



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

Brussels,
D(2011)

Opinion

Title

DG MARKT - Impact Assessment on the revision of the Regulation on the Community trade mark and the Directive to approximate the laws of the Member States relating to trade marks

(draft version of 21 September 2011)

(A) Context

Community Trade Marks (CTM) do not replace the national trade mark systems but provide an additional legal framework for obtaining trade mark protection on the territory of all 27 Member States. The aim of the Trade Mark Directive (TMD) is to ensure that national trade marks registered with the Member States are subject to the same standards for registration and enjoy equal protection under the laws of the Member States.

CTM are registered by a specialised EU agency, the Office for Harmonisation in the Internal Market, OHIM. Its fees were reduced and simplified in 2005 and 2009. Moreover, the Commission has recently proposed to charge the OHIM with the tasks of the European Observatory on Counterfeiting and Piracy.

In May 2010, the Council called on the Commission to present proposals for the revision of the CTM Regulation (CTMR) and the TDM. This impact assessment accompanies the proposal of the Commission revising the CTMR and the TMD.

(B) Overall assessment

The report needs to be significantly improved in several important aspects. It should better justify its scope, explain the main problems and support these with evaluation and consultation results. The report should better explain the distortion of business behaviour caused by the coexistence of divergent Community and national trade mark regimes and should analyse more thoroughly the reasons for the low level of cooperation between intellectual property offices. The report should then develop a full baseline scenario reflecting expected improvements. On that basis a clear intervention logic should be established, clearly linking policy objectives to the identified problem drivers and corresponding options. In order to do this, alternative policy options should also be developed. The report should then better assess impacts of policy options, particularly with respect to the proportionality of the full harmonisation options, the envisaged obligatory cooperation between national IP offices and OHIM, and the overall costs and benefits of the preferred policy solution. Finally, the report should ensure that the different stakeholder views are presented throughout the report.

Given the nature of these recommendations, the Board asks DG MARKET to submit a revised version of the report, on which it will issue a new opinion.

(C) Main recommendations for improvements

(1) Better justify the scope of the report, explain the main problems and support this with evidence. The report should better explain the scope of the impact assessment, particularly by explaining why the current fee levels appear to be appropriate overall and why the alignment of the Trade Mark Directive with the Community Trade Mark Regulation is regarded as having limited impact. The report should present all the problematic legal issues (i.e. divergent legal provisions between national trade mark laws and the Community Trade Mark system) upfront, distinguishing them clearly from the capacity-related issues and corroborate them better, using evaluation and consultation results. The report should also analyse more thoroughly the distortion of business behaviour caused by the coexistence of the divergent Community and national trade mark regimes. In particular, it should clarify if, alongside the additional costs, there are also benefits linked to these practices (e.g. multi-filing as a strategic behaviour of competing firms). Finally, the report should analyse more thoroughly the reasons for the low level of cooperation between intellectual property (IP) offices.

(2) Present a full baseline scenario. The report should present a baseline scenario that reflects (i) the established practice of OHIM to cooperate with national offices bilaterally, (ii) the improvements generated by the Cooperation Fund (including the preceding multilateral cooperation projects) and (iii) the synergies created by the takeover of the European Observatory on Counterfeiting and Privacy. The report should better explain why the existing divergence and inconsistency between IP offices is expected to increase in the future.

(3) Strengthen the intervention logic, better explain policy options and consider additional ones. The report should present policy objectives and options that better correspond to the identified problem drivers in order to establish a clear intervention logic. Specific measures included in each of the policy options should be described in detail. To the extent possible, the report should consider other, more realistic, policy options, for example by (i) combining mandatory and voluntary elements of options 2b and 3a, (ii) focusing on those aspects of substantive law and procedures most suitable for further harmonisation (going beyond the identified "top priorities"), (iii) combining the option of distributing a fixed amount to national IP offices with the condition that such a transfer cannot drive the OHIM budget out of balance, or (iv) redistributing the remaining surplus (e.g. by increasing the budget of the Cooperation Fund). For each element of the policy options, it should be clear if a modification of the CTMR and/or TMD is necessary. Sub-options on funding from the OHIM budget should be presented as self-standing options and their analysis structured accordingly.

(4) Better analyse impacts. The report should better explain why the full harmonisation options are considered to be disproportionate, in spite of the significant shortcomings of the current situation and the stated objective of creating a level playing field for EU businesses. The impact analysis should fully justify the need to make the cooperation between national IP offices and OHIM mandatory. The nature and the magnitude of the overall costs of the preferred policy solution should be described, and the expected benefits substantiated. Synergies among the proposed actions should be better exploited while taking into account the interactions with other measures already in place.

Moreover, the report should demonstrate that the preferred policy option would not cause an imbalance in the OHIM budget, particularly in view of the additional budgetary needs linked to the European Observatory on Counterfeiting and Privacy and the diverging conclusion from the impact assessment accompanying the 2009 Commission proposal on the reduction of fees. Finally, the description of international impacts and impacts on consumers should be strengthened.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The different views of stakeholders (users, consumers, national IP offices/individual Member States and OHIM) should be embedded in the text. Scores in the comparison tables should be clearly explained and substantiated. The readability of the report should be further improved by adding a glossary of technical terms. The executive summary should better reflect the structure and the key elements of the impact assessment report.

(E) IAB scrutiny process

Reference number	2011/MARKT/003
External expertise used	No
Date of Board Meeting	19 October 2011