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"I/A" ITEM NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

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8066/13 PI 52 CODEC 711

Subject: Revision of the European Trade Mark system
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)
- Adoption of a political agreement with a view to an early second reading
agreement with the European Parliament

1. On 2 April 2013, the Commission submitted to the Council the above proposals, which aim at modernising and further harmonising the legal framework for trade mark protection within the European Union.

2. On 25 February 2014, the European Parliament adopted its position at first reading, consisting of 115 amendments as regards the proposed Regulation and 54 amendments as regards the proposed Directive¹.
3. The Working Party on Intellectual Property (Trade marks) examined the Commission proposals at various meetings during the Irish, Lithuanian and Greek Presidencies.
4. On 23 July 2014, the Permanent Representatives Committee reached an agreement on the text of both proposed instruments and mandated the Italian Presidency to negotiate with the European Parliament an early second reading agreement on the package.
5. Following a number of technical meetings and informal trilogues during the Italian and Latvian Presidencies, an overall compromise package was agreed upon on 21 April 2015². The compromise reached was endorsed by the Permanent Representatives Committee on 10 June 2015.
6. On 16 June 2015, the Chair of the Committee on Legal Affairs of the European Parliament addressed a letter to the President of the Permanent Representatives Committee stating that, if the Council adopts its position at first reading in accordance with the above-mentioned compromise package, the European Parliament would approve the Council's position without amendments at its second reading.

¹ 6742/14 and 6743/14 respectively.

² The finalisation of the texts was subsequently carried out at technical level in the course of May 2015.

7. In view of the above, the Permanent Representatives Committee is invited to recommend to the Council to:
- a) approve, under the A items of one of its future meetings, a political agreement on the two proposed legal instruments as set out in Addenda 1 and 2 to the present Note and
 - b) take note of the statements to be entered in the minutes of the Council that will adopt the Council's position at first reading, as contained in the Annex to this Note.

STATEMENT BY THE COMMISSION

The Commission takes note of the agreement reached between the European Parliament and the Council on the reform of the EU trade mark system. In view of the added value of this reform for the users of the EU trade mark system, the Commission has decided to support it, as in balance, the overall agreement significantly improves the existing situation in particular in terms of substantive trade mark law. This is despite its concerns on certain budgetary aspects of the agreement.

The Commission regrets in particular that the co-legislators have been unable to agree on one of the key elements of its proposal concerning the budget of the OHIM: the automatic review of the level of the fees in case of significant recurrent surplus and the automatic transfer of such surplus to the EU budget. Indeed, while the level of the fees will be fixed in the EU trade mark regulation, the transfer of "substantive" surplus will remain submitted to the discretion of the Budget Committee of the OHIM (vote at 2/3 majority). The Commission recalls that such transfer would have taken place only after all types of use of the resources available as provided by the basic act have been satisfied, including the offsetting of central industrial property offices and other concerned authorities of Member States for the costs that they incur in ensuring the smooth functioning of the European Union Trade Mark System.

The Commission will continue to review the level of the fees charged by the OHIM in view of proposing to adjust them as closely as possible to the costs of the services provided to the industry and of preventing the accumulation of significant surpluses within the OHIM, in line with the rules applicable to all other agencies which have been agreed with the European Parliament and the Council.

The Commission stresses that fully self-financed agencies, such as the OHIM, as well as Institutions and bodies with budgetary autonomy financed outside the EU budget, should support the full cost of their staff, including the costs for the schooling of the children of their staff in the European schools. In line with the principle of administrative autonomy, the Commission will pursue all appropriate means to ensure that these agencies, Institutions and bodies effectively bear such costs or that they refund the EU budget of these costs.

The Commission stresses that, as regards the procedure of pre-selection and appointment of the Executive Director, any upcoming reform of OHIM should fully align with the principles of the Common Approach.

STATEMENT BY THE ESTONIAN DELEGATION

Estonia wishes to underline that it fully supports the trade mark reform and will not therefore oppose the adoption of the regulation and the directive.

However, Estonia wishes to express its concerns on the proposed administrative procedure for the revocation or declaration of invalidity of a trade mark. Estonia regrets that a satisfactory compromise was not found during the negotiations. We remain of the opinion that the proposed administrative procedure will not be efficient and will create additional administrative burden. Furthermore, it will completely change our current system, which has proved to be cost-efficient and effective, posing therefore systematic problems for our legal system.

STATEMENT BY THE NETHERLANDS DELEGATION

Although the Netherlands welcomes many elements of the proposed trademark reform package, which will make the new system more accessible, efficient and less costly, it wishes to express – again - our grave concerns regarding the proposed provisions on goods in transit (Article 10 paragraph 5 of the Directive and Article 9 paragraph 5 of the Regulation as well as their corresponding recitals).

These provisions will introduce the possibility to detain goods on account of possible infringement of a national or EU-trademark, where those goods are merely in transit through EU-territory.

The Netherlands believes that the proposed measure will put a disproportionate and unnecessary burden on holders of goods and an impediment to legitimate international trade, including for legitimate generic medicines. The Netherlands has had a negative experience in 2008 with detaining medicines in transit and does not want that to happen again.

Although the Netherlands supports the battle against counterfeiting as this undermines trade, IP-rights etc., the proposed measure for detaining goods in transit is unacceptable for The Netherlands. Against this background the Netherlands will abstain from voting on the trademark reform package.
