

# One step forward, two steps back for EU trademark reform

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Cecilia Wikström, member of the European Parliament and rapporteur of the EU trademark reform package, has pulled back the curtain on the frustrating world of European politics. While she speculates that the reforms could become a reality before Christmas, given the work ahead this looks ambitious and may be undesirable if it means that too many compromises are required.



**Trevor Little**

Speaking at the final MARQUES annual conference session, she explained that the European Parliament and Council were presented the proposals in the spring of 2013, at which point she commenced “working at an accelerated pace” with the shadow rapporteurs in a bid to secure consensus. In terms of the legislation’s passage, it is this consensus which is both critical (Wikström lamented: “We have to agree on every single comma in the text”) and difficult to achieve. While discussions and political manoeuvring continued apace, with the European parliamentary elections taking place in May of this year, the progress that had been made up to that point effectively stalled, or in Wikström’s word, “the issue was put into the freezer, where it stayed over the course of the elections”.

The process has now been reactivated, with Wikström re-appointed rapporteur, but she notes that new difficulties lay ahead, not least juggling her own legislative workload: “In the new parliament, around 50% of members are new and colleagues I previously worked with have left the parliament for various reasons. This means I am the only one left from the previous mandate and I also have other duties. To tell you the truth, I have moved on already and am in different political fields, so I am trying to get back to the same feeling I had at the time.”

Wikström remains positive on likely progress, noting: “Until we have had the first few meetings, I won’t be able to give any clear timeframes on when we will start negotiations or have a final decision on the package – but I am a born optimist and I think that, if everyone gets their acts together, we could conclude before Christmas.”

However, is this realistic? New members first have to study the proposals and then consider their positions, before negotiations even commence. Considering the new Parliament make-up Wikström adds that “a large number are nationalists and do not want to find common ground and harmonise laws”, and identifies a number of issues that will likely be the focus of renewed debate. These include the treatment of goods in transit, governance of OHIM and the treatment of office funds.

The latter was a particular focus for fellow panellist Tove Graulund, principal of Graulund IP Services and chair of the MARQUES EU Trademark Reform Task Force. The MARQUES position is that fees should be set at a level to ensure that OHIM’s budget is balanced and she argued that there needs to be a focus on what OHIM should be doing with fees going forward - adding that “expanded activities equals more money spent and we want to keep fees as they are”.

Where there are additional activities and projects undertaken by OHIM, she stated that projects should be of direct benefit not only to the European Union or member states, but also to users. Crucially, she hit out at the notion that cooperation fund levels will be set by the OHIM’s Administrative Board “as many of these members are from national offices. They are, of course, experts but they also have a vested interest. Perhaps the distribution should be handled by an independent body”.

This criticism was also extended to specifics of the proposed funding levels. In June we reported on the Greek presidency’s compromise proposal to the Trademark Directive and the Community Trademark Regulation, which noted that OHIM should provide financial support for projects of interest “to the extent this is necessary to ensure the effective participation of the industrial property offices of the member states and the Benelux Office for Intellectual Property in the projects. That financial support may take the form of grants. The total amount of funding shall not exceed 10% of the

yearly income of the office”. The proposed Article 139(3)(a) added that 10% of OHIM’s yearly income would also be “distributed to the member states to partly compensate them for additional expenses arising from services, measures and procedures offered by the industrial property... as well as by other national authorities involved in providing services and procedures with regard to the European Union trademark”.

MARQUES strongly objects to Article 139, noting that the latter 10% is proposed to be distributed to member states and not the national offices or other national bodies dealing with IP rights. In addition to raising the concern that there will be a loss of control over user fees in such an instance, she re-emphasised: “These levels are again set by the Administrative Board so you have a body that is assigned with giving themselves money.”

Considering the 20% threshold and use of OHIM income, Wikström noted that this “is not carved in stone. We are negotiating and it may turn out to be something else”, illustrating again that there is still some way to go until consensus is reached. For her part she pledged: “I can promise I will try to work as hard as before and with a pragmatic sentiment with the aim of reaching agreement as soon as possible. But I also have to recognise that these types of reforms happen once every 20 years so we have to get it right.”

In this regard, she is correct and it is important to get the details right. While it is frustrating that the passage of the legislation has taken a step backwards and is mired in political turmoil, it does mean that users and trademark associations have an opportunity to further contribute to the legislation’s development. It is important that their voices are heard – and for this reason it would be better that undesirable political compromises are not made in a bid to push through the legislation by Christmas just for the sake of it. It is far better to get the right package, even if it takes a little more time.

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