



**COUNCIL OF
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NOTE

From: General Secretariat
To: Permanent Representatives Committee (Part 1) /Council

No. Cion prop.: 8065/13 PI 51 CODEC 710
8066/13 PI 52 CODEC 711

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 207/2009 on the Community trade mark
and
Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL to approximate the laws of the Member States relating to trade marks (Recast)
- Progress report

I. INTRODUCTION

1. On 2 of April 2013, the Commission submitted the above mentioned proposals to the Council and the European Parliament.

2. On 27 of March 2013, the Commission submitted draft Commission Implementing Regulation amending Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal market (Trade Marks and Designs) and Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark to the Member States with a view to amend the level of fees for Community trade marks.
3. Considered together as a package, the main common objective of these proposals is to foster innovation and economic growth by making trade mark registration systems all over the EU more accessible and efficient for businesses in terms of lower costs and complexity, increased speed, greater predictability and legal security. This revision dovetails with efforts to ensure coexistence and complementarity between the Union and national trade mark systems.
4. The European Parliament (responsible committee – JURI) has not yet adopted its position at first reading, but is expected to do this shortly.

II. PROGRESS ACHIEVED

5. The Working Party on Intellectual Property (Trade marks) has been working intensively on the proposals of Directive and Regulation since their presentation by the Commission. In the second semester of 2013 it will have devoted thirteen full meetings days. Following the completion of the first technical examination of the proposed Directive in the middle of October, the Presidency has tabled a compromise proposal, contained in document 16336/13 PI 166 CODEC 2618. The first technical examination of the proposed Regulation by the above mentioned Working Party is expected to be completed by the end of this year.
6. Throughout the discussions, it has been emphasised by all delegations that proposed legal instruments should be dealt with as a package.

7. Discussions so far have shown the existence of strong support amongst delegations for updating and streamlining the technical provisions of both the proposed Directive and Regulation with the aim of providing a modern and more legally secure EU and national trademark system to users. It has been established however that further technical fine-tuning of a number of the proposed provisions will be necessary.

8. The proposed Directive

Examination of the proposed Directive has revealed a need for certain adjustments of the large part of the provisions of the text. Most of the amendments submitted by delegations were incorporated in the Presidency compromise text and are subject to further discussion in the Working Party on Intellectual Property (Trade marks), after the first technical examination of the proposed Regulation is completed.

Member States have widely supported the need of the following amendments concerning the substantive law part:

- the abolition of the requirement of graphical representability of a sign should be further clarified,
- provision on grounds of non-registrability which could obtain in other Member States than those where the application for registration was filed, or which obtain only where a trade mark in a foreign language is translated or transcribed in any script or official language of the Member State, should be deleted,
- earlier trade mark cannot be treated as having reputation outside the Member State concerned,
- trade marks should not be registered if they are excluded from registration pursuant to national legislation providing for protection of designations of origin and geographical indications,

- provision on earlier marks protected outside the Union which are to be taken into consideration during the examination and invalidation procedures should be deleted,
- function of a trade mark as an indication of origin should be removed from the “double identity” rule,
- trade marks as objects of property should be harmonized at a lesser level than proposed.

Further clarifications were requested in relation to the proposed provision on the prevention of importing of goods where only the consignor of the goods acts for commercial purposes.

Opinions of Member States diverged on the proposed extension of rights with regard to goods brought into the customs territory (“transit” issue). Several options were tabled in the Presidency compromise text for further expert level discussion.

Concerning trade mark registration procedures, number of Member States expressed their views that the principles of subsidiarity and proportionality should be duly taken into account. In this regard Member States were in favour of retaining the possibility of *ex officio* examination of relative grounds. Overall, some Member States raised questions on the feasibility of certain procedural provisions due to limited resources of national trade mark offices.

All Member States were in favour of creating an administrative cooperation framework between all national trade mark offices and the OHIM, however, there was a clear voice that cooperation should be on a voluntary basis.

Member States opinions diverged on the necessity of a one-class-per-fee system. Some Member States argued that the proposal might not be in line with subsidiarity and proportionality principles.

9. The proposed Regulation

Similarly to the proposed Directive, examination of the proposed Regulation demonstrated a need for further adjustments of the text. Most of the discussions took place in relation to the following points.

Prevailing opinion of Member States was that the Common Approach on EU decentralised agencies¹ should not be applied automatically and peculiarities of the OHIM should be examined and taken into account on a case by case basis.

A majority of the Member States raised doubts on certain proposed elements of governance of the OHIM, for instance, related to the composition of the Management Board. Member States did not support the inclusion of the Executive Board as an available option in the governance structure and called for the provisions on appointment and removal of the Executive Director and extension of his term of office to be kept unchanged.

Member States were also in favor of less extensive empowerment of the Commission to adopt delegated acts, especially in relation to the system of fees and charges.

As concerns the administrative cooperation framework to promote convergences of practices and tools, most of the Member States requested further clarifications from the Commission, especially taking into account individual interests of national trademark offices.

A number of delegations considered that the Commission proposals have not taken sufficiently into account the Council conclusions of 25 May 2010 on the future revision of the Trade Mark system in the European Union². On the subject of the financial management and balanced budget, Member States had doubts about the relevance of the possibility to transfer budget surplus to the budget of the Union.

¹ http://europa.eu/agencies/documents/joint_statement_and_common_approach_2012_en.pdf

² OJ C 140, 29.5.2010, p. 22.

III. CONCLUSIONS

10. The progress achieved so far and the constructive approach shown by delegations and the Commission in discussions within the Working Party provide grounds to expect that solutions can be found for both the Directive and the Regulation in the nearest future. In this respect the Presidency remains committed to trying to achieve as much further progress as possible under its term.

11. Nevertheless, discussions in the Working Party have revealed an important divergence of views between the Commission and Member States' delegations on a number of key political issues, such as the future governance of the Office for Harmonisation in the Internal Market (OHIM), the extent of the proposed recourse to delegated acts, the level of harmonization of national procedures and the modalities of future cooperation between OHIM and national trademarks offices, including the funding of such cooperation by OHIM.

12. The Permanent Representatives Committee is invited to recommend to the Competitiveness Council meeting on 2 December 2013 to take note of the present progress report, and to instruct the Working Party on Intellectual Property (Trade marks) to continue with its efforts to reach agreement on this important package.
