



15 October 2013

### **BUSINESSEUROPE COMMENTS ON THE EUROPEAN PARLIAMENT LEGAL AFFAIRS COMMITTEE (JURI) DRAFT REPORTS ON THE TRADE MARK PACKAGE**

#### **I. GENERAL COMMENTS**

BUSINESSEUROPE welcomes the approach taken by the JURI rapporteur Ms Cecilia Wikström in her draft report that the budgetary surplus should not be diverted into the general budget of the EU. Trade mark fees are paid for trade mark-related purposes and we do not accept that they should become some form of indirect taxation to the benefit of the EU budget. For self-financed EU agencies fees should be set at a realistic level, as recognised also in the common approach between the EU institutions of 19 July 2012 regarding their financing. In addition, the common approach does not foresee a transfer mechanism for self-financed agencies to the EU budget in case of a surplus. Accumulating surpluses must be avoided through a regular and appropriate mechanism of fee review and the Commission should make proposals in this direction.

We also support the proposed deletion of the Executive Board. The current governance structure has proven to be effective. There does not seem to be any convincing evidence that the introduction of an Executive Board would provide additional efficiency in this agency. It would rather risk adding a new bureaucratic layer, leading to less transparency for non-members of the Executive Board as well as users.

Moreover, the Rapporteur's proposal to maintain the substantive provisions on trade mark collisions in "double identity" cases is also endorsed.

#### **II. DETAILED COMMENTS**

##### **1. MANAGEMENT BOARD**

#### **PROPOSAL FOR A REGULATION ARTICLE 1 – POINT 99**



REGULATION (EC) No 207/2009

ARTICLE 125 – PARAGRAPH 1

<i>TEXT PROPOSED BY THE COMMISSION</i>	<i>AMENDMENT PROPOSED BY RAPPORTEUR</i>	<i>BUSINESSEUROPE PROPOSED AMENDMENTS</i>
1. The Management Board shall be composed of one representative of each Member State <b>and</b> two representatives of the Commission and their alternates.	1. The Management Board shall be composed of one representative of each Member State, two representatives of the Commission and <b>one representative of the European Parliament</b> and their <b>respective</b> alternates.	1. The Management Board shall be composed of one representative of each Member State, two representatives of the Commission, <b>and one representative of the European Parliament, representatives from user's associations and their respective</b> alternates.

*Justification*

Point 10 in the Common Approach on Agencies states that "The composition of the board should be: [...] - Where appropriate, one member designated by the European Parliament, without prejudice to the relevant arrangements for existing agencies". It thus seems natural to include at least one member of the management board designated by the European Parliament. Since it is the primary task of the Agency to serve the trade mark community and to work for the users of the system the participation of user's associations in the Management Board has to be assured. It could even be improved by not limiting users to an "observing" role.

**2. FUNDING OF COMMON PROJECTS FOR NATIONAL OFFICES**

**AMENDMENT 49**

**PROPOSAL FOR A REGULATION**

**ARTICLE 1 – POINT 98**

REGULATION (EC) No 207/2009

ARTICLE 123C – PARAGRAPH 4



TEXT PROPOSED BY THE COMMISSION	AMENDMENT PROPOSED BY JURI RAPPORTEUR	BUSINESSEUROPE PROPOSED AMENDMENTS
<p>4. The Agency shall provide financial support to the common projects of Union interest referred to in paragraph 2 <b>to the extent this is necessary</b> to ensure the effective participation of the industrial property offices of the Member States and the Benelux Office for Intellectual Property in the projects within the meaning of paragraph 3. That financial support may take the form of grants. The total amount of funding shall not exceed <b>10%</b> of the yearly income of the Agency. The beneficiaries of grants shall be the industrial property offices of the Member States and the Benelux Office for Intellectual Property. Grants may be awarded without calls for proposals in accordance with the financial rules applicable to the Agency and with the principles of grant procedures contained in the Financial Regulation (EU) No 966/2012 of the European Parliament and of the Council and in <b>the Commission delegated</b> Regulation (EU) No 1268/2012.</p>	<p>4. The Agency shall provide financial support to the common projects of Union interest referred to in paragraph 2 to ensure the effective participation of the industrial property offices of the Member States and the Benelux Office for Intellectual Property in the projects within the meaning of paragraph 3. That financial support may take the form of grants. The total amount of funding shall not exceed <b>20%</b> of the yearly income of the Agency. The beneficiaries of grants shall be the industrial property offices of the Member States and the Benelux Office for Intellectual Property. Grants may be awarded without calls for proposals in accordance with the financial rules applicable to the Agency and with the principles of grant procedures contained in the Financial Regulation (EU) No 966/2012 of the European Parliament and of the Council and in Commission <b>Delegated</b> Regulation (EU) No 1268/2012.</p>	<p>4. The Agency shall provide financial support to the common projects of Union interest referred to in paragraph 2 to ensure the effective participation of the industrial property offices of the Member States and the Benelux Office for Intellectual Property in the projects within the meaning of paragraph 3. That financial support may take the form of grants. The total amount of funding shall not exceed <b>10%</b> of the yearly <b>trademark related</b> income of the Agency. The beneficiaries of grants shall be the industrial property offices of the Member States and the Benelux Office for Intellectual Property. Grants may be awarded without calls for proposals in accordance with the financial rules applicable to the Agency and with the principles of grant procedures contained in the Financial</p>



		<p>Regulation (EU) No 966/2012 of the European Parliament and of the Council and in Commission <b>Delegated</b> Regulation (EU) No 1268/2012. <b>Each office receiving such grants shall provide the Agency with regular reports and justification on how these grants are spent.</b></p>
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*Justification*

The amendment attempts to further clarify the proposed system of grants for participation in cooperation projects. It is important to define the term “income” since the Agency’s income relates upon different sources e.g. trademark related, design related, interests, Observatory related etc.; the ceiling of 10% of the trademark related income roughly corresponds to the originally proposed 50% of the trademark renewal fees (compromise solution). It is also important to make sure that the agreed-upon amount forms a ceiling and is not automatically used up to the full amount if not based upon user related purposes. By this approach it is assured that trademark related income is used solely for trademark related issues. A further increase of this amount is neither necessary nor helpful since even the existing surplus could not be used up for this purpose and a further increase would only result in a further pile-up of surplus.

**3. EX-OFFICIO SEARCHES**

**AMENDMENT 7**

**PROPOSAL FOR A DIRECTIVE  
RECITAL 34**



TEXT PROPOSED BY THE COMMISSION	AMENDMENT PROPOSED BY JURI RAPPORTEUR	BUSINESSEUROPE PROPOSED AMENDMENTS
<p>(34) In order to improve and facilitate access to trade mark protection and to increase legal certainty and predictability, the procedure for the registration of trade marks in the Member States should be efficient and transparent and should follow rules similar to those applicable to European trade marks. With a view to achieving a consistent and balanced trade mark system both <b>at</b> national and Union level, all the central industrial property offices of the Member States should therefore limit their examination ex officio of whether a trade mark application is eligible for registration to the absence of absolute grounds for refusal only. This should however <b>not</b> prejudice the right of those offices to provide, <b>upon request of applicants</b>, searches for earlier rights on a purely informative basis and without any prejudice to or binding effect on the further registration process, including subsequent opposition proceedings.</p>	<p>(34) In order to improve and facilitate access to trade mark protection and to increase legal certainty and predictability, the procedure for the registration of trade marks in the Member States should be efficient and transparent and should follow rules similar to those applicable to European trade marks. With a view to achieving a consistent and balanced trade mark system <b>at</b> both national and Union level, all the central industrial property offices of the Member States should therefore limit their examination ex officio of whether a trade mark application is eligible for registration to the absence of absolute grounds for refusal only. This should <b>not</b>, however, prejudice the right of those offices to provide, <b>ex officio or upon request</b>, searches for earlier rights <b>as well as notifications to proprietors of earlier rights</b> on a purely informative basis and without any prejudice to or binding effect on the further registration process, including subsequent opposition proceedings.</p>	<p><b>The text of the Commission should be maintained<sup>1</sup>.</b></p>

<sup>1</sup> CEOE, the Confederation of Employers and Industries of Spain, does not support the proposed amendment.

*Justification*

*This proposal includes a clarification as well as a substantial change and should be read together with Article 41. Although the ex officio examination on relative grounds should be abolished it would be reasonable to allow offices to provide applicants **upon their request** with searches and proprietors of earlier rights with notifications. Since applicants and their representatives for reasons of diligence already perform searches for earlier rights before filing a trademark an ex-officio search after filing seems not only to be too late but will also pose additional administrative burden as well as increase the time span between application and registration and thereby slow down the efficient registration process. These searches and notifications should however be purely informative and without effect on the registration process.*

**AMENDMENT 34**

**PROPOSAL FOR A DIRECTIVE  
ARTICLE 41**

<i>TEXT PROPOSED BY THE COMMISSION</i>	<i>AMENDMENT PROPOSED BY JURI RAPPORTEUR</i>	<i>BUSINESSEUROPE PROPOSED AMENDMENTS</i>
<p>The offices shall limit their examination ex officio of whether a trade mark application is eligible for registration to the absence of the absolute grounds for refusal provided for in Article 4.</p>	<p>The offices shall limit their examination ex officio of whether a trade mark application is eligible for registration to the absence of the absolute grounds for refusal provided for in Article 4. <b><i>This provision shall be without prejudice to the possibility for offices to provide searches and notifications with regard to earlier rights on a purely informative basis and provided that such searches and notifications have no binding effect on the further registration process, including on subsequent opposition proceedings.</i></b></p>	<p>The offices shall limit their examination ex officio of whether a trade mark application is eligible for registration to the absence of the absolute grounds for refusal provided for in Article 4. <b><i>This provision shall be without prejudice to the possibility for offices to provide upon request from applicants searches and notifications with regard to</i></b></p>



		<p><i>earlier rights on a purely informative basis and provided that such searches and notifications have no binding effect on the further registration process, including on subsequent opposition proceedings.</i></p>
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*Justification*

*This proposal includes a clarification and should be read together with Recital 34. Although the ex officio examination on relative grounds should be abolished it would be reasonable to allow offices to provide applicants with searches and proprietors of earlier rights with notification-upon request. These searches and notifications should however be purely informative and without effect on the registration process. The reasoning for this is to be understood from the justification with regard to Amendment 7, Recital 34.*

**4. GOODS IN TRANSIT**

**AMENDMENT 5**

**PROPOSAL FOR A DIRECTIVE  
RECITAL 22**



TEXT PROPOSED BY THE COMMISSION	AMENDMENT	BUSINESSEUROPE AMENDMENTS
<p>(22) With the aim of strengthening trade mark protection and combatting counterfeiting more effectively, the proprietor of a registered trade mark should be entitled to prevent third parties from bringing goods into the customs territory of the Member State without being released for free circulation there, where such goods come from third countries and bear without <b>authorization</b> a trade mark which is essentially identical to the trade mark registered in respect of such goods.</p>	<p>(22) With the aim of strengthening trade mark protection and combatting counterfeiting more effectively, the proprietor of a registered trade mark should be entitled to prevent third parties from bringing <b>counterfeit</b> goods into the customs territory of the Member State without being released for free circulation there, where such goods come from third countries and bear without <b>authorisation</b> a trade mark which is essentially identical to the trade mark registered in respect of such goods. <b><i>In order not to hamper legitimate flows of goods, this rule should only apply if the proprietor of a trade mark is able to show that the trade mark is validly registered also in the country of destination. This rule should be without prejudice to the Union's right to promote access to medicines for third countries.</i></b></p>	<p>(22) With the aim of strengthening trade mark protection and combatting counterfeiting more effectively, the proprietor of a registered trade mark should be entitled to prevent third parties from bringing <b>counterfeited</b> goods into the customs territory of the Member State without being released for free circulation there, where such goods come from third countries and bear without <b>authorization</b> a trade mark which is essentially identical to the trade mark registered in respect of such goods. <b><i>This rule should be without prejudice to the Union's right to promote access to medicines for third countries.</i></b></p>



*Justification*

*Counterfeiting – including criminal intent – has increased dramatically in recent years. The fight against counterfeit products is a major task for brand owners and enforcement authorities equally. Experience has shown that there is still a lack of effective means and measures to take down counterfeit products. Acknowledging the principle of legitimate flows of goods within the EU proper wording has to be ensured to allow the fight against counterfeiting to the benefit of consumers and brand owners. **The debated access to medicines per se is not hampered by this provision since it relates to generics which do not pose a trademark issue but patent issues which do not form part of this Directive.***

**PROPOSAL FOR A REGULATION**

**ARTICLE 9 (5)**

**PROPOSAL FOR A DIRECTIVE ARTICLE 10 (5)**

TEXT PROPOSED BY THE COMMISSION	AMENDMENT PROPOSED BY JURI RAPPORTEUR	BUSINESSEUROPE PROPOSED AMENDMENTS
<p>(5) The proprietor of a European trade mark shall also be entitled to prevent all third parties from bringing goods, <b><i>in the context of commercial activity</i></b>, into the customs territory of the Union without being released for free circulation there, where such goods, including packaging, come from third countries and bear without authorization a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.</p>	<p>(5) The proprietor of a European <b>Union</b> trade mark shall also be entitled, <b><i>-to prevent all third parties from bringing goods, in the context of commercial activity, into the customs territory of the Union without being released for free circulation there,</i></b> where such goods, including packaging, come from third countries and bear without authorization a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark, <b><i>on condition that the proprietor proves that the trade mark is also</i></b></p>	<p>(5) The proprietor of a European <b>Union</b> trade mark shall also be entitled, <b><i>with the assistance of the relevant authorities,</i></b> to prevent all third parties from bringing goods, into the customs territory of the Union <b><i>regardless of whether they are</i></b> released for free circulation there, where such goods, including packaging, come from third countries and bear without authorization a trade mark which is identical to the European trade mark registered in respect of such goods, or which cannot be distinguished in its essential aspects from that trade mark.</p>



	<b><i>validly registered in the country of destination.</i></b>	
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*Justification*

*In order to increase the effectiveness of the provision, trade mark owners would need the help of the relevant enforcement authorities (e.g. customs, police) to be able to prevent the bringing of such goods into the customs territory of the Union, since trademark owners do not have access to the transit zone.. In addition, to ensure a correct interpretation of the provision, the language should be clarified so as to allow the right to prevent the bringing of goods into the customs territory of the Union regardless of whether they are released for circulation or not.*

*The Directive aims to give the possibility to the right owner to prevent the introduction of counterfeit products into the Union customs territory, without being released for free circulation. However, the difficulty for the authorities, especially customs, to detain, at present, suspected counterfeit goods in transit results from the limited definition of the concept of "course of trade" to the commercialisation within the EU. The expression used "in the context of commercial activity" could, in this context, be interpreted as an equivalent to "course of trade." Therefore, in order to clearly meet the objective set by the Directive in Recital 22 and to avoid any ambiguity regarding the paradox between the lack of requirement for release for free circulation and the notion of "course of trade", the words "in the context of commercial activity" should be removed.*

**5. POSITIVE RIGHT TO USE**

Whereas the use of trademarks is fundamental to the EU economy, the right to use trademarks is not expressly recognized either in the Community Trademark Regulation (CTMR) or in the Trademark Directive (TMD). The Court of Justice of the EU (CJEU) and its Advocates General have repeatedly pointed to a right to use a mark as the ownership of a trademark would make no sense without the ability to use a mark for distinguishing products. It is important also to refer to the Charter of Fundamental Rights of the European Union (Article 17- 'Right to property', which explicitly provides that intellectual property shall be protected), and the European Convention on Human Rights (ECHR), Protocol I. Similar provisions are provided also in the TRIPS Agreement (articles 20, 17 and 8(1)).

Still, that basic right to use a trademark has not been endorsed in the EU law yet.



The right to use a trademark should be expressly provided for rather than just be understood as an important principle. First of all, it is because of the use of trademarks in commerce and its positive contribution to the economy of the EU why that intellectual property right is protected in the first place. The law should not fail to express its main purpose. Equally, if not more importantly, the right to use a trademark is being increasingly questioned outside the European Union which would – if continued as a trend - affect the EU economy. The use of trademarks is increasingly regulated to achieve unrelated policy goals. It is a common response of a legislator adopting such a measure that a trademark right is not protected against a prohibition of its use. A trademark would only be a negative right providing the right to exclude others from using a designation but not giving the right to actually use the protected designation.

The obligation to use a mark under Art. 15 CTMR does not resolve the issue. The use requirement is conceptually different from a right to use. It only says that the right to exclude third parties from using a similar sign will be lost, if the owner of the trademark does not put its own mark to use.

**PROPOSAL FOR A REGULATION**

**ARTICLE 1, POINT 12**

(REGULATION (EC) No 207/2009)

ARTICLE 9 – PARAGRAPH 1

<i>TEXT PROPOSED BY THE COMMISSION</i>		<i>BUSINESSEUROPE</i> <span style="float: right;"><i>PROPOSED</i></span> <i>AMENDMENTS</i>
The registration of a trade mark shall confer on the proprietor exclusive rights		The registration of a trade mark shall confer on the proprietor exclusive rights; <b><i>in particular, the positive right to use it and to prevent any third party not having his consent from using it<sup>1</sup>.</i></b>

<sup>1</sup> CEOE, the Confederation of Employers and Industries of Spain, does not support the proposed amendment.

*Justification*

*This would put the proposal for a Regulation in line with the European Design Regulation (EC) 6/2002 (see article 19). By codifying the uses as defined by the CJEU such amendment will confer more legal certainty to the trade mark holders which will stimulate these key assets to the development.*

**PROPOSAL FOR A DIRECTIVE  
RECITAL 15 (NEW)**

<i>TEXT PROPOSED BY THE COMMISSION</i>		<i>BUSINESSEUROPE</i> <span style="float: right;"><i>PROPOSED</i></span> <i>AMENDMENTS</i>
		<b><i>The registration of a trade mark shall confer on its proprietor property rights, including the positive right to use the trade mark for the goods or services for which it is registered.</i></b>

*Justification*

*The integration of these new provisions into the Directive would anchor in the European and national trade mark legislation(s) the fundamental right to intellectual property and of its peaceful enjoyment which also includes the positive right to use.*

**PROPOSAL FOR A DIRECTIVE  
ARTICLE 10 PARAGRAPH 1**

<i>TEXT PROPOSED BY THE COMMISSION</i>		<i>BUSINESSEUROPE</i> <span style="float: right;"><i>PROPOSED</i></span> <i>AMENDMENTS</i>



<p>The registration of a trade mark shall confer on the proprietor exclusive rights.</p>		<p>The registration of a trade mark shall confer on the proprietor exclusive rights;  <i><b>in particular, the positive right to use it and to prevent any third party not having his consent from using it.</b></i></p>

*Justification*

*This would put the proposed Directive in line with the European Design Regulation (EC) 6/2002 (see article 19) and is the logical continuation of the new proposed Recital 15. By codifying the uses as defined by the CJEU such amendment will confer more legal certainty to the trade mark holders and benefit the EU economy.*

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