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European Union

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STATEMENT OF THE COUNCIL'S REASONS

Subject: Position of the Council at first reading with a view to the adoption of a
DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
to approximate the laws of the Member States relating to trade marks
(Recast)

- Statement of the Council's reasons
- Adopted by the Council on 10 November 2015

I. INTRODUCTION

The Commission submitted the above mentioned proposal to the Council and the European Parliament on 2 April 2013¹.

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 2014².

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 Directive. 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 2015³.

¹ 8066/13.

² 6743/14.

³ 9957/15 + ADD 1 + ADD 2

II. OBJECTIVE

The main objective of the present Commission proposal, and of the parallel proposal for the amendment of the Community Trade Mark Regulation⁴, 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.

Specifically, the proposal to recast the Directive was driven by the following objectives:

- Modernising and improving the existing provisions of the Directive, by amending outdated provisions, increasing legal certainty and clarifying trade mark rights in terms of their scope and limitations;
- Achieving greater approximation of national trade mark laws and procedures with the aim of making them more consistent with the Community trade mark system, by (a) adding further substantive rules and (b) introducing principal procedural rules into the Directive in accordance with provisions contained in the Regulation;
- Facilitating cooperation between the offices of the Member States and the Office for Harmonization in the Internal Market (Trade marks and Designs) (hereafter referred to as OHIM) for the purpose of promoting convergence of practices and the development of common tools, by putting in place a legal basis for this cooperation.

⁴ 8065/13.

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 ;
- Elimination of the requirement of 'graphic representability' for a sign to be able to be registered as a trade mark ;
- No requirement for national offices to examine absolute grounds for refusal in all national jurisdictions and in all languages of the Union;
- Preservation of the right of Member States to decide whether to conduct examinations for refusal on relative grounds ex officio ;
- Explicit provision ensuring that trade mark rights cannot be invoked against prior rights on the mark ;
- Extension of trade mark protection to cover the use of the mark in trade or company names;
- Clarification that the trade mark owner may prevent the use of his trade mark in comparative advertising where such comparative advertising does not satisfy the requirements of Article 4 of Directive 2006/114/EC;

- Entitlement of 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;
- 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;
- Harmonisation of national law regulating the degree of protection of trade marks with reputation;
- Harmonisation of national law regulating trade marks as objects of property, such as transfers or licensing;
- Harmonisation of national law regulating Guarantee or Certification marks and Collective marks;
- Harmonisation of national law regarding designation and classification of goods and services covered by a trade mark in accordance with the case law of Court of Justice;
- Establishment of an efficient and expeditious administrative procedure before each national office for opposing the registration of a trade mark application on the basis of relative grounds;
- Harmonisation of national law regarding the "non use" defence in opposition proceedings and in proceedings seeking a declaration of invalidity.;

- Establishment of an efficient and expeditious administrative procedure before each national office for revocation or declaration of invalidity of a trade mark.

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 to prevent 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 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 trade mark registered in respect of those goods, into the Member State where the trade mark is registered, 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 trade mark holder is not entitled to prohibit the placing of the goods on the market in the country of final destination;
- Rendering obligatory the adoption of the "one class per fee" model,
- Inclusion of a general exception to trade mark rights when a third party uses the trade mark for non-commercial purposes, as well as inclusion of other exceptions to trade mark rights, such as cases where the 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 trade mark, or for the purposes of parody, artistic expression, criticism or comment ;

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.
