DRAFT STATEMENT OF THE COUNCIL’S REASONS


– Draft Statement of the Council’s reasons
I. **INTRODUCTION**

The Commission submitted the above mentioned proposal to the Council and the European Parliament on 2 April 2013\(^1\).

The European Economic and Social Committee adopted its opinion on 11 July 2013.

The European Data Protection Supervisor adopted its opinion on 11 July 2013.

The European Parliament adopted its position at first reading on 25 February 2014\(^2\).

On 23 July 2014, the Permanent Representatives Committee (Part 1) mandated the Presidency to explore with the European Parliament the possibility of an early second reading agreement on the basis of the text contained in 11827/14.

Following a number of informal trilogues, an agreement was reached with the European Parliament on the text of the Regulation. Such agreement was confirmed at the meeting of the Permanent Representatives Committee on 10 June.

On 16 June 2015, the Chair of the Committee on Legal Affairs addressed a letter to the Chair of the Permanent Representatives Committee (Part 1) indicating that, should the Council transmit formally to the European Parliament its position at first reading in accordance with the above mentioned agreement subject to legal-linguistic verification, he would recommend to the Plenary of the European Parliament to accept the Council's position without amendments at second reading.

Subsequently, the Council endorsed the agreed text by adopting a political agreement on 13 July 2015\(^3\)

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\(^1\) 8065/13.
\(^2\) 6742/14.
\(^3\) 9957/15 + ADD 1 + ADD 2
II. **OBJECTIVE**

The main objective of this proposal and of the parallel proposal for recasting the Directive\(^4\) 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. These revisions dovetail with efforts to ensure coexistence and complementarity between the Union and national trade mark systems.

As regards the proposal to revise the Regulation, the Commission proposes targeted modernisation of existing provisions with the following main aims:

- Adapting terminology to the Lisbon Treaty and provisions to the Common Approach on decentralised agencies;
- Streamlining procedures to apply for and register a European trade mark;
- Increasing legal certainty by clarifying provisions and removing ambiguities;
- Establishing an appropriate framework for cooperation between the Office for Harmonization in the Internal Market (Trade marks and Designs) (hereafter referred to as OHIM) and national offices for the promoting convergence of practices and developing common tools;
- Aligning the framework to Article 290 of the Treaty on the Functioning of the European Union (TFEU).

\(^4\) 8066/13.
III. ANALYSIS OF THE COUNCIL'S POSITION AT FIRST READING

A very large number of the European Parliament's amendments at first reading have been taken on board either without any change or with a slightly modified wording. Only a very limited number of the European Parliament's amendments have not been endorsed by the Council.

The main points of agreement between the Council and the European Parliament are set out below:

- Stressing the complementary nature of national and Union protection of trade marks;

- Adaptation of terminology to the requirements of the Lisbon Treaty (change from ‘Community trade mark’ to ‘European Union trade mark’);

- Adaptation of terms and governance inspired by the Common approach on Union decentralised agencies, agreed by the European Parliament, the Council and the Commission in July 2012;

- Abolition of the possibility to file an application for a European Union trade mark via the central industrial property offices of Member States;

- Streamlining technical provisions concerning searches, publication of the application, observations by third parties, revision of decisions inter partes, continuation of proceedings, opposition period for International Registrations;
- Elimination of the requirement of ‘graphic representability’ for a sign to be able to be registered as a European Union trade mark;

- Extension of the absolute grounds for refusal to cover designations of origin, geographical indications, traditional terms for wine, traditional specialities guaranteed and plant variety rights;

- Extension of the relative grounds for refusal to cover designations of origin and geographical indications;

- Entitlement of European Union trade mark holders to prevent the distribution and sale of labels and packaging and of similar items which may subsequently be used in relation to infringing goods or services;

- Explicit provision ensuring that European Union trade mark rights cannot be invoked against prior rights on the mark;

- Extension of European Union trade mark protection to cover the use of the mark in trade or company names;

- Comprehensive provisions regarding the designation and classification of goods and services in accordance with the case law of the Court of Justice;

- Introduction of the possibility to obtain a European Union certification mark;

- Renaming OHIM to European Union Intellectual Property Office;

- Defining in a comprehensive manner the tasks of the Office;
- Providing the Office with the necessary legal basis to establish a Mediation Centre;

- Providing a legal framework for cooperation between the Office and central industrial property offices to promote convergence of practices and tools, including provision of a legal basis for funding by the Office of cooperation projects;

- Alignment of the Regulation to Article 290 TFEU, with a preference for incorporating into the basic act as many provisions as practicable, including the provisions setting the level of fees.

The main points where the Council's position at first reading does not follow the European Parliament's position are the following:

- Inclusion of a provision regulating the entry of counterfeit goods, particularly in the context of sales over the internet delivered in small consignments, where it is only the consignor of the counterfeit goods who acts in the course of trade;

- While agreeing that European Union trade mark holders should be entitled to prevent third parties from bringing from third countries goods bearing without authorization a trade mark which is essentially identical to the European Union trade mark registered in respect of those goods, into the customs territory of the Union, regardless of whether they are released for free circulation, the Council provides that such entitlement will lapse if the declarant or the holder of the goods in question proves that the European Union trade mark holder is not entitled to prohibit the placing of the goods on the market in the country of final destination;
- Inclusion of a general exception to European Union trade mark rights when a third party uses the trade mark for non-commercial purposes, as well as inclusion of other exceptions to European Union trade mark rights, such as cases where the European Union trade mark is used by a third person in order to draw consumers' attention to the resale of genuine goods that have originally been sold by or with the consent of the proprietor of the trade mark, or in order to put forward a legitimate alternative to the goods or services of the proprietor of the European Union trade mark, or for the purposes of parody, artistic expression, criticism or comment;

- Selection and appointment of the Executive Director of OHIM by the Management Board;

- Provision of an offsetting mechanism enabling Member States to recoup their expenses arising from the provision of services and procedures related to the enforcement of the European Union trade mark.

IV. CONCLUSION

The Council's position at first reading fully reflects the agreement reached between the two co-legislators, as the latter was confirmed by the above mentioned letter from the Chair of the Committee on Legal Affairs to the Chair of the Permanent Representatives Committee (Part 1) dated 16 June 2015.