



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

**COUNCIL REGULATION**

**amending Regulation (EC) No 40/94 on the Community trade mark**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as last amended by Council Regulation (EC) No 3288/94 of 22 December 1994<sup>1</sup>, set up a unitary system of protection of trade marks throughout the Member States via Community registration. This system has generally fulfilled users' expectations satisfactorily. It has also had a positive effect on the effective achievement of the internal market. This has been shown by an evaluation, done at the Commission's request, of the results of this system, which has been successfully administered by the Office for Harmonisation in the Internal Market (OHIM) (hereinafter referred to as "the Office").

As required under Article 39(7) of that Regulation, five years after the opening of the Office for the filing of applications the Commission submitted to the Council a report on the functioning of the system of searching<sup>2</sup>, including the payments made to Member States, which is laid down by this provision. The problems detected and various alternatives for trying to solve them were described. The Commission is also responsible for proposing appropriate adjustments to the system on the basis of the experience gained and developments in searching techniques.

As it undertook to do in a declaration concerning Article 89 of the same Regulation, the Commission also presented to the Council a Communication<sup>3</sup> on the functioning of the system of representation before the Office. This examination showed that, at this stage, there was no need for changes to the above system as set out in the said Regulation.

The examination of the functioning of the systems of searching and representation made it possible to identify other points where clarification or amendment would have a positive impact on the management of the Community patent system. As a result, it should be possible to improve the effectiveness of the system, increase the value it adds and prevent, as of now, the consequences of the accession of new Member States in future, without it being necessary to change the substance of the system, which has proven itself to be perfectly valid with regard to the objectives set.

This proposal was drawn up in close cooperation with the Office. Similarly, in the Working Party on the Community Trade Mark convened periodically by the OHIM, the various associations concerned by the Regulation on the Community trade mark had, as users, the opportunity to give their opinion on the proposed changes. They also submitted written comments<sup>4</sup> to the Commission. Most of the points proposed were positively received. Furthermore, in several meetings of the OHIM Administrative Board, the Member States were also informed of the Commission's intention to present a proposal to the Council regarding certain points which it considers relevant at this stage. All these exchanges of view further highlighted the appropriateness of this action.

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<sup>1</sup> OJ L 349, 31.12.1994, p. 83 *et seq.*

<sup>2</sup> OJ ...

<sup>3</sup> OJ ...

<sup>4</sup> IAPIP, AIM, ECTA, FICPI, UNICE, INTA.

### **Proprietors (Article 5)**

Article 5 lays down who can be a proprietor of a Community trade mark. Nationals of third countries which are not members of the Paris Convention and/or the World Trade Organisation (WTO) may become proprietors of such a mark only if a published Commission Decision has established that the third country in question accords the same protection to all Member States as it does to its own nationals

There are a number of reasons for opting for a more flexible approach with regard to this requirement. Not imposing such reciprocity would clearly make for easier access to the Community system. Removing such an obstacle is in line with the current trend on the world market. Establishing these conditions of reciprocity and/or equivalence between systems has, furthermore, proved to be an excessively complex exercise. The advantages do not make up for the disadvantages with regard to the effective functioning of the Community system. This has also been made necessary by the need to align the Regulation on the Community trade mark with the new Community design system, under which the Council has not made reciprocity and/or equivalence a condition of access for third countries.

For this reason, it is deemed appropriate to abolish these conditions. The nationality requirement has also been abolished. As a result, the definition of proprietor is now open to any natural or legal person or authority established under public law. All the other conditions provided for by this provision therefore become superfluous.

Nonetheless, the rules on the priority of an earlier trade mark, which are also subject to the conditions of reciprocity and equivalence, as provided for under Article 29(5) of the same Regulation, will continue to apply, so as not to damage the rights acquired by proprietors who are nationals of the Member States.

### **Search (Article 39)**

The purpose of the searching system is to identify conflicts with other prior rights which might be invoked via the opposition procedure and might prevent the registration of the Community trade mark applied for.

With regard to the operation of the searching system, the experience gained, reflected in the above-mentioned report, has made it clear that the system is extremely expensive for the Office, that users, in particular, are not impressed by it, and that it slows down the Community registration procedure. Certain Member States have never taken part in the system, which somewhat reduces its usefulness, as the quality of the search reports can vary and is generally unsatisfactory. These serious shortcomings will be considerably aggravated when the new members join, particularly in terms of cost, since forecasts indicate that the cost of extending each search report to cover twelve new Member States would be more than double the present cost of registration. This would impose excessive costs on applicants, particularly small and medium-sized enterprises, which would become uncompetitive as a result. The outcome of this would be the opposite of the objective pursued, which is precisely to assist enterprises which cannot afford to identify possible conflicts with other rights. At the same time, an excessively costly searching system would adversely affect the Office's management of the system and its financial independence.

Action should therefore be taken to deal with such consequences. Thus, when taking all the available elements into account, the least harmful of the possible alternatives seems to be simply to abolish the searching system provided for under Article 39 of the Regulation. Insofar

as the system does not add any real value, this measure would seem to be the most appropriate.

### **Representation (Article 89)**

With regard to representation, the above report leads to the conclusion that, for the moment, the system can be retained as it stands. However, problems have been reported regarding certain professional representatives who, having transferred their professional place of residence or the place where they conduct their business to another Member State, are no longer entitled to represent clients before the central industrial property body of their former Member State. They must therefore be removed from the list of professional representatives unless the President of the Office grants them special exemption under Article 89(4). The wording of Article 89(2)(c) has therefore been adapted to avoid this type of situation. In this way, it would suffice to be resident in any EU Member State to be able to deal with the Office. Changing one's place of residence or employment within the territory of the various Member States would no longer have any implications for one's representation at the Office.

### **Boards of Appeal (Articles 130 and 131)**

Experience and an assessment of the functioning of the Boards of Appeal has revealed that there is a need for improvement with regard to certain aspects of these Boards. This mainly relates to giving them additional means of improving the efficiency of their activities and their output. It is also crucial for the credibility, particularly outside the EU, of the Community system and of the work carried out by the Office. It is also a crucial point for the users.

The measures taken to ensure this are:

(1) Henceforth, the members of the Boards of Appeal, including the Chairmen, will be appointed by the Administrative Board and not the Council. The goal of this measure is to make the appointment procedure more efficient and easier to administer. The Administrative Board of the OHIM decided unanimously at its meeting of 14 May 2001 (CA-01-07) to appoint new members of the Boards of Appeal in grade A5 instead of A3, so that it is no longer considered appropriate for the Council of Ministers to be responsible for such appointments. Henceforth the decisions will be taken by the Administrative Board. The principle whereby the Member States take the decision is therefore maintained.

On the other hand, the removal of members will continue to be the responsibility of the Court of Justice, to which the cases concerned will be referred by the Administrative Board. This is intended to guarantee their independence as provided for in the Regulation itself.

(2) It is now possible for a chairman of the Boards of Appeal to also take on the position of chairman of the appeals department. Its purpose is, in particular, to ensure that the Boards of Appeal are efficiently administered, as well as to guarantee, insofar as is possible, that decisions made by the Boards are consistent. Moreover, these measures are also the responsibilities of the President of the Office, who may take all necessary steps, including the adoption of internal administrative instructions and the publication of notices, to ensure that the Office functions properly (Article 119).

(3) Moreover, with the sole purpose of speeding up decisions by the Boards of Appeal, the possibility for a single member to take decisions where circumstances so merit has been provided for. This must be restricted to certain cases when the parties, where appropriate,

have already been heard. It should not apply to provisions which have never been decided on previously.

(4) In addition, in order to avoid contradictions between the various Boards in similar cases, and taking into account the difficulties this poses for the Office's work and for the outside world, it is now possible for the Boards of Appeal to take decisions, in certain cases, in an enlarged Board. The deliberations of this enlarged Board should provide useful guidelines and principles for cases which have never been addressed before in order to guarantee the consistency required in the decisions of the Boards of Appeal.

### **Points of procedure**

#### **(a) Absolute grounds for refusal: Article 7**

With regard to the compatibility between the Community system of protection of Community geographical indications and that of Community trade marks, Article 142 already lays down that the provisions of Regulation (EEC) No 2081/92, and in particular its Article 14, are not affected by Regulation (EC) No 40/94. A provision has been added to the list of absolute grounds for refusal which makes this aspect more explicit during the examination of a Community trade mark application.

#### **(b) Relative grounds for refusal: Article 8**

The proprietors of signs protected within the EU acquire the right to oppose the registration of a Community trade mark under the conditions set out in Article 8(4) of Regulation (EC) No 40/94. The existing wording takes account of this right of opposition only by virtue of the legislation of the Member States. This should facilitate and consolidate the exercise and protection of the rights acquired by the proprietors in question. If these are earlier rights, and on the same grounds, a Community trade mark may be declared invalid pursuant to Article 52(2)

This concerns, for example, the proprietors of signs protected under Council Regulation (EEC) No 2081/92 of 14 July 1992<sup>5</sup> on the protection of geographical indications and designations of origin and Council Regulation (EC) No 6/2002 of 12 December 2001<sup>6</sup> on Community designs.

#### **(c) Insolvency proceedings (Article 21)**

Council Regulation (EC) No 1346/2000 laid down common rules on insolvency<sup>7</sup>. On the one hand, this Regulation stipulates that the term "bankruptcy" is to be replaced by "insolvency", so that the title and wording of Article 21 have been amended accordingly. On the other hand, the said Regulation lays down that the entry of an insolvency proceeding in a register and its publication also fall within the field of competence of the receiver and not only of the competent national authority, i.e. a court of law. This possibility has therefore been added to the text.

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<sup>5</sup> OJ L 208, 24.07.1992, p. 1 *et seq.*

<sup>6</sup> OJ L 3, 5.01.2002, p.1.

<sup>7</sup> OJ L 160, 30.06.2000, p.1

(d) Filing of applications (Article 25)

In order not to penalise users without cause when a Community trade mark application has been forwarded to the Office by the national offices after the prescribed period, resulting in the application being withdrawn, the period for forwarding the application to the Office has been extended. Where the document is submitted late, the application must not be considered to be withdrawn, but the date for filing must simply be put back and replaced by the date on which it was received by the Office

(e) Division of the application and the registration (Articles 44a and 48a)

With a view to simplifying and facilitating the procedure set out in the Regulation for users and for the Office, the possibility of submitting and subsequently hearing an application to divide an application for registration or a registration has been added. This is in line with the provisions set out in this respect by the Trademark Law Treaty (TLT) of 27 October 1994.

(f) Revision of *ex parte* and *inter partes* decisions (Article 60 and 60a)

The possibility of revision of decisions has also been extended to *inter partes* cases with a view to reducing the number of appeals before the Boards of Appeal. The term "interlocutory" has been deleted because it leads to confusion.

(g) Revocation of decisions (Article 77a)

In exceptional cases, where the Office takes a mistaken procedural decision, including an erroneous entry in the Register, it will be possible for the Office to revoke or correct that error *ex officio* within six months of the date on which the decision was taken or the entry made. This should allow such situations to be rectified while complying with principles of legitimate expectations and legal certainty which might be invoked by the proprietors or third parties concerned. Appeals may be made against the Office's decision.

(h) Powers (Articles 88 and 89)

For procedural questions, and with a view to accelerating the representation process when filing a Community trade mark, the cases and conditions for which a power remains or becomes obligatory are determined by the Implementing Regulation.

The main purpose of this measure is to align the text with the new Community design system. Under this system, which also concerns unitary rights, the Council chose to delegate this power to the Commission. Thus, Article 78 of Regulation (EC) No 6/2002 lays down that the Implementing Regulation shall specify whether and under what conditions the representatives must file with the Office a signed authorisation for insertion on the files.

(i) Apportionment of costs (Article 81)

With regard to the apportionment of costs, when the amount of the costs to be paid is limited to the fees paid to the Office and the representation costs, the amount is set automatically, without a request being required, by the Opposition Division or the Cancellation Division or registry of the Boards of Appeal. The purpose of this provision is to avoid unnecessary work for the Office.

#### (j) Continuation of proceedings (Article 78a)

The new Article 78a provides for a period of grace in the form of a continuation of the proceedings where a party to proceedings before the Office has failed to observe a time limit set by the Office. In such circumstances, it is possible to obtain, on request, the automatic continuation of the proceedings against payment of a fee. The Office can thus continue the proceedings as if the time limit had been observed. There are certain exceptions to this possibility, so that it would not apply where the application was not submitted within the time limit, the right of priority is claimed, the application is being examined, the opposition procedure is under way, an appeal has been lodged with the Court of Justice or an application for *restitutio in integrum* has been made.

#### (k) Request for conversion and requirements (Article 109 and 110)

In order to harmonise and centralise the examination of the admissibility of requests to convert a Community trade mark application into a national trade mark application, this task is to be entrusted to the Office and not to the national offices. The Office can thus rule on the admissibility of the conversion request, while the national offices decide on the substance of the conversion of the application into a national trade mark application.

During the consultations on this point, this measure was warmly welcomed by the Member States and by users. It will make the task of the national offices easier and will ensure, through the centralised examination of applications, that decision on the admissibility of requests for conversion are not based on different criteria.

#### (l) Counterclaims (Article 96)

The provisions laid down in Article 56 concerning the examination of applications for revocation of rights or for a declaration of invalidity before the Office are applicable to counterclaims for revocation or for a declaration of invalidity. However, Article 96(5) does not refer to Article 56(2), under which the proprietor of the Community trade mark may request the proprietor of an earlier Community trade mark to furnish proof of genuine use. This reference therefore needs to be added. On the other hand, a reference to Article 56(6) concerning the registration of decisions by a Community trade marks court mistakenly figures in Article 96(5), while such registration is already provided for in Article 96(6). This reference has therefore been deleted.

#### (m) Checks on legality (Article 118)

The Commission shall check the legality of certain acts referred to in Article 118. If no decision has been taken within the period prescribed, the case shall be deemed to have been dismissed. Without relinquishing the principle of complying with a certain time limit, and for reasons of legal certainty, the time limits in question should be lengthened.

#### (n) Decisions on opposition or cancellation (Articles 127 and 129)

In order to enable decisions on opposition to an application to register a Community trade mark or on its cancellation to be taken as simply and effectively as possible, the possibility of decisions being taken by a single member of the Opposition or Cancellation Division is provided for in certain cases, which must, in any event, be simple cases. It is preferable that this person be legally qualified.

### **Fees (Article 140)**

Certain fees have been abolished, such as those which do not provide the Office with real revenue but make the procedure considerably more cumbersome.

### **Comitology (Article 141)**

The Council Decision of 28 June 1999 (1999/468/EC) laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>8</sup> laid down new rules on "comitology". Article 141 of Regulation (EC) No 40/94 provides for a regulatory committee to be set up to deal with various questions defined by implementing regulations. This provision will be aligned with the said Decision by a Council Regulation adapting the provisions relating to the committees which assist the Commission in the exercise of its implementing powers laid down in Council instruments adopted in accordance with the consultation procedure (unanimity)<sup>9</sup>. It is therefore no longer necessary for Article 141 to be adapted by this proposal for a Regulation.

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<sup>8</sup> OJ L 184, 17.07.1999, p. 23

<sup>9</sup> OJ C 75 E, 26.03.2002, p.0448 *et seq.*

Proposal for a

**COUNCIL REGULATION**

**amending Regulation (EC) No 40/94 on the Community trade mark**

**(Text with EEA relevance)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 308 thereof,

Having regard to the proposal from the Commission<sup>10</sup>,

Having regard to the opinion of the European Parliament<sup>11</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>12</sup>,

Whereas:

- (1) Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as last amended by Council Regulation (EC) No 3288/94 of 22 December 1994<sup>13</sup>, instituted a unitary system of protection of the mark throughout the Member States via Community registration. This system has generally been satisfactory in fulfilling users' expectations. It also had a positive effect on the effective achievement of the internal market.
- (2) The functioning of the system has made it possible to identify other aspects which could clarify and further supplement it. This exercise should make it possible to improve the effectiveness of the system, increase the value it adds and prevent, as of now, the consequences of additional members in future, without it being necessary to change the substance of the system, which has proven itself to be perfectly valid with regard to the objectives set.
- (3) The Community trade mark system should be made accessible to all, without any requirement of reciprocity, equivalence and/or nationality. This also encourages trade on the world market. The disadvantages of such requirements make the system complex, inflexible and ineffective. In addition, in the context of the new Community design system, the Council took a flexible line on this question.

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<sup>10</sup> OJ C ....., p.....

<sup>11</sup> OJ C ....., p.....

<sup>12</sup> OJ C ....., p.....

<sup>13</sup> OJ L 349, 31.12.1994, p 83 *et seq.*

- (4) In order to rationalise the procedure, the search system is abolished. Insofar as it does not add any real value to the Community system, but rather results in exorbitant costs, slows down the procedure and causes other problems, this action is the most appropriate.
- (5) Certain measures have been taken in order to give the Boards of Appeal additional means of speeding up their decisions and improving their operation.
- (6) The experience acquired in the application of the system highlighted the possible improvement of certain aspects of the procedure. Consequently, certain points have been amended and others inserted in order to offer users a higher-quality product which is still competitive.

HAS ADOPTED THIS REGULATION:

#### *Article 1*

HAS ADOPTED THIS REGULATION:

- 1. Article 5 is replaced by the following:

#### *“Article 5*

#### **Persons who can be proprietors of Community trade marks**

Any natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark.”

- 2. In Article 7(1), a new point (k) is added:

“k) trade marks which comprise or consist of a registered name, if subsequently registered as a protected geographical indication or a protected designation of origin pursuant to Regulation (EEC) No 2081/92, when the products covered by the trade mark do not have the right to bear the said geographical indication or designation of origin.”

- 3. Article 8(4), first paragraph, is replaced by the following:

“4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to a Community Regulation or the law of the Member State governing that sign.”

- 4. Article 21 is amended as follows:

(a) The title “Bankruptcy or like proceedings” is replaced by the title “Insolvency proceedings.”

(b) In Paragraph 1, the words “bankruptcy and like proceedings” shall be replaced by “insolvency proceedings”.

(c) Paragraph 2 is replaced by the following:

“2. Where a Community trade mark is involved in an insolvency proceeding, on request of the competent receiver or the competent national authority, an entry to this effect shall be made in the Register and published.”

5. Article 25(3) is replaced by the following:

“3. Applications referred to in paragraph 2 which reach the Office more than two months after filing shall be deemed to have been submitted on the date on which the application arrived at the Office.”

6. Article 35(1) is replaced by the following text:

“1. The proprietor of a Community trade mark who is the proprietor of an earlier identical trade mark registered in a Member State, including a trade mark registered in the territory of the Benelux, or of an earlier identical trade mark with an international registration effective in a Member State, for goods or services which are identical to those for which an earlier trade mark has been registered, or contained within them, may claim priority for the earlier trade mark with regard to the Member State in which, or for which, it was registered.”

7. Article 36(1)(b) is replaced by the following:

“b) the Community trade mark application complies with the conditions laid down in this Regulation and with the conditions laid down in the Implementing Regulation.”

8. Article 37 is deleted.

9. Article 39 is deleted.

10. Article 40 is replaced by the following:

“1. If the conditions which the application for a Community trade mark must satisfy have been fulfilled, the application shall be published provided that that it has not been refused pursuant to Article 38.

2. Where, after publication, the application is refused under Article 38, the decision that it has been refused shall be published upon becoming final.”

11. The title of section five under Title IV is replaced by the following:

“WITHDRAWAL, RESTRICTION, AMENDMENT AND DIVISION OF THE APPLICATION”.

12. Following Article 44, the following Article 44a is inserted:

“Article 44a

#### **Division of the application**

1. The applicant may divide the application by declaring that some of the goods or services included in the original application will be the subject of one or more divisional applications. The goods and services in the divisional application shall not

overlap with the goods and services which remain in the original application or those which are included in other divisional applications.

2. Divisional applications are not admissible:
  - (a) if an opposition has been entered against the original application, and the divisional application concerns the products and services against which the opposition is directed, until the decision of the Opposition Division has become final or until the opposition proceedings are finally terminated otherwise;
  - (b) during the periods laid down in the Implementing Regulation.
3. Divisional applications must comply with the provisions set out in the Implementing Regulation.
4. Divisional applications are subject to a fee. The application shall be deemed not to have been made until the fee has been paid.
5. The division shall take effect on the date on which it is recorded in the files kept by the Office concerning the original application.
6. All requests and applications submitted and all fees paid with regard to the original application prior to the date on which the Office receives the divisional application are deemed to also have been submitted or paid with regard to the application or the divisional applications. The fees for the original application which have been duly paid prior to the date on which the divisional application is received are not refundable.
7. The divisional application keeps the original application's date of filing and all other dates of priority and seniority."
13. The title of Title V is replaced by the following:

"DURATION, RENEWAL, ALTERATION AND DIVISION OF COMMUNITY TRADE MARKS".
14. Following Article 48, the following Article 48a is inserted:

"Article 48a

**Division of the registration**

1. The proprietor of the Community trade mark may divide the registration by declaring that some of the goods or services included in the original registration will be the subject of one or more divisional registrations. The goods and services in the divisional registration shall not overlap with the goods and services which remain in the original registration or those which are included in other divisional registrations.

2. Divisional registrations are not admissible:
  - (a) if an application for revocation of rights or for a declaration of invalidity has been entered against the original registration, and the divisional registration concerns the products and services against which the application is directed, until the decision of the Cancellation Division has become final or the proceedings are finally terminated otherwise;
  - (b) if a counterclaim for revocation or for a declaration of invalidity has been entered in a case before a Community trade mark court, and the divisional registration concerns the products and services against which the counterclaim is directed, until the mention of the Community trade mark court's judgment is recorded in the Register pursuant to Article 96(6).
3. Divisional registrations must comply with the provisions set out in the Implementing Regulation.
4. Divisional registrations are subject to a fee. The application shall be deemed not to have been made until the fee has been paid.
5. The division shall take effect on the date on which it is entered in the Register.
6. All requests and applications submitted and all fees paid with regard to the original registration prior to the date on which the Office receives the divisional application are deemed to also have been submitted or paid with regard to the registration or the divisional registrations. The fees for the original registration which have been duly paid prior to the date on which the divisional registration is received are not refundable.
7. The divisional registration keeps the original registration's date of filing and all other dates of priority and seniority."
15. In Article 50(1), point (d) is deleted.
16. Article 51(1)(a) is replaced by the following:
  - "a) where the Community trade mark has not been registered in accordance with the provisions of Article 7."
17. Article 52(2) is replaced by the following:
  - "2. A Community trade mark shall also be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings where the use of such trade mark may be prohibited pursuant to another earlier right, and in particular:
    - a) a right to a name;
    - b) a right of personal portrayal;
    - c) a copyright;

d) an industrial property right;

under the Community legislation or national Law governing the protection.”

18. Article 56(6) is replaced by the following:

“6. A mention of the Office’s decision on the application for revocation of rights or for a declaration of invalidity shall be transcribed in the Register once it has become final.”

19. Article 60 is replaced by the following:

“Article 60

**Revision of decisions in *ex parte* cases**

1. If the party which has lodged the appeal is the sole party to the procedure, and if the department whose decision is contested considers the appeal to be admissible and well founded, the department shall rectify its decision.
2. If the decision is not rectified within one month after receipt of the statement of grounds, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit.”

20. Following Article 60, a new Article 60a is inserted:

“Article 60a

**Revision of decisions in *inter partes* cases**

1. Where the party which has lodged the appeal is opposed to another, and if the department whose decision is contested considers the appeal to be admissible and well founded, it shall rectify its decision.
2. It can only be rectified if the department whose decision is contested notifies the other party of its intention to rectify it, and that party accepts it within two months of the date on which it received the notification.
3. If, within one month of receiving the statement of grounds, the department whose decision is contested does not consider that it should accept the appeal, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit. If the department considers that the appeal should be accepted, but the appellant does not accept this within one month, the appeal shall be remitted to the Board of Appeal without delay, and without comment as to its merit, after receipt of the appellant’s declaration that he does not accept it or, if no such declaration has been received within the period prescribed, after that period elapses.”

21. Following Article 77, a new Article 77a is inserted:

“Article 77a

**Revocation of decisions**

Where the Office has taken a decision or made an entry in the Register which affects the rights of one party, and when that decision or entry contains an obvious material error which does not comply with the Regulation, the Office may revoke that decision or entry if such revocation is needed to correct the error and restore legality, if the rights of the party or parties harmed by the revocation are not greater than the interests of the party or parties affected positively by the revocation, and if rectifying the error is more in the public interest than not doing so. Such a revocation is not permissible unless it is declared within six months of the date on which the decision or entry to be revoked was taken.”

22. Article 78(5) is replaced by the following:

“5. The provisions of this Article shall not be applicable to the time limits referred to in paragraph 2 of this Article, Article 42(1) and (3) and Article 78a.”

23. Following Article 78, a new Article 78a is inserted:

“Article 78a

**Continuation of proceedings**

1. An applicant for or proprietor of a Community trade mark or any other party to proceedings before the Office who has been unable to observe a time limit vis-à-vis the Office may, upon request, obtain the continuation of proceedings in cases other than those set out in Article 25(3), Article 27, Article 29(1), Article 33(1), Article 36(2), Article 42(1) and (3), Article 63(5), Article 78 and that set out in this Article, provided that, at the time the application is made, the omitted act has been carried out. The application for continuation of proceedings shall be admissible only if it is presented within two months following the expiry of the unobserved time limit. The application shall not be deemed to have been filed until a fee for continuation of the proceedings has been paid.
2. The department competent to decide on the omitted act shall decide upon the application.
3. If the Office accepts the application, the consequences of having failed to observe the time limit are deemed not to have occurred.
4. If the Office rejects the application, the fee shall be refunded.”

24. Article 81(6) is replaced by the following:

“6. The Opposition Division or Cancellation Division or Board of Appeal shall fix the amount of the costs to be paid pursuant to the preceding paragraphs when the costs to be paid are limited to the fees paid to the Office and the representation costs. In all other cases, the registry of the Board of Appeal or a member of the staff of the Opposition Division or Cancellation Division shall fix the amount of the costs to be reimbursed on request. The request is admissible only within two months of the date

on which the decision for which an application was made for the costs to be fixed became final. The amount so determined may be reviewed by a decision of the Opposition Division or Cancellation Division or Board of Appeal on a request filed within the prescribed period.”

25. Article 88 is amended as follows:

(a) The first sentence of paragraph 3 is replaced by the following:

“Natural or legal persons having their domicile or principal place of business or a real and effective industrial or commercial establishment in the Community may be represented before the Office by an employee.”

(b) A new paragraph 4 shall be added:

“4. The Implementing Regulation shall specify whether and under what conditions an employee must file with the Office a signed authorisation for insertion on the files.”

26. Article 89 is amended as follows:

(a) Paragraph 1, point (b), is replaced by the following:

“b) professional representatives whose names appear on the list maintained for this purpose by the Office. The Implementing Regulation shall specify whether and under what conditions the representatives before the Office must file with the Office a signed authorisation for insertion on the files.”

(b) The first sentence of paragraph 2, point (c) is replaced by the following

“c) he must be entitled to represent natural or legal persons in trade mark matters before the central industrial property office of a Member State.”

27. Article 96(5) is replaced by the following:

“5. Article 56(2), (3), (4) and (5) shall apply.”.

28. Article 108 is amended as follows:

(a) Paragraph 4 is replaced by the following:

“4. In cases where a Community trade mark application is deemed to be withdrawn, the Office shall send to the applicant or proprietor a communication fixing a period of three months from the date of that communication in which a request for conversion may be filed.”.

(b) Paragraph 5 is replaced by the following:

“5. Where the Community trade mark application is withdrawn or the Community trade mark ceases to have effect as a result of a surrender being recorded or of failure to renew the registration, the request for conversion shall be filed within three months after the date on which the Community trade mark application was withdrawn or on which the Community trade mark ceases to have effect.”

(c) Paragraph 6 is replaced by the following:

“6. Where the Community trade mark is refused by decision of the Office or where it ceases to have effect as a result of a decision of the Office or of a Community trade mark court, the request for conversion shall be filed within three months after the date on which that decision acquired the authority of a final decision.”

29. Article 109(3) is replaced by the following:

“3. The Office shall check whether the conversion requested meets the conditions set out in the Regulation, in particular Article 108(1), (2) and (4) to (6), and Article 109(1), together with the formal conditions laid down in the Implementing Regulation. If these conditions are fulfilled, the Office shall transmit the request for conversion to the central industrial property offices of the Member States specified therein.”

30. Article 110(1) is replaced by the following:

“1. Any central industrial property office to which the request for conversion is transmitted may obtain from the Office any information concerning the request enabling that office to make a decision regarding the national trade mark resulting from the conversion.”

31. In the second sentence of Article 118(3), the phrase “within 15 days” is replaced by the phrase “within one month” and, in the third sentence, the phrase “within one month” is replaced by the phrase “within three months.”

32. Article 127(2) is replaced by the following:

“2. The decisions of the Opposition Divisions shall be taken by three-member groups of which at least one member is legally qualified. In certain specific cases provided for in the Implementing Regulation, the decisions shall be taken by a single member. In any event, the decisions taken by a single member must relate to simple cases.”

33. Article 129(2) is replaced by the following:

“2. The decisions of the Cancellation Divisions shall be taken by three-member groups of which at least one member is legally qualified. In certain specific cases provided for by the Implementing Regulation, the decisions shall be taken by a single member. In any event, the decisions taken by a single member must relate to simple cases.”

34. Article 130 is amended as follows:

(1) Paragraph 2 is replaced by the following:

“2. Decisions of the Boards of Appeal shall be taken by three-members, at least two of whom are legally qualified. In certain specific cases, decisions shall be taken by an enlarged Board presided by the Chairman of the Boards of Appeal, or by a single member.”

(2) A new paragraph 3 is added:

“3. Decisions taken by the enlarged Board shall lay down the guidelines to be followed by the Boards of Appeal for similar cases. In order to determine the special cases which fall under the jurisdiction of the enlarged Board, account should be taken of the legal difficulty or the importance of the affair or of special circumstances which justify it. The composition of the enlarged Board shall be defined pursuant to the rules of procedure of the Boards laid down in Article 140(3).”

(3) A new paragraph 4 is added:

“4. To determine which specific cases fall under the authority of a single member, account should be taken of the lack of difficulty of the legal or factual matters raised, the limited importance of the individual case and the absence of other specific circumstances. It may also cover cases which raise only issues which have already been clarified by an established tenet of the Office or which belong to a series of cases on the same subject on one of which there has already been a final ruling. The decision to confer a case on one member in the cases referred to shall, after the parties concerned have been heard, be adopted unanimously by the Board handling the case. The types of cases which may fall under the jurisdiction of a single member are defined pursuant to the rules of procedure of the Boards laid down in Article 140(3). The member shall refer the case to the Board if he finds that the conditions of delegation are not fulfilled. These measures shall be supplemented as required in accordance with the rules of procedure of the Boards laid down in Article 140(3).”

35. Article 131 is replaced by the following:

“Article 131

### **Independence of the members of the Boards of Appeal**

1. The Chairman of the Boards of Appeal shall be appointed, in accordance with the procedure laid down in Article 120 for the appointment of the President of the Office, for a term of five years. Power to dismiss the Chairman of the Boards shall lie with the Council, acting on a proposal from the Administrative Board, after the President of the Office has been heard. The term of office of the Chairman of the Boards of Appeal may be renewed for additional five-year periods, or until retirement age if this age is reached during the new term of office.

The Chairman of the Boards of Appeal shall have managerial and organisational powers, principally to:

(a) lay down the rules and organisation of work with the Chairmen of the Boards;

(b) allocate cases and, where appropriate, set deadlines for decision-making, on a proposal by the Chairman of the Board concerned;

(c) request the President of the Office to inform the Administrative Board in the event of repeated failure to comply with the obligations set in this way.

These powers shall be supplemented as required in accordance with the rules of procedure of the Boards laid down in Article 140(3).

2. The members, including the Chairmen of the Boards of Appeal, shall be appointed by the Administrative Board for a term of five years. Their term of office may be renewed for additional five-year periods, or until retirement age if that age is reached during the new term of office.
3. Any disciplinary decision against the Chairmen and members of the Boards of Appeal shall be taken by the Court of Justice after the case has been referred to it by the Administrative Board on the recommendation of the chairman of the Boards of Appeal.
4. The members of the Boards of Appeal shall be independent. In their decisions they shall not be bound by any instructions.
5. The Chairmen and members of the Boards of Appeal may not be examiners or members of the Opposition Divisions, Administration of Trade Marks and Legal Division or Cancellation Divisions.”
36. In Article 140(2), points (1) and (4) are deleted.

## *Article 2*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council*  
*For the President*

## LEGISLATIVE FINANCIAL STATEMENT

**Policy area(s): Internal Market**

**Activity(ies): Improving the Community trade mark system**

**TITLE OF ACTION:**

Proposal for a Council Regulation amending Regulation (EC) No 40/94 on the Community trade mark

Subsequently, and in consequence, amending the Implementing Regulation under the procedure laid down in Article 141 of the said Regulation

**1. BUDGET LINE(S) + HEADING(S)**

A-1, A-7 0 3 1 Expenditure on committee meetings

**2. OVERALL FIGURES**

**2.1 Total allocation for action (Part B): € million for commitment (EC)**

Not applicable

**2.2 Period of application:**

(Start and expiry years)

2003

**2.3 Overall multiannual estimate on expenditure:**

a) Schedule of commitment appropriations/payment appropriations (financial intervention) (*see point 6.1.1*)

Not applicable

€ million (*to three decimal places*))

|             | Year<br>[n] | [n+1] | [n+2] | [n+3] | [n+4] | [n+5 and<br>subs. years] | Total |
|-------------|-------------|-------|-------|-------|-------|--------------------------|-------|
| Commitments |             |       |       |       |       |                          |       |
| Payments    |             |       |       |       |       |                          |       |

b) Technical and administrative assistance and support expenditure (*see point 6.1.2*)

Not applicable

|             |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|
| Commitments |  |  |  |  |  |  |  |
| Payments    |  |  |  |  |  |  |  |

|              |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|
| Subtotal a+b |  |  |  |  |  |  |  |
| Commitments  |  |  |  |  |  |  |  |
| Payments     |  |  |  |  |  |  |  |

- c) Overall financial impact of human resources and other operating expenditure (see points 7.2 and 7.3)

|                          |   |      |   |   |   |   |                |
|--------------------------|---|------|---|---|---|---|----------------|
| Commitments/<br>payments | 0 | 0.25 | 0 | 0 | 0 | 0 | 0.25<br>/ year |
|--------------------------|---|------|---|---|---|---|----------------|

|             |   |      |   |   |   |   |                |
|-------------|---|------|---|---|---|---|----------------|
| TOTAL a+b+c |   |      |   |   |   |   |                |
| Commitments | 0 | 0.25 | 0 | 0 | 0 | 0 | 0.25<br>/ year |
| Payments    | 0 | 0.25 | 0 | 0 | 0 | 0 | 0.25<br>/ year |

## 2.4 Compatibility with financial programming and financial perspective

[X...]Proposal is compatible with existing financial programming.

Proposal will entail reprogramming of the relevant heading in the financial perspective.

Proposal may require application of the provisions of the Interinstitutional Agreement.

## 2.5 Financial impact on revenue<sup>14</sup>

[...X]Proposal has no financial implications (involves technical aspects regarding implementation of a measure).

OR

Proposal has financial impact - the effect on revenue is as follows:

***NB All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.***

<sup>14</sup> For further information, see separate explanatory note.

€ million (to one decimal place)

|             |                                     | Prior to action<br>[Year n-1] | Situation following implementation of action: |       |       |       |       |       |
|-------------|-------------------------------------|-------------------------------|-----------------------------------------------|-------|-------|-------|-------|-------|
| Budget line | Revenue                             |                               | [Year n]                                      | [n+1] | [n+2] | [n+3] | [n+4] | [n+5] |
|             | <i>a) Revenue in absolute terms</i> |                               |                                               |       |       |       |       |       |
|             | <i>b) Change in revenue</i>         | $\Delta$                      |                                               |       |       |       |       |       |

(Please specify each budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line)

### 3. BUDGET CHARACTERISTICS

| Type of expenditure |          | New | EFTA contribution | Contributions from applicant countries | Heading in financial perspective |
|---------------------|----------|-----|-------------------|----------------------------------------|----------------------------------|
| Non-comp            | Non-diff | NO  | NO                | NO                                     | No                               |

### 4. LEGAL BASIS

Article 308 of the Treaty

### 5. DESCRIPTION AND GROUNDS

#### 5.1 Need for Community intervention<sup>15</sup>

##### 5.1.1 Objectives pursued

Not applicable

##### 5.1.2 Measures taken in connection with ex ante evaluation

(This involves:

- a) explaining how and when the *ex ante* evaluation was conducted (author, timing and where the report(s) is/are available) or how the corresponding information was gathered<sup>16</sup>.

Not applicable

- b) describing briefly the findings and lessons learnt from the *ex ante* evaluation.)

<sup>15</sup> For further information, see separate explanatory note.

<sup>16</sup> For minimum information requirements relating to new initiatives, see Document SEC (2000)1051.

5.1.3 *Measures taken following ex post evaluation*

Not applicable

5.2 **Actions envisaged and budget intervention arrangements**

Not applicable

5.3 **Methods of implementation**

Not applicable

6. **FINANCIAL IMPACT**

6.1 **Total financial impact on Part B - (over the entire programming period)**

Not applicable. No financial impact on Part B of the budget.

6.1.1 *Financial intervention*

Commitments in € million (to three decimal places)

| Breakdown    | [Year<br>n] | [n+1] | [n+2] | [n+3] | [n+4] | [n + 5<br>and subs.<br>years] | Total |
|--------------|-------------|-------|-------|-------|-------|-------------------------------|-------|
| Action 1     |             |       |       |       |       |                               |       |
| Action 2     |             |       |       |       |       |                               |       |
| Etc.         |             |       |       |       |       |                               |       |
| <b>TOTAL</b> |             |       |       |       |       |                               |       |

6.1.2 *Technical and administrative assistance, support expenditure and IT expenditure (commitment appropriations)*

|                                                                                                                                                                                | [Year<br>n] | [n+1] | [n+2] | [n+3] | [n+4] | [n + 5<br>and subs.<br>years] | Total |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------|-------|-------|-------|-------------------------------|-------|
| Technical and administrative assistance:                                                                                                                                       |             |       |       |       |       |                               |       |
| Technical assistance offices                                                                                                                                                   |             |       |       |       |       |                               |       |
| b) Other technical and administrative assistance:<br>- intra-muros:<br>- extra-muros:<br><i>including for construction and maintenance of computerised management systems:</i> |             |       |       |       |       |                               |       |
| Subtotal 1                                                                                                                                                                     |             |       |       |       |       |                               |       |
| 2) Support expenditure:                                                                                                                                                        |             |       |       |       |       |                               |       |
| a) Studies                                                                                                                                                                     |             |       |       |       |       |                               |       |
| b) Meetings of experts                                                                                                                                                         |             |       |       |       |       |                               |       |
| c) Information and publications                                                                                                                                                |             |       |       |       |       |                               |       |
| Subtotal 2                                                                                                                                                                     |             |       |       |       |       |                               |       |
| <b>TOTAL</b>                                                                                                                                                                   |             |       |       |       |       |                               |       |

## 6.2 Calculation of costs by measure envisaged in Part B (over the entire programming period)<sup>17</sup>

Not applicable. No financial impact on Part B of the budget.

Commitments in € million (to three decimal places)

| Breakdown                                                            | Type of outputs<br>(projects, files,<br>etc. ) | Number of<br>outputs<br>(total for years<br>1...n) | Average unit<br>cost | Total cost<br>(total for years<br>1...n) |
|----------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------|----------------------|------------------------------------------|
|                                                                      | 1                                              | 2                                                  | 3                    | 4=(2X3)                                  |
| <u>Action 1</u><br>- Measure 1<br>- Measure 2                        |                                                |                                                    |                      |                                          |
| <u>Action 2</u><br>- Measure 1<br>- Measure 2<br>- Measure 3<br>Etc. |                                                |                                                    |                      |                                          |
| TOTAL COST                                                           |                                                |                                                    |                      |                                          |

(If necessary, explain the method of calculation)

## 7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

### 7.1 Impact on human resources

| Types of post                   |             | Staff to be assigned to management of the<br>action using existing and/or additional<br>resources |                              | Total      | Description of tasks deriving from the<br>action                                                                                                                                                                                              |
|---------------------------------|-------------|---------------------------------------------------------------------------------------------------|------------------------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 |             | Number of<br>permanent posts                                                                      | Number of<br>temporary posts |            |                                                                                                                                                                                                                                               |
| Officials or<br>temporary staff | A<br>B<br>C | 1.5<br>0.5                                                                                        |                              | 1,5<br>0,5 | <i>Taking part in meetings to negotiate<br/>the proposal for a Council Regulation;<br/>preparing an amendment to the<br/>Implementing Regulation, preparing<br/>committee meetings, taking part in<br/>meetings and follow-up on meetings</i> |
| Other human resources           |             | 0                                                                                                 | 0                            | 0          |                                                                                                                                                                                                                                               |
| Total                           |             | 2                                                                                                 | 0                            | 2          |                                                                                                                                                                                                                                               |

<sup>17</sup> For further information, see separate explanatory note.

## 7.2 Overall financial impact of human resources

| Type of human resources                     | Amount (€)     | Method of calculation *                                             |
|---------------------------------------------|----------------|---------------------------------------------------------------------|
| Officials<br>Temporary staff                | € 216 000<br>0 | Annual cost per official:<br>€ 108 000 X 2 officials =<br>€ 216 000 |
| Other human resources<br>(give budget line) | 0              |                                                                     |
| Total                                       | € 216 000      |                                                                     |

The requirements in terms of human and administrative resources will be covered by the appropriation granted to the administering DG under the annual allocation procedure.

The amounts are total expenditure for twelve months.

## 7.3 Other administrative expenditure deriving from the action

| Budget line<br>(number and heading)                                                                                                                                                                                                                                                                             | Amount € | Method of calculation                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------|
| <b>Overall allocation (Title A7)</b><br>A0701 – Missions<br>A07030 – Meetings<br>A07031 – Compulsory committees <sup>1</sup><br>Comitology/Legislative Committee<br>A07032 – Non-compulsory committees <sup>1</sup><br>A07040 – Conferences<br>A0705 – Studies and consultations<br>Other expenditure (specify) | € 43.200 | 1 representative per Member State<br>€ 720 X 15 = € 10 800 per meeting<br>Four meetings per year = € 43 200) |
| <b>Information systems (A-5001/A-4300)</b>                                                                                                                                                                                                                                                                      | 0        |                                                                                                              |
| <b>Other expenditure - Part A</b> (specify)                                                                                                                                                                                                                                                                     | 0        |                                                                                                              |
| Total                                                                                                                                                                                                                                                                                                           | € 43 200 |                                                                                                              |

The amounts are total expenditure for 12 months.

<sup>(1)</sup> Specify the type of committee and the group to which it belongs.

|      |                               |          |
|------|-------------------------------|----------|
| I.   | Annual total (7.2 + 7.3)      | €259 200 |
| II.  | Duration of action            | 1 year   |
| III. | Total cost of action (I x II) | €259 200 |

## 8. FOLLOW-UP AND EVALUATION

### 8.1 Follow-up arrangements

Not applicable

*(Adequate follow-up information must be collected, from the start of each action, on the inputs, outputs and results of the intervention. In practice this means (i) identifying the indicators for inputs, outputs and results and (ii) putting in place methods for the collection of data.)*

## **8.2 Arrangements and schedule for evaluation**

Not applicable

*(Describe the planned schedule and arrangements for interim and ex post evaluations to assess whether the intervention has achieved the objectives set. In the case of multiannual programmes, at least one thorough evaluation is needed during the life cycle of the programme. For other activities, ex post or mid-term evaluations should be carried out at intervals not exceeding six years.)*

## **9. ANTI-FRAUD MEASURES**

Not applicable

*(Article 3(4) of the Financial Regulation: “In order to prevent risk of fraud or irregularity, the Commission shall record in the financial statement any information regarding existing and planned fraud prevention and protection measures.”)*