of specifications covered.

Attorney Response No. 13

We have taken from his letter of opinion the following précised notes:

- 1. He reports his experience that
 - i. the very broad specifications encouraged by OHIM,
 - ii. the very broad geographical coverage of OHIM registrations,
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- iii. the absence of examination on relative grounds, and
 - iv. the long five year “non-use” period together result in significant numbers of registered trade marks covering goods and services in which the owner of the right appears to have no real interest (or is ever likely to have an interest in the future), or covering territories in which the proprietor has no real interest.
- 2. He continues that it has become increasingly common to find in clearance searches for new mark proposals existing rights which on the legal grounds alone are infringed, but which further investigations suggest are not a commercial risk as the rights proprietor’s commercial interests are remote from the client’s. This leads to the client having to decide on cost and delay grounds between:
 - i. ignoring the existence of problem trade mark rights and taking the risk of infringement proceedings, or
 - ii. choosing another trade mark even when it appears that the monopoly afforded the earlier right may not be a valid one,
- 3. He says that the length of some the specifications of goods now being registered at OHIM means that it takes significantly longer to review the scope of third party rights, and has a clear implication on costs.
- 4. He comments that very long specifications of goods also increases the risk of confusion when they are being reviewed by unrepresented companies, such companies now making up a significant proportion of users of the trade mark registration system.
- 5. He expresses concern that cluttering and the absence of relative grounds examination leaves a proprietor of a registration unsure whether it is valid and that searching to confirm enforceability of a registration for earlier conflicting trade mark rights may come too late to resolve problems satisfactorily.

Attorney Response No. 14

We have taken from his letter of opinion the following précised notes:

- 1. He emphasises the importance of advising clients beyond the immediate envelope of the questions asked generally in terms of wider IP protection, and specifically in respect of wider goods/services and in different classes, to offer the client a clear structured IP filing with the broadest allowable protection for possible line extensions.
 - 2. He gives examples of a number of quite wide and multi-class registrations developed from an initial single product to give the owner the opportunity from the start to expand their product range, so future proofing their business by not missing the legitimate opportunity to obtain a Community Trade Mark.
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3. He sees some of these examples as quite extreme but also refers to more modest expanded goods/services filing programmes by smaller businesses in the same light as prudent future proofing, in both cases involving IP costs insignificant when compared to the costs associated with advertising, marketing, promotion, product development etc. of an expanding business.
4. He agrees that there is clutter, but does not see it as excessive, meaning that even quite large searching projects can be managed with focused reporting at costs commensurate with the size of the project but small in comparison to the costs that could flow from a using a brand being not freely available.
5. He refers to readily available modern database facilities as helping greatly with investigation of the validity of any problem prior mark which arises as of concern from a clearance search.
6. He observes that the structure of the international classification of goods and services was built for a different time and is in need of radical overhaul, particularly to develop a class structure that takes into account how certain goods/services groupings go together commercially.
7. He raises the question whether the introduction of some sort of form of US-style Proof of Use requirement may flow from this report, but sees that as a burden disproportionate to the benefit of having a free system overall
8. He sees the costs associated with trade mark registration application as low in relation to the value to businesses of registration rights, but that an increase in Government fees may have a detrimental effect on business as a whole and on the increasing prominence of IP in the public mind.
9. He concludes in saying that there is a degree of register clutter but that the easy availability of information provides the professional with a clearer ability to cope with its problems, perhaps not advantageously to a lay applicant, but the numbers on UK filings by lay applicants suggest that this is not an unsurmountable problem.

Attorney Response No. 15

We have taken from her letter of opinion the following précised notes:

1. She lists cogently a number of reasons for an increase in the number of trade mark being filed over the last 20 years, often Pan-European at OHIM for essentially single country interests, and often for entire classes.
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2. She observes though that the total cost of a Trade Mark Registration is very much greater than before, because clearance searches are so much more expensive (and the results so uncertain), and because the costs do not end with a registration certificate. In this she sees the quickly and cheaply obtained registration (e.g.unsearched) being more complex and more expensive to enforce - especially to do the things which used to be done by UK IPO for free, i.e., blocking later applications.
 3. She comments that it is easier now to get a registration certificate for something, but harder to assess exactly what that registration really confers.
 4. She believes that we are reaching a serious point of commercial discomfort from the Registry's no longer being used properly as a clean and default forum for Trade Mark disputes, and that parties are instead using hostile correspondence - and increased legal fees.
 5. She suggests, among other prospects, that
 - i. a higher price for applications would reduce the number of applications back towards historic levels, of course in concert between OHIM and all national offices,
 - ii. an increase in renewal fees and incentives to harvest unused parts of registrations at renewal, so that the original ambitious wording is forced down towards its real area of use, and
 - iii. a five-yearly document requirement, i.e. a Declaration of Continued Interest, even at a nominal or no fee to ensure that each registration has a continuing genuine entity behind it.
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Concept House
Cardiff Road
Newport
NP10 8QQ

Tel: 0300 300 2000
Fax: 01633 817 777

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