

EU trademark reform agreement receives tentative thumbs up from users

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Following European 'trilogue' discussions yesterday, the European Parliament, Council and Commission have announced a provisional agreement on the European trademark package, meaning that the reforms are a significant step closer to being realised. While many aspects have been welcomed by user associations, the lack of detail on crucial aspects means that the 'thumbs up' remains a tentative one.



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The agreement still needs to be endorsed by the Council and by the Legal Affairs Committee, before being put to a vote by the full house, but yesterday's announcement on a provisional agreement means that we are near the end game. As such, the announcement was followed by a flurry of press releases in which those involved in the discussions congratulated themselves for their efforts and the outcome, with Cecilia Wikström, rapporteur for the legislation, stating: "I'm glad that after almost two years of hard work and tough negotiations we managed to reach a balanced approach on trademark legislation, which will be simple and flexible enough to provide businesses and entrepreneurs with the protection that meets their needs".

So what is being done to facilitate the above? With the full text of the agreement yet to be released, here's what the official release outlines:

- “One-class-per-fee” for the Community trademark (soon to be renamed the European Union trademark) will become a reality.
- Reductions in fee levels, aimed at reducing the surplus and offering savings of up to 37% - with renewal fee levels a particular focus.
- An “offsetting mechanism” will be created to cover national office expenses incurred as a result of handling CTM procedures - 5% of OHIM’s annual revenue is foreseen for this, with the possibility of increasing this amount by another 5% in case of a substantive budgetary surplus.
- The maximum amount of funding for cooperation projects will be set at 15% of the yearly revenue of OHIM.
- “Efficient and expeditious administrative procedures by the national offices for revocation or declaration of invalidity of trademarks” will be established.
- The adaptation of the designation and classification of goods and services to comply with recent EU case law, in conformity with the international classification established by the Nice agreement.
- The European Parliament will have a seat in the management board of OHIM.
- OHIM will become the European Union Intellectual Property Office.

Reacting to the announcement, INTA has welcomed a number of the proposed changes, classing the reduction in renewal fees as “excellent news” and welcoming efforts to strengthen goods in transit provisions and adapt the classification system to comply with the *IP TRANSLATOR* case and with the Nice system (while providing a fair temporary exception for trademark owners to declare the goods

and services they wanted to cover when registering their trademarks under different classification rules existing at that time).

Tove Graulund, principal of Graulund Consulting and chair of the MARQUES EU Trademark Reform Task Force, similarly identifies a number of positives, telling *World Trademark Review*: "While we don't yet have the precise detail, it sounds certain that renewal fees will be reduced, which users associations have been clamouring for for a while, so that is positive. One class per fee is also good as it will create more clarity and people will be encouraged to register for the items they need. Combined with the consistent treatment of designation and classification of goods and services, this will help everyone be clear and precise in their applications. Similarly pleasing is that money is being set aside for harmonisation projects. MARQUES has been pushing for increased harmonisation so that is great to see (as is the inclusion of a 'maximum amount', which provides clarity). Finally, we are really pleased to see the emphasis on efficient and expeditious administrative procedures in the national offices for revocation and declaration of invalidity."

Returning to INTA's reaction, there are provisions that the association is hesitant to endorse. For instance, on the offsetting mechanism for the diversion of OHIM funds to national offices, it stresses that trademark owners will be seeking transparency and accountability to ensure that surplus generated from user fees is reinvested in improving the performance and efficiency of the EU trademark system (while also noting that the legality of the compensation mechanism remains an open issue).

The association adds that it “would have appreciated the inclusion of bad faith as a relative ground for refusal as well as immediate implementation of opposition and cancellation administrative procedures at the national level in all member states (as opposed to the seven-year transition period the provisional agreement mandates). Forcing parties to go through seven more years of expensive and time-consuming court proceedings to oppose or cancel a trademark goes against the goal for efficient and timely administrative procedures”.

The continued existence of relative grounds examination is itself something that Graulund highlights, observing: “Based on the information that I have now, the only thing really missing relates to refusals on relative grounds. It’s a missed opportunity. There are many good things at a national level about relative grounds examination, but allowing different types of examination in different countries is a missed opportunity for increased harmonisation.”

She also reserves comment on the ‘offsetting mechanism’ for fee redirection, noting that the detail will be crucial: “There was a previous paper that mentioned how compensation would be calculated – for instance based on the number of CTMs filed by country or the number of oppositions handled. The announcement suggests that there has been agreement on a calculation formula and we would need to see what that is. However, now that we have got to this point, the main question for us is where the money goes. As long as the funds stay in IP it’s not a bad result – however we are worried whether it will disappear into member state budgets with no earmarking.”

The full vote on the reforms is likely to be some months away, but it is likely that the legislation will go forward in its newly agreed form. For now, users await the full text with interest.

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